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Trade (Anti-dumping and Countervailing Duties) Act 1988

# DUMPING INVESTIGATION

## Aluminium-Zinc Coated Steel from Korea

### Step 2 Investigation Framework and Questionnaire

December 2021

MBIE/AD/I/2021/001



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# 1. Introduction

## 1.1 Purpose

1. The Ministry of Business, Innovation and Employment (MBIE) is investigating the dumping of aluminium-zinc coated steel from Korea and Taiwan under the Trade (Anti-dumping and Countervailing Duties) Act 1988 (the Act). The step 1 investigation is complete and the Minister of Commerce and Consumer Affairs (the Minister) has directed MBIE to start a step 2 investigation.
2. The purpose of this step 2 Investigation Framework and Questionnaire (Framework) is to provide information about:
  - the background to the investigation (Sections 1);
  - the context for the step 2 investigation (Section 2); and
  - How to lodge a submission (Section 3) with a questionnaire to assist (Annex 1).
3. Step 1 of the investigation is complete, and the Minister has determined that, in relation to imports from Korea, the goods are dumped and material injury to an industry, New Zealand Steel Limited (NZ Steel), has been and is being caused because of the dumping,. Consequently, the Minister has determined the rates of the anti-dumping duties in accordance with the Act and directed MBIE to start a step 2 investigation.
4. The Minister determined that in respect of imports from Taiwan, the goods were not dumped, and consequently the investigation in relation to Taiwan was terminated under section 11(1) of the Act.
5. A step 2 investigation under the Act requires MBIE to investigate whether the imposition of the duties on imports from Korea is in the public interest. The imposition of the duties determined by the Minister is in the public interest unless the cost to downstream industries and consumers of imposing the duty is likely to materially outweigh the benefit to the domestic industry of imposing the duty.

## 1.2 Investigation Background

6. On 8 June 2021, and following an application from New Zealand Steel Limited (NZ Steel), the chief executive initiated an investigation pursuant to section 10 of the Act, being satisfied that for the purpose of initiation the industry had provided sufficient evidence to support its application.
7. On 1 November 2021, MBIE released an Essential Facts and Conclusions Report (Step 1 EFC Report) to interested parties. The Step 1 EFC Report was provided under section 10C(2) of the Act in order to provide notified parties with written advice of the essential facts and conclusions that are likely to form the basis for a determination to be made by the Minister under section 10D(1) of the Act. Comments were received from Moriah Co Ltd (Moriah), New Zealand Steel Limited (NZ Steel), RoofTG Tile Group (RoofTG) and Tiger Steel NZ Ltd (Tiger Steel).

8. On 26 November 2021, the chief executive reported the findings of the step 1 investigation to the Minister of Commerce and Consumer Affairs (the Minister), in accordance with Section 10C(5) of the Act. The Step 1 Final Report is available on MBIE's website at <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/trade-remedy-investigations/>.
9. On 2 December 2021, the Minister:
- made an affirmative determination under section 10D(1) of the Act, in relation to certain of the subject goods when imported from Korea, that the goods are dumped and that material injury to an industry has been and is being caused because of the dumping;
  - made a negative determination under section 10D(1) of the Act, in relation to the subject goods when imported from Taiwan, that the goods are not dumped and that material injury to an industry has not been and is not being caused because of the dumping;
  - having made an affirmative determination in respect to certain imports of the subject goods from Korea, the Minister determined, in accordance with section 10D(2)(a) of the Act, the rate of anti-dumping duty that will form the basis for an investigation step 2;
  - having made an affirmative determination in respect to certain imports of the subject goods from Korea, the Minister directed, in accordance with section 10D(2)(b) of the Act, the chief executive to immediately start an investigation step 2 in accordance with sections 10F and 10G of the Act;
  - having made a negative determination in respect to imports of the subject goods from Taiwan, the Minister terminated the investigation in accordance with section 11(1)(a) of the Act on the grounds that there was insufficient evidence of dumping to justify proceeding with the investigation of imports Taiwan.
  - agreed that the grounds for making a provisional direction order for payment of provisional duties under section 16(1) of the Act have not been met.
10. On 2 December 2021, the chief executive gave notice in accordance with section 10B(2) of the Act that the starting date for the step 2 investigation is 6 December 2021.
11. Key elements of the investigation as established in the step 1 investigation are described below.

### 1.3 Subject Goods

12. The imported goods that are the subject of the investigation are described as:

*Flat rolled iron and steel products (whether or not containing alloys), plated or coated with principally aluminium-zinc alloys (but the plating or coating may contain other alloys), not painted, and whether or not including resin coating or other surface treatment.*

13. The subject goods EXCLUDE:

- Goods for which there is no aluminium in the coating
- Goods for which there is no zinc in the coating (e.g. aluminised steel)

- Goods with coatings where zinc is the predominant or only element, whether or not aluminium is included, and whether electrolytically coated or hot dipped
- Goods for which there is no coating at all.

## 1.4 Like Goods and New Zealand Industry

14. Section 3(1) of the Act defines like goods, in relation to any goods, as:
- a. other goods that are like those goods in all respects, or
  - b. in the absence of goods referred to in paragraph (a), goods which have characteristics closely resembling those goods.
15. NZ Steel produces aluminium-zinc coated steel which is like the subject goods in all respects and is therefore the like goods for the investigation. Accordingly, as there is no absence of like goods MBIE is not required to consider whether NZ Steel also produces goods that have characteristics closely resembling the subject goods.
16. Section 3A of the Act provides that for the purposes of the Act, the term **industry**, in relation to any goods, means:
- a. the New Zealand producers of like goods, or
  - b. such New Zealand producers of like goods whose collective output constitutes a major proportion of the New Zealand production of like goods.
17. New Zealand Steel remains the sole manufacturer of aluminium-zinc coated steel in New Zealand, and constitutes the New Zealand industry for the purpose of this investigation.

## 1.5 Interested parties

18. Interested parties are those parties who have an interest in the investigation and may provide information to defend their interests. Interested parties include “notified parties” under the Act, which are defined as the Government of the country of export; exporters and importers known to have an interest in the goods; and the applicant in relation to the goods. Section 3E of the Act sets out the provisions relating to the giving of notice and written advice to notified parties. The following were the interested parties for the investigation.

### **New Zealand industry**

19. As noted above, the New Zealand industry is NZ Steel, which made the application for an investigation. NZ Steel is owned by New Zealand Steel Holdings Limited, which is ultimately owned by an Australian company, BlueScope Steel which is listed on the Australian Stock Exchange.

### **Foreign Producers**

20. MBIE identified producers in Korea (Dongkuk Steel Mill Co, Seoul, Korea (Dongkuk) and KG Dongbu Steel Co Ltd (Dongbu)) and Taiwan (Yieh Corporation, Kaohsiung, Taiwan (Yieh Corp)). It sent questionnaires to all of the companies concerned. A full and detailed response was received from Dongkuk, which also provided full and detailed responses to MBIE’s requests for clarification and additional information. KG Dongbu and Yieh

Corporation did not provide responses to the Foreign Manufacturer Questionnaire, and are considered to be non-cooperative.

### Importers

21. New Zealand-based importers were identified from Customs data, and invited to supply information which would identify suppliers in Korea and Taiwan and information which would assist in identifying imports of subject goods.

### Intermediary Traders

Most of the transactions involving the export of the subject goods from Korea to New Zealand involved intermediary traders, located in Korea, Australia and New Zealand. Intermediary traders were asked to complete Exporter Questionnaires.

## 1.6 Findings

### Dumping

22. The step 1 investigation established that imports of the subject goods from Korea were dumped. Imports from Taiwan were not dumped.

### Injury

23. MBIE concluded that the domestic industry is being materially injured by dumped imports of aluminium-zinc coated steel from Korea. In particular, MBIE considered that:
  - There has been an increase in imports of the subject goods along with price effects and a consequential effect on the domestic industry, which can be attributed to dumping.
  - There was evidence that dumped imports have contributed to price depression and suppression, they have contributed to a decline in output and sales revenue, market share and profits, and have partly contributed to negative effects on return on investment and growth.
  - That the effects of other factors which may be having an economic impact on the New Zealand industry have not been attributed to the dumping of the goods from Korea.

## 1.7 Rate or amount of anti-dumping duty

24. On the basis of the conclusions reached in the step 1 investigation, MBIE considered that it would be appropriate to determine rates of anti-dumping duty that address the level of dumping.
25. For imports from Korea, MBIE considers that *ad valorem* duties would best meet the situation of imports of aluminium-zinc coated steel, and should be set at the margin dumping.
26. No dumping was found for imports from Taiwan, so it has been determined that no anti-dumping duty can apply to imports from Taiwan.
27. The anti-dumping duties determined by the Minister as the basis for a step 2 investigation are shown below in Figure 1.

Figure 1: Anti-dumping Duties

<b>Supplier - Korea</b>	<b>Ad Valorem Duty</b>
Dongkuk Steel Mill Co (Dongkuk)	2.5%
KG Dongbu Steel Co Ltd (KG Dongbu)	12.6%
Other	2.5%

28. It should be noted that the rates of duty shown above will not be applicable unless and until a determination has been made at the end of the step 2 investigation that the imposition of anti-dumping duties at these rates is in the public interest.

## 2. Framework for the Step 2 Investigation

29. This Section of the Framework describes the basis for carrying out the step 2 investigation.

### 2.1 Legal Requirements

30. Section 10F of the Act provides:

- (1) *If the Minister directs the chief executive to start investigation step 2, the chief executive must investigate whether imposing an anti-dumping or a countervailing duty at the rate or amount determined under section 10D(2)(a) is in the public interest.*
- (2) *Imposing the duty is in the public interest unless the cost to downstream industries and consumers of imposing the duty is likely to materially outweigh the benefit to the domestic industry of imposing the duty.*
- (3) *In investigating whether imposing the duty is in the public interest, the matters the chief executive must investigate include the following:*
  - (a) *the effect of the duty on the prices of the dumped or subsidised goods;*
  - (b) *the effect of the duty on the prices of like goods produced in New Zealand;*
  - (c) *the effect of the duty on the choice or availability of like goods;*
  - (d) *the effect of the duty on product and service quality;*
  - (e) *the effect of the duty on the financial performance of the domestic industry;*
  - (f) *the effect of the duty on employment levels*
  - (g) *whether there is an alternative supply (domestically or internationally) of like goods available; and*
  - (h) *any factor that the chief executive considers essential to ensure the existence of competition in the market.*

31. MBIE can also investigate other matters that it considers necessary or that are raised by other parties.

32. Taking into account the factors above and in accordance with the legal requirements, for a step 2 investigation, MBIE must investigate whether imposing the duties determined by the Minister in step 1 is in the public interest.

### **Consumers and Downstream Industries**

33. Section 10F(4) of the Act defines consumers and downstream industries:

**consumers** means—

(a) *New Zealand consumers of—*

*(i) the dumped or subsidised goods; or*

*(ii) like goods; or*

*(iii) the other goods referred to in paragraph (a) of the definition of downstream industries; and*

*(b) if the Minister considers it appropriate for the purposes of this section, any other relevant New Zealand consumers*

**downstream industries** means—

- (a) each immediate downstream New Zealand industry that uses the dumped or subsidised goods, or like goods, as an input in the production of other goods; and  
(b) if the Minister considers it appropriate for the purposes of this section, any other relevant downstream New Zealand industry.

### Consumers

34. The Act defines consumers as New Zealand consumers of the dumped goods, like goods to the dumped goods, or goods produced by immediate downstream industries using the dumped goods or the like goods as an input, or any other relevant consumers considered appropriate by the Minister.
35. In this investigation, the subject goods and like goods are used by immediate downstream industries as an input into the production of other goods which may then be an input into a further process, before being sold as a finished good or as a component of another good or process. MBIE considers users of these goods can be considered to be other relevant consumers for the purposes of this investigation.

### Downstream Industries

36. Downstream industries produce goods from imported or domestic aluminium-zinc coated steel, including:
- Painted aluminium-zinc coated steel
  - Roofing and cladding products, including roll-formed long-run roofing, roof tiles, wall cladding, flashings, architectural trays.
  - Rainwater products, including spouting and down pipes.
  - Buildings, including kitsets and larger buildings.
  - Fences.
  - Garage doors.
37. In some cases the producers of these downstream goods are the companies that are importing the subject goods, while in other cases the producers of the downstream goods purchase aluminium-zinc coated steel from importers of the subject goods, and from the New Zealand industry.

## 2.2 Investigation Procedures

38. Sections 10G and 10H of the Act set out procedures that are to be followed in a step 2 investigation:

#### **10G Step 2: procedure**

- (1) *The chief executive must, within 60 days after starting investigation step 2, give the notified parties written advice of the preliminary findings that are likely to form the basis for a determination to be made by the Minister under section 10H(1).*
- (2) *The chief executive must give all persons that the chief executive considers would be significantly affected by continuing to impose the duty a reasonable opportunity to present, in writing, all evidence relevant to the investigation and, on justification being shown, to present that evidence orally.*

- (3) Subsection (1) does not require the chief executive to provide information that would not be available to an interested party under section 3F.
- (4) The chief executive must report the findings of investigation step 2 to the Minister.

#### **10H Step 2: determination**

- (1) Within 90 days after the start of investigation step 2 (but not less than 30 days after the written advice is given by the chief executive under section 10G(1)), the Minister must determine whether imposing the anti-dumping or countervailing duty is in the public interest (see section 10F(2)).
- (2) The Minister must give notice of a determination under subsection (1) as soon as practicable after the determination is made.

## **2.3 Investigation Processes**

### ***Affected Parties***

39. Under Section 10G(2) of the Act, MBIE considers that “all persons that the chief executive considers would be significantly affected by imposing the duty” for the purposes of the current investigation include:
- Notified parties to step 1 of the investigation as described in section 2 above, namely the Government of Korea, New Zealand Steel, exporters, importers and intermediaries known to have an interest in the subject goods (including Korean producers as exporters);
  - Consumers and consumer organisations as defined in section 10F(4) of the Act;
  - Downstream industries as defined in section 10F(4) of the Act (this includes the manufacturing companies who import aluminium-zinc coated steel as a production input); and
  - New Zealand processors and resellers of aluminium-zinc coated steel and related manufactured products for which aluminium-zinc coated steel is an input.
40. MBIE welcomes submissions from any other persons who consider they would be significantly affected by the imposition of the duty, although it notes that its analysis of any submissions can only relate to the interests of the domestic industry, downstream industries and consumers as bounded by section 10F(2) of the Act.

### ***Treatment of Information***

#### **Protection of information**

41. Confidential information is defined in section 3F(5) of the Act:

*In this section, confidential information means information about which the submitter of the information has shown a good reason for the chief executive to believe 1 or more of the following:*

- (a) that making the information available would give a significant competitive advantage to a competitor of the submitter of confidential information:
- (b) that making the information available would have a significantly adverse effect on—

*(i) the submitter of confidential information; or*

(ii) the person from whom the information was acquired by the submitter of the information; or

(iii) any person to whom the information relates:

(c) that the information should be treated as confidential for reasons other than the reasons described in paragraphs (a) and (b).

42. Where a party requests that information be treated as confidential, or where a party considers that the information should be withheld by the chief executive if it were requested under the Official Information Act 1982, the chief executive requests that the party provide a non-confidential version, or a non-confidential summary of the information, or if the information is not susceptible to summarisation, an explanation of the reasons why not, and provide justification for the information being treated as confidential and/or what grounds of the Official Information Act 1982 might apply to justify withholding. **The non-confidential version of any submission should be provided at the same time as the confidential version.** Section 3F(4) of the Act allows the chief executive to disregard any information for which a satisfactory non-confidential version (or summary or satisfactory statement of why such a summary cannot be given) is not provided.<sup>1</sup>
43. Section 3F(1) of the Act provides that an interested party may ask the chief executive to provide copies of information relevant to trade remedy proceedings, but this provision does not apply to confidential information, or information that the chief executive would likely withhold if it was requested under the Official Information Act 1982.
44. MBIE makes available all non-confidential information via the public file for this investigation. Any interested party is able to request both a list of the documents on this file and copies of the documents on it.

### **Assessment of information**

45. The foundation of MBIE's approach to the assessment of information is the relevant provisions of the Act and the AD Agreement, assisted by New Zealand case law and the interpretation of the AD Agreement provided in WTO dispute settlement proceedings where appropriate.
46. In an investigation MBIE seeks and obtains information directly relevant to that proceeding where possible, and satisfies itself as to the accuracy of the information provided. Such information includes questionnaire responses from interested parties; laws, regulations and other official documents; Customs and statistical data; and other relevant data such as exchange rates, interest rates and prices. MBIE reviews the information available to substantiate the information provided by interested parties and to assess its reliability.

### **Reports**

47. MBIE will release two reports during step 2 of this investigation:
- A Public Interest Preliminary Report (PIP Report); and

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<sup>1</sup> Article 6.5.2 of the AD Agreement adds the proviso, "unless it can be determined to their satisfaction from appropriate sources that the information is correct," and adds the footnote, "Members agree that requests for confidentiality should not be arbitrarily rejected."

- A Step 2 Final Report.
48. The PIP Report will present the preliminary findings that are likely to form the basis for the Minister's determination under section 10H(1). This will be provided to affected parties, in accordance with section 10G of the Act, and will allow them an opportunity to comment on these preliminary findings.
49. The Final Report will take account of affected parties' comments on the PIP Report, and will provide the basis for advising the Minister whether the imposition of the anti-dumping duties at the determined rate is in the public interest.

## 2.4 Factors for Investigation

50. The framework proposed for this public interest investigation is based on the factors set out in section 10F(3) of the Act (i.e. whether the cost to downstream industries and consumers of imposing the duty is likely to materially outweigh the benefit to the domestic industry of imposing the duty) and includes investigation of the matters set out in section 10F(3).

### **(a) The effect of the duty on the prices of the dumped goods;**

51. An assessment of consideration (a) may, to the extent appropriate, provide a discussion of any of the following matters:
- If duties have previously been imposed on the imported subject goods, an analysis of the extent to which the duty changed prices of the subject goods.
  - If duties have previously been imposed on imported goods like the subject goods, but from a different origin, an analysis of the extent to which the duty changed prices of the like goods.
  - The extent to which importers will likely pass on price increases from the duty to consumers and downstream industries.
  - The extent to which downstream industries are likely to pass on price increases to their consumers.
  - Whether prices are responding to normal price factors (such as input costs and currency fluctuations), or whether the market is partially monopolised, and pricing is therefore not adjusting.
  - Any other matter considered to be relevant to the effect of the duty on the prices of the dumped or subsidised goods.

### **(b) The effect of the duty on the prices of like goods produced in New Zealand;**

52. An assessment of consideration (b) may, to the extent appropriate, provide a discussion of any of the following matters:
- If duties have been previously imposed on the imported subject goods, an analysis of the extent to which the prices of like goods produced in New Zealand changed as a result of the duty.

- If duties have been previously imposed on imported goods like the subject goods, but from a different origin, an analysis of the extent to which prices of like goods produced in New Zealand changed as a result of the duty.
- The extent to which the domestic industry is likely to change the price of like goods in response to a change in the price of imported goods.
- Whether domestic prices are responding to normal price factors (such as input costs and currency fluctuations), or whether the market is partially monopolised, and pricing is therefore not adjusting accordingly.
- The extent to which the dumped goods and the like goods produced in New Zealand are perfect substitutes.
- Any other matter considered to be relevant to the effect of the duty on the prices of like goods produced in New Zealand.

**(c) The effect of the duty on the choice or availability of like goods;**

53. An assessment of consideration (c) may, to the extent appropriate, provide a discussion of any of the following matters:

- The extent to which the non-imposition of duties is likely to result in a reduction in the availability of, or withdrawal of, like goods from the New Zealand market.
- The extent to which the non-imposition of duties is likely to result in the domestic industry reducing or ceasing its production of like goods for the New Zealand market.
- Likely market shares of imported and domestically produced goods before and after the imposition of duties.
- The extent to which like goods are likely to be able to be supplied from sources other than New Zealand.
- Any other matter considered to be relevant to the effect of the duty on choice or availability of like goods.

**(d) The effect of the duty on product and service quality;**

54. An assessment of consideration (d) may, to the extent appropriate, provide a discussion of any of the following matters:

- Industry standards or international standards in place for the product or service.
- The extent to which market participants are producing a product consistently meeting the quality required by the market.
- Whether market participants are consciously producing products or services above the quality required by the market.
- The extent to which the quality of goods or services in the market could be lowered upon the imposition of duties, or without duties in place.
- Consumer preferences in relation to quality.
- Any other matter considered to be relevant to the effect of the duty on product and service quality.

**(e) The effect of the duty on the financial performance of the domestic industry;**

55. An assessment of consideration (e) may, to the extent appropriate, provide a discussion of any of the following matters:
- The extent to which the imposition of duties would affect the financial performance of domestic producers.
  - The extent to which the non-imposition of duties could be likely to result in the exit from the market of domestic producers.
  - Whether the domestic industry has made any significant capital expansion investments recently that may help financial performance in the future.
  - Whether any other market effects could arise from the imposition of duties, such as financial market effects, other than those intended by the imposition of duties.
  - Any other matter considered to be relevant to the effect of the duty on the financial performance of the domestic industry.

**(f) The effect of the duty on employment levels;**

56. An assessment of consideration (f) may, to the extent appropriate, provide a discussion of any of the following matters:
- The extent to which the imposition or non-imposition of duties would likely affect levels of employment in the domestic industry and in downstream industries.
  - The extent to which labour is likely to be reallocated should there be any loss of employment.
  - Any other matter considered to be relevant to the effect of the duty on employment levels.

**(g) Whether there is an alternative supply (domestically or internationally) of like goods available;**

57. An assessment of consideration (g) may, to the extent appropriate, provide a discussion of any of the following matters:
- The extent to which the domestic industry is able to meet domestic demand.
  - The extent to which the imported goods are covering excess demand that the domestic industry is unable to supply.
  - Whether there are alternative sources of supply, competitive in price and quality, capable of accommodating additional demand.
  - Whether there are any technical specifications demanded by the domestic market that might restrict import possibilities.
  - The extent to which there is a risk of monopolisation of the supply of goods to New Zealand.
  - Whether there are non-price, non-supply factors to consider, such as contract terms, speed of delivery, etc.
  - Any other matter considered to be relevant to whether there is an alternative supply (domestically or internationally) of goods available.

**(h) Any factor that the chief executive considers essential to ensure the existence of competition in the market.**

58. An assessment of consideration (h) may, to the extent appropriate, provide a discussion of any of the following matters:
- The extent to which the current market conditions reflect a “typical market” for the good. This will consider whether the market is prone to large fluctuations in price, demand, or supply.
  - The extent to which duties could lead consumers to purchase substitute goods, thus shrinking the market for the subject goods.
  - The extent to which there are any complementary goods whose markets might be affected by a price increase in the affected goods.
  - The extent to which there is a risk of monopolisation of the supply of goods in the New Zealand market.
  - The extent to which it is in the interest of competition to maintain domestic production of this good.
  - An assessment of the accessibility of the market to new entrants.
  - Any existing protection of the domestic industry.
  - Any other matter considered to be relevant to ensuring the existence of competition in the market.

***Quantitative Assessment***

59. In relation to factors (a), (b) and (e), the examination may be supported, to the extent practicable, by economic analysis using the Public Interest Partial Equilibrium Simulation framework (PIPES framework).
60. The PIPES framework has been designed by MBIE to analyse the potential economic impacts of the imposition, or continuation, of duties.
61. The PIPES framework is based on a two-step analysis. The first step consists of a prediction of market outcomes: when a duty is imposed, what is the likely effect on the markets being analysed? Once this has been estimated the analysis shifts to an assessment of the market outcome: how does the change in market outcomes affect agents? A brief outline of the framework is set out below.

**Step I – Prediction of market outcome**

62. Supply and demand data for the domestic and import market determine the equilibrium state, where the domestic industry is competing against dumped or subsidised imports. Step I is to predict the market outcome when duties are imposed.
63. Economic theory suggests that when a duty is imposed on an imported good, supply in the import market is the first place where the effect will be felt, and the importer will pass-on the duty to other agents by increasing the price of the good sold by a portion of the duty. An increase in the price of the imported good is accompanied by a decrease in the quantity demanded.

64. The cross-price elasticity of demand is an empirical parameter which represents the willingness of consumers and downstream industries to substitute the imported good for the domestically produced good. It is included in the PIPES framework to link the import market to the domestic market, as it mirrors the change in price for the imported good with a certain change in demand for the domestically produced good. This increase in demand for the domestic good could be accompanied by an increase in its price if the domestic industry chooses to respond in this manner to the increased demand.

### **Step II – Assessment of market outcome**

65. The price increase of the imported good decreases welfare of all agents consuming the imported good since they have to pay a higher price for the same quantity, but increases welfare of those that produce the domestic good since they are receiving contingent protection and no longer compete with injurious dumped imports. The method for assessing costs and benefits relies on two microeconomic concepts: consumer and producer surplus.
66. Consumer surplus measures the amount consumers gain from a purchase by computing the difference between the market price they have to pay and the price they would have been willing to pay; if a consumer had to pay an equilibrium price of \$1 for a good, but actually valued the good at \$1.50, then this consumer would face a surplus of \$0.50. If 10 agents had the same preferences, their total surplus would be \$5. Consumer surplus is derived from the market demand curve.
67. Producer surplus is a similar concept; a producer may be willing to sell a good for \$1, but the equilibrium market price may be \$1.50. This producer would make a surplus of \$0.50 with every good sold. Producer surplus is derived from the market supply curve.

### **Interpretation**

68. If the sum of the impact on downstream industries and consumers materially outweighs the benefit to the domestic industry, this will be a partial indicator that imposing duties will not be in the public interest. This will then be considered in the context of the other mandatory considerations in section 10F(3) for the final determination under the Act.

### 3. Lodging Submissions

69. Should you wish to lodge a submission in relation to the public interest investigation, the attached questionnaire is designed to assist you. Below are some instructions on providing a submission.

#### Documentation to provide

70. Where information is provided, please also provide evidence in support of your response e.g. copies of invoices to support prices. Copies of original documents are satisfactory for questionnaire responses, but original source material for all documents submitted or relied upon in preparing your submission should be available in the event that MBIE may need to follow up in order to confirm or clarify the information.

#### Currency

71. Where information is provided related to pricing, please show all amounts in the currency originally denominated. Where any currency conversions are made, please indicate the exchange rate used and its source.

#### Confidential information

72. MBIE is required to ensure that all interested parties have reasonable opportunity to access all non-confidential information used by MBIE in the investigation. Non-confidential information used in the investigation is contained on MBIE's Public File for this investigation, which is available for perusal or copying by any interested party to the investigation or member of the public.
73. Should you provide any information which is by nature commercially confidential (for example, because its disclosure would be of significant advantage to a competitor, or its disclosure would have a significantly adverse effect on the person supplying the information) or which is provided on a confidential basis by you, it will **upon good cause being shown** be treated as confidential by MBIE.
74. For any information that you request be treated as confidential please:
- **Provide a non-confidential version** (or a non-confidential summary of the information, or if you claim that the information is not susceptible to such a summary, a statement of the reasons why a summary is not possible).
  - A non-confidential version should reproduce the original but have information considered to be confidential either redacted or summarised.
  - Provide justification for the information being treated as confidential.
  - **A non-confidential version should be provided at the same time as the confidential version of the submission.**
75. Information may also be withheld from release where the chief executive of MBIE would be likely to withhold the information if it were requested under the Official Information Act 1982 (OIA). If you consider any of the grounds for withholding information under the OIA might apply (see, for example, sections 6 and 9 of the OIA), please provide an explanation,

along with a summary of the information that may be disclosed, or a reason why a summary cannot be provided.

76. Please note that section 3F of the Act allows the chief executive to disregard any information for which a satisfactory non-confidential version (or summary or satisfactory statement of why such a summary cannot be given) is not provided.

### Deadline for submissions

77. Should you wish to provide a response to this questionnaire, including a non-confidential version and any supporting evidence, it should be received by MBIE on **21 December 2021** or earlier if possible. MBIE is working to a statutory deadline for the completion of this investigation and it is important that responses from interested parties are received by the due dates.

### Further information

78. If you would like further information on anti-dumping investigations and reviews please see our website at <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/> where you will find general information and user guides. Alternatively please feel free to contact us (see details below).

### Contact details

*If you any questions regarding this questionnaire or the investigation, please contact Faith Zimunya or Mike Andrews at Trade and International at:*

[traderemedies@mbie.govt.nz](mailto:traderemedies@mbie.govt.nz)

Please ensure that the subject line of any email or written communication includes the investigation reference: **MBIE/AD/I/2021/001** and the title of the proceeding: **Aluminium-zinc coated steel from Korea**

Telephone contact can be made at:

**Faith Zimunya** +64 (0)4 897 5062

**Mike Andrews** +64 (0)4 495 1267

**STEP 2 INVESTIGATION – PUBLIC INTEREST QUESTIONNAIRE**

*The information requested below will assist us to better understand both your business and the New Zealand market in general. If any information is not applicable to you, please write “not applicable” and provide an explanation why where necessary.*

**General Questions**

1. Please specify whether you are:
  - a consumer, downstream industry or domestic industry, as defined in Section 10F(4) of the Act, and/or
  - an importer, exporter or other (please specify), of aluminium-zinc coated steel (the subject goods), and/or
  - another significantly affected person (section 10G(2) of the Act) – please explain how you are affected.
2. Please provide the following details:
  - Business name
  - Postal address
  - Street address
  - Nominated contact person and their telephone, fax and email details
  - Company website
3. If you form part of a group of companies, you may indicate information relating to the group or to your specific company – in your reply identify the group and clarify whether your replies relate to the group or to your company.
4. Please provide a description of your company’s organisational structure.
5. Please outline your company’s involvement with the subject goods, and the markets you operate in, including your company’s distribution channels. As appropriate, specify the products you produce or sell which incorporate aluminium-zinc coated steel (downstream goods) and describe the markets they serve, including domestic and export markets. Provide details of volumes and values of the products sold in 2020 and the expected levels for 2021.
6. If applicable, please describe the procurement strategy adopted by your company as it relates to imports and to purchases from New Zealand producers.
7. Please provide any brochures, pamphlets or booklets advertising your company and its products, including those relating to downstream goods.

**Effect of Anti-Dumping Duties - General**

8. Please indicate whether your company would be in favour of the imposition of anti-dumping measures (at the rates determined by the Minister) or against.
9. Please comment on what would happen in the New Zealand market for aluminium-zinc coated steel and goods produced from it if anti-dumping duties were imposed at the

- levels proposed, in particular what would be the effects on downstream industries and consumers if the anti-dumping duties are applied to imports from Korea.
10. How do you consider the imposition of anti-dumping duties on the subject goods from Korea may affect you? Please quantify this effect, if possible.
  11. If you are a distributor or reseller or installer, to what extent would you absorb the anti-dumping duty or pass it on?
  12. Are there products that can easily be substituted for the subject goods imported from Korea?
  13. Would you consider substituting the subject goods imported from Korea for like goods produced **by another country**, if the subject goods from Korea have duties imposed? If so, by how much would the price of the subject goods from Korea have to increase before you would purchase a similar good from another country?
  14. Would you substitute the subject good for a like good produced **domestically**, if the subject goods from Korea were to have duties imposed? If so, by how much would the price of the subject goods from Korea have to increase before you would change your source of supply to domestically produced goods?
  15. Please explain any differences in quality between the aluminium-zinc coated steel produced by the New Zealand industry and those purchased from Korea that you are aware of.
  16. Do you consider the imposition of anti-dumping duties may **lower** the quality of goods available by restricting the importation of goods of a higher quality than those produced domestically?
  17. Do you consider the imposition of anti-dumping duties may **increase** the quality of goods available by restricting the importation of goods of a lower quality than those produced domestically?
  18. Do you consider the domestic industry is able to supply the entire market, or do you consider the imported subject goods are meeting excess demand that the domestic industry is unable to cover? Have you been able to obtain the aluminium-zinc coated steel you require from the New Zealand industry, and if not please explain the circumstances.
  19. Are you aware of any alternative sources of supply, competitive in price and quality, either domestic or international, capable of accommodating additional demand?
  20. To what extent do you believe there may be a risk of monopolisation in the domestic market should anti-dumping duties be imposed on the subject goods from Korea?
  21. Are there any complementary goods that you are aware of whose market might be affected by a price increase on the subject goods from Korea?
  22. Do you consider the market is accessible to new entrants?
  23. Do the producers/exporters in Korea have any comparative advantage with the New Zealand producers? If so, please provide examples.

24. Do you have any other comments you wish to make on the effect on the public interest of imposing anti-dumping duties on the subject goods imported from Korea, including the effect on the operation of the New Zealand market for aluminium-zinc coated steel or for goods produced using such goods as an input?

### **Effect of Anti-Dumping Duties – Downstream Industries**

25. Does the price of the downstream goods produced by your company respond to normal price factors? (This relates to input costs, currency fluctuations, or any other factors). For instance, have any external factor (trade agreements, currency fluctuation, COVID-19 etc.) influenced the evolution of prices in your market in the past three years? If so, please explain.
26. To what extent would an increase in input costs result in an increase in the price of the downstream goods produced by your company? (i.e., does your company absorb increases in input costs or pass them on to customers?)
27. To what extent does the production of the downstream goods rely on the imported subject good? Could a non-like good substitute for the imported subject good?
28. To what extent would the imposition of anti-dumping duties on aluminium-zinc coated steel from Korea cause you to stop producing or exporting the downstream goods produced by your company? Please provide figures showing the volume and value of any likely ceased production or exportation.
29. Do you consider that your customers are aware of any differences in quality between the imported subject goods and the goods produced domestically?
30. To what extent is your company's financial position reliant on the production of the downstream goods? Do you consider this position may be affected by the imposition of anti-dumping duties on aluminium-zinc coated steel from Korea?
31. Please provide the number of full-time employees (FTEs) involved in the production of your products which require aluminium-zinc coated steel as an input material.
32. Would employment in your company be adversely affected by the imposition of anti-dumping duties on the subject goods from Korea (at the rate determined by the Minister)? If so, please provide an estimation of the number of FTEs who would be adversely affected by the imposition of anti-dumping duties at the rates determined.
33. If you answered yes above, do you believe your company would be able to reallocate any labour that may be lost due to the imposition of anti-dumping duties on the subject goods from Korea?