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APPENDIX A

DETAILED STATEMENT SETTING OUT REASONS FOR SEEKING CONTINUATION OF THE ANTI-DUMPING MEASURE

1. WILL THE DUMPING OR SUBSIDISATION CONTINUE, OR RECUR?

1.1 Are exports likely to continue or recur?

The applicant has considered whether exports would likely continue or recur in a reasonably foreseeable timeframe by having regard to:

- import volumes of the goods from the subject, and non-subject, sources since 1 January 2015¹;
- the emergence of circumvention activity;
- maintenance of distribution channels or links to the Australian market either directly or via circumvention goods;
- steel production capacities and capacity utilisation of the subject country;
- the size and demand conditions within the Australian market for rod in coil; and
- trade remedies in other jurisdictions.

The following sections of this appendix to the *Application for Continuation of Measures* outline the industry applicant's assessment in respect of each of the above considerations.

1.1.1 Import volumes and patterns of trade

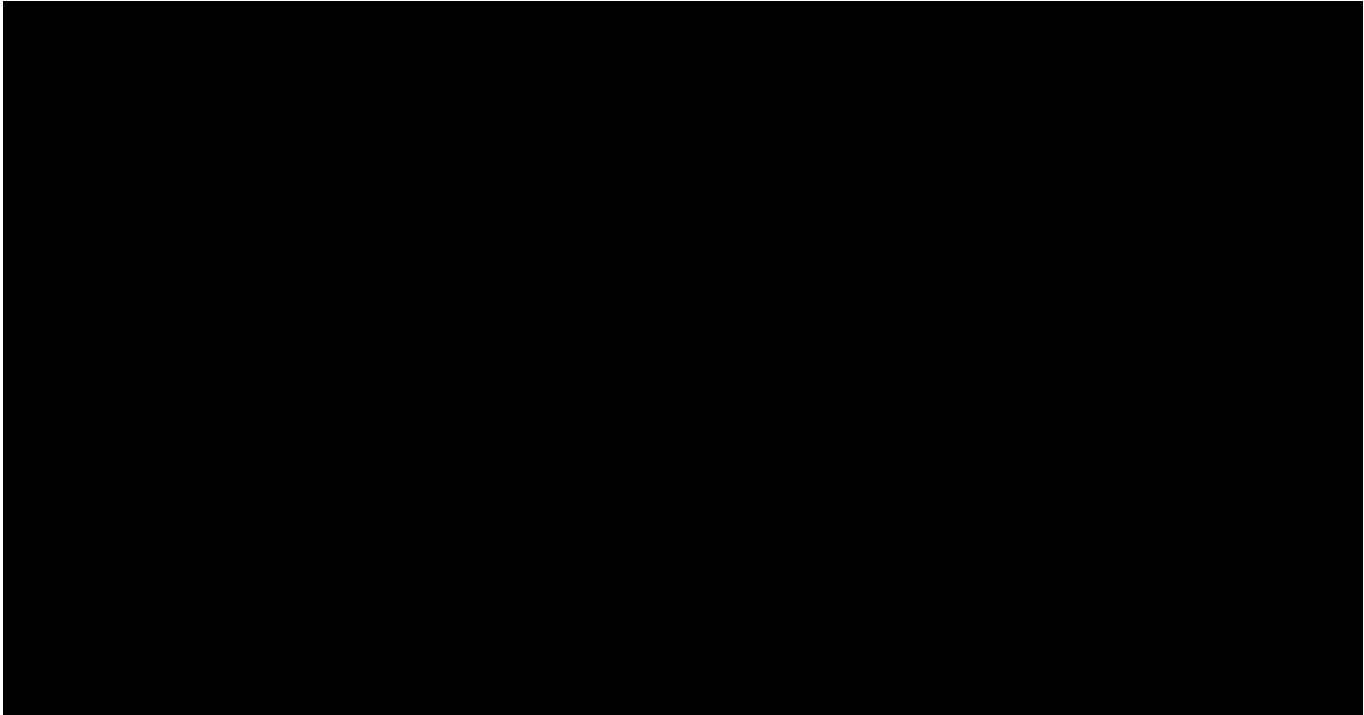
The industry applicant assessed import volumes from all sources from 1 January 2015.

CHART 1.1.1.1, below, shows the annual import volumes from:

- the People's Republic of China (**China**);
- other exports (subject to measures);² and
- all other exports (not subject to any measures).

¹ The investigation period for the original *Dumping Investigation No. 301 (INV 301)* was FY 2015.

² Following *Investigation No. 240*, measures in the form of dumping duties were imposed on goods exported from Taiwan from 17 June 2015. Those measures expired on 17 June 2020 (ADN No. 2019/78 refers).

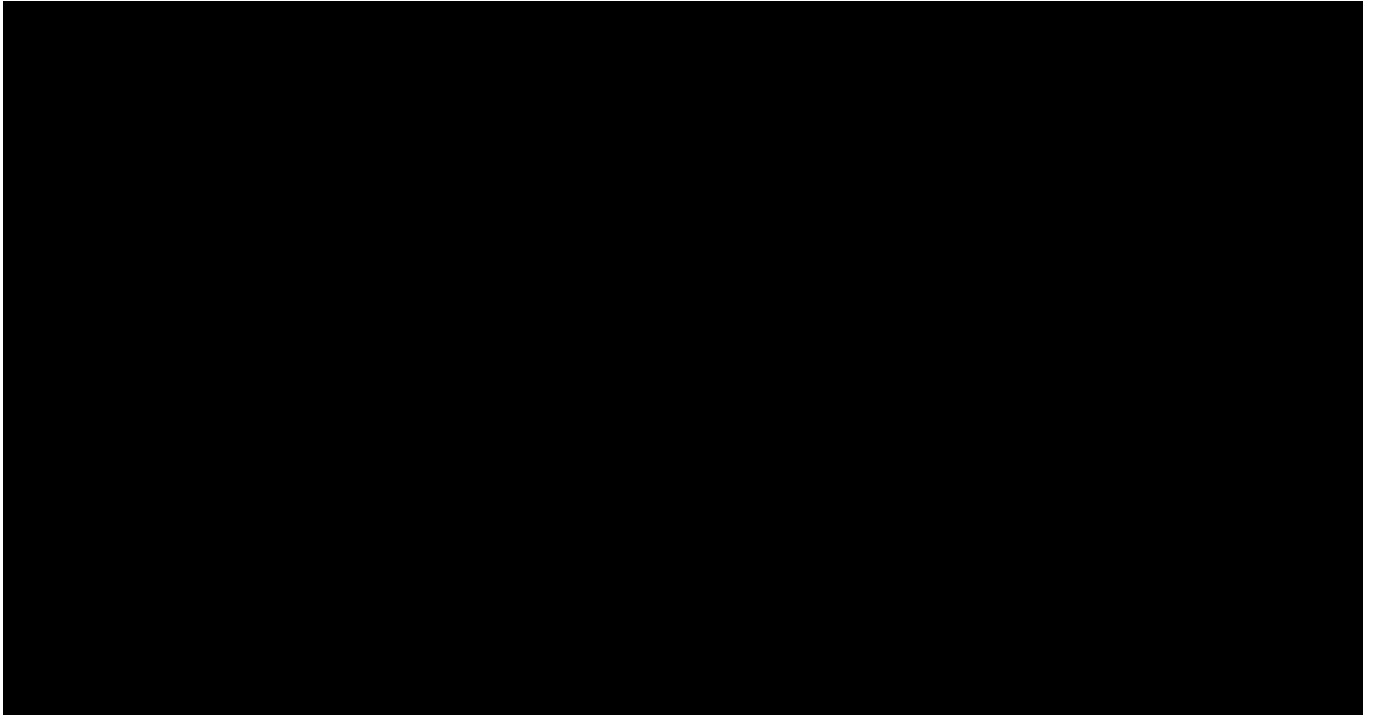


[CONFIDENTIAL] CHART 1.1.1.1 Import volumes (Source: [appendix A2](#))

CHART 1.1.1.1, above, indicates that:

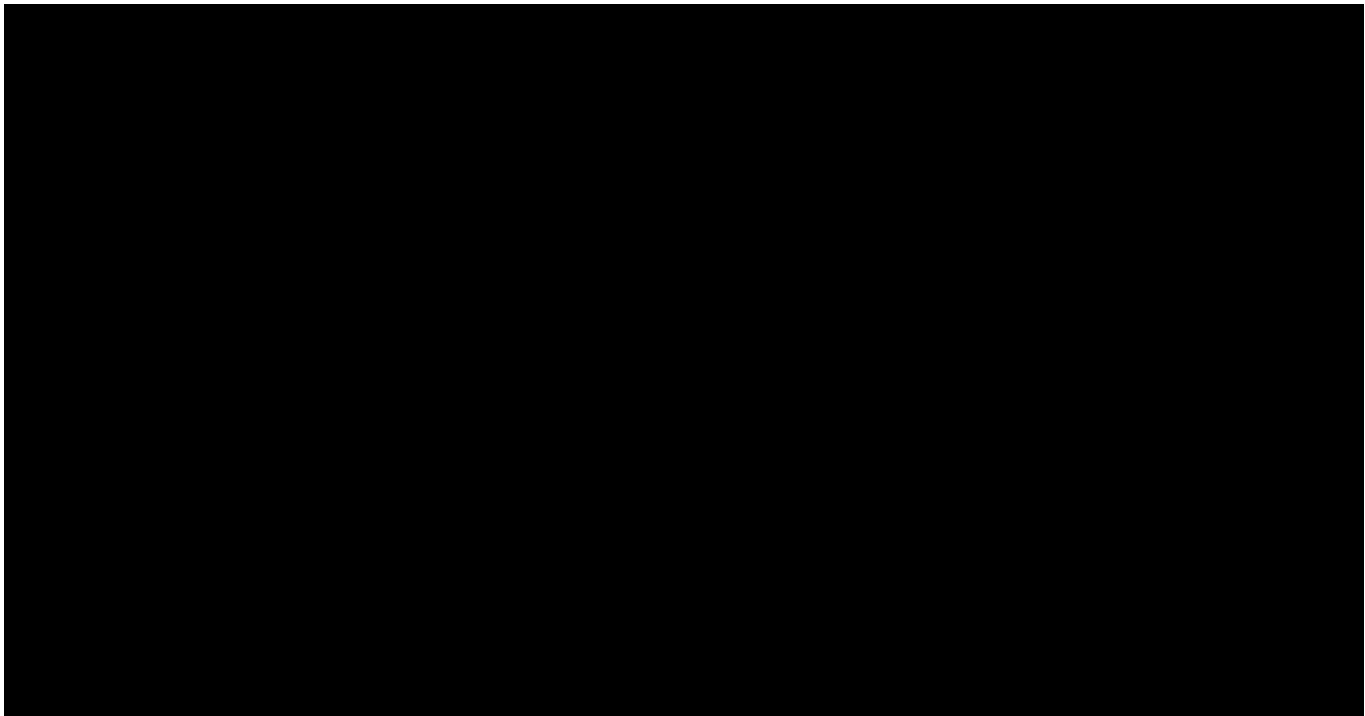
- imports from China ceased in CY 2016 following the imposition of measures in April 2016;
- imports from other countries subject to measures, i.e. Taiwan, were insignificant in CY 2015; and
- imports from other countries, not subject to measures, accounted for the largest volumes of the goods across the proposed analysis period.

CHART 1.1.1.2, below, shows the annual import volumes of the goods to Australia from the main sources of exports across the proposed analysis period (commencing 1 January 2015).



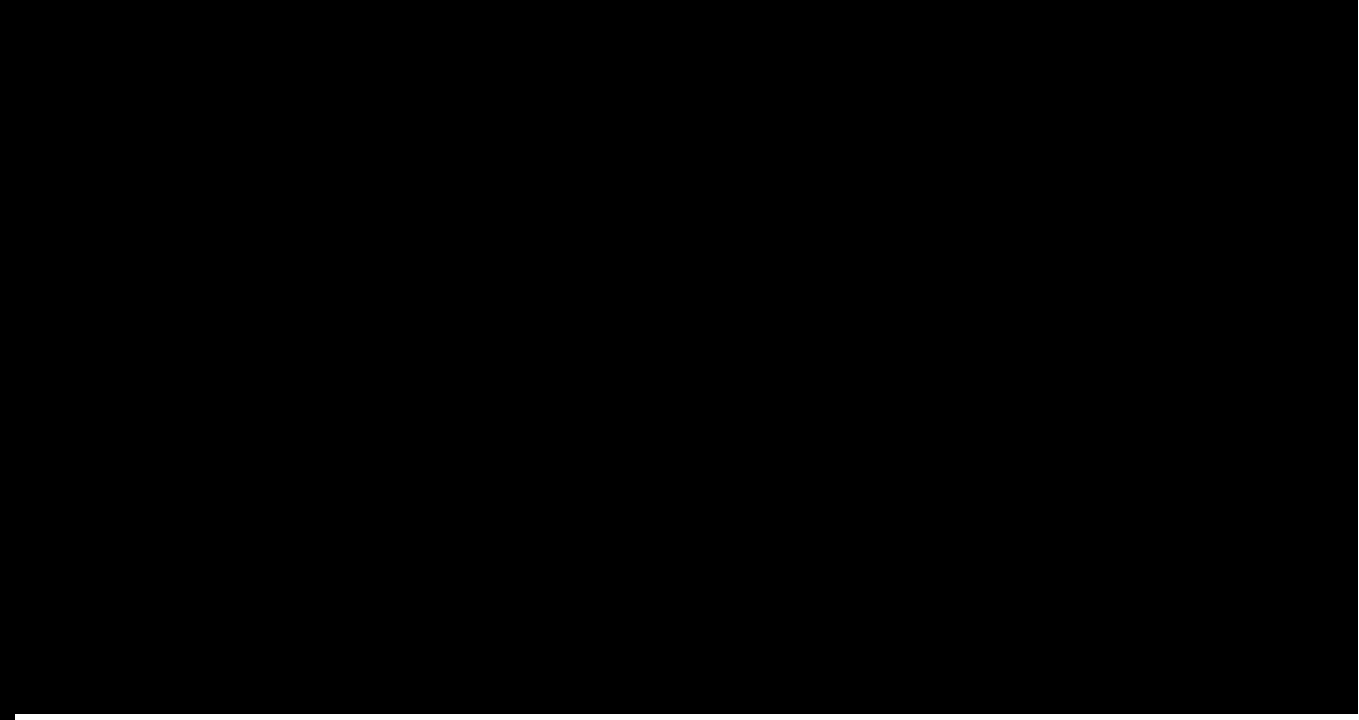
[CONFIDENTIAL] CHART 1.1.1.2 Import volumes by source (Source: [appendix A2](#))

CHART 1.1.1.2, above, shows that the source of the imported goods can be quickly changed. For example, in CY 2016 and CY 2017, Indonesia and Vietnam were the dominant source of the goods. By CY 2018 and CY 2019, Turkey became the dominant exporter to Australia. From CY 2021 onwards, Indonesia and Vietnam again became the dominant source. The rise of Vietnamese exports coincides with it being the lowest priced during this period (refer **CHART 1.1.1.3**, below).



[CONFIDENTIAL] CHART 1.1.1.3 Annual weighted average export price (FOB, AUD/t) by source (Source: appendix A2)

CHART 1.1.1.3, above, illustrates that the dominant exporter is typically, also the lowest priced exporter. In this regard, it is observed in **CHART 1.1.1.4**, below, that across the proposed inquiry period, reported export prices from China of the goods were below the lowest quarterly export price from any source. Indeed, the reported export prices for the goods from China undercut the next lowest price in that quarter by between [REDACTED] and [REDACTED] per cent. This is a compelling indication that in the absence of measures, exporters from China will undercut all existing sources for the goods, and replace the volumes and market shares of the currently lowest priced exports of the goods to Australia.



[CONFIDENTIAL] CHART 1.1.1.4 Quarterly weighted average export price (FOB, AUD/t) by source and reported export price index for the goods exported from China across the proposed inquiry period (Source: appendix A2 and CONFIDENTIAL ATTACHMENT 2.2.1.1)

It is notable that export volumes from other countries not subject to measures increased across the proposed analysis period, and particularly within the proposed inquiry period. We consider that this indicates that Australia is an attractive market for exporters of the goods, especially those exporters from the countries not subject to measures.

1.1.2 Emergence of circumvention activity

On 9 May 2024, the then Acting Commissioner of the Anti-Dumping Commission, initiated an anti-circumvention inquiry³ in relation to the goods exported to Australia from China pursuant to section 269ZDBE⁴ (**CIR 643**). This followed an application made under section 269ZDBC by the applicant for this continuation inquiry, on the basis that a circumvention activity involving a slight modification of the goods exported to Australia from China had occurred, within the meaning of subsection 48(2) of the *Customs International (Obligations) Regulation 2015*.

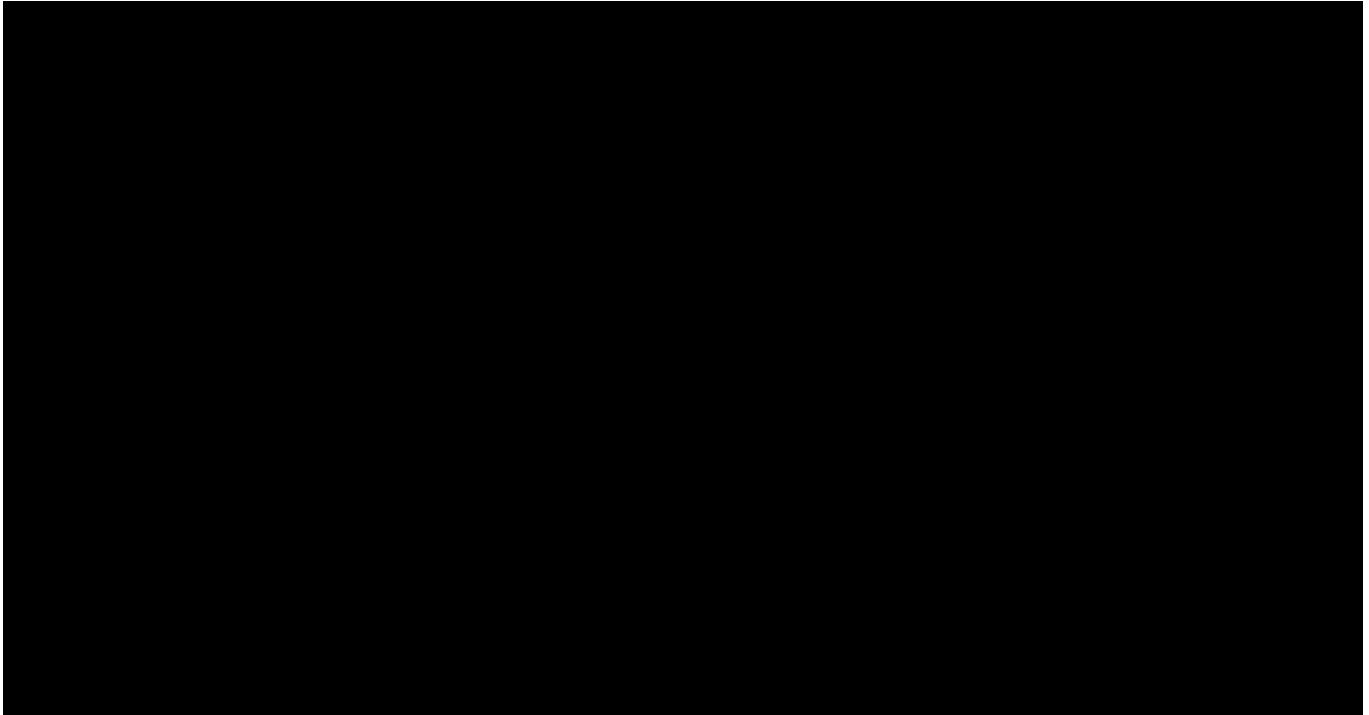
In the course of the anti-circumvention inquiry, the applicant observed that the export volumes

³ ADN No. 2024/029 refers.

⁴ All legislative references are to the *Customs Act 1901*, unless otherwise stated.

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of the goods, all but ceased following the imposition of measures in April 2016, and that “...*the circumvention goods [reinforcing mesh] increased year-on-year following the imposition of the measures on the goods (except 2022), such that by 2023, the export volume of the circumvention goods were almost 8.5 times higher than the export volume of the circumvention goods prior to the imposition of the measures in 2015.*”⁵ **CHART 1.1.2.1**, below, shows the current (until 31 December 2024) changes in export volumes of the goods compared to the circumvention goods.



[CONFIDENTIAL] CHART 1.1.2.1 Annual export volumes of the goods and circumvention goods from China to Australia (tonnes, t) since 1 January 2013 (Source: CONFIDENTIAL ATTACHMENT 1.1.2)

The applicant further submitted in the anti-circumvention inquiry that customers’ preferences and expectations are driven by the price of the goods versus the circumvention goods. Where the circumvention goods are competitive in terms of price relative to the landed price of the goods, then there is a preference for the circumvention goods over the goods. The current *ad valorem* fixed duty rate (33.1%) on exports of the goods from China means that the circumvention goods with a modification cost differential of only [REDACTED] %, ⁶ have a price advantage over the goods for so long as they are subject to measures. Should the measures

⁵ ERP Folio No. 643/009, p. 13.

⁶ CONFIDENTIAL ATTACHMENT 1.1.2.1

be allowed to expire, then the circumvention goods would no longer have that price advantage over the goods, and there would be a recurrence in exports of the goods from China at dumped prices (refer **Section 1.2.11**, dumping margin analysis below).

1.1.3 Maintenance of distribution links to the Australian market

The apparent cessation of exports of the goods from China following the imposition of the measures following the original INV 301 means that there is an insufficient quantity of goods imported to determine that Chinese distribution links have been maintained with particular customers.

However, as **CHART 1.1.1.2**, above, highlights, importers are able to quickly switch supply to alternate sources.

In *Continuation Inquiry No. 562*, the Commission found that importers who had previously sourced the goods from exporters in China imported the goods from other countries during the, then, inquiry period, concluding that:

“The Commission considers it likely that Australian importers would restore their trading links with exporters from China should the measures on RIC from China be allowed to expire on the basis of... the historical relationships observed between Australian importers and exporters from China”⁷

Furthermore, the analysis presented in **CHART 1.1.1.4**, above, indicates that export prices from China would have been the lowest in the Australian market during the proposed inquiry period and that the price of the goods has an influence on the volume exported to Australia; as per the volume of Vietnamese exports given they represented the lowest weighted average export price for the goods to Australia in the proposed inquiry period. This relationship between price and volume supports the applicant’s conclusion that Australian importers would restore their trading links with exporters from China should the measures expire.

Furthermore, in the course of the anti-circumvention inquiry (CIR 643), the applicant led evidence of customers and importers of the goods who, prior to the imposition of measures, either directly or indirectly, purchased the goods. However, since the imposition of measures

⁷ REP 562, p. 31.

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these importers and customers began purchasing the circumvention goods⁸ (CONFIDENTIAL ATTACHMENT 1.1.3 refers). Therefore, the applicant considers that if the measures were to expire, importers and customers of the circumvention goods would be able, and motivated, to revert to their purchases of the goods.

In addition, the existence of ongoing export trade from the countries not subject to measures to the Australian market indicates the presence of well utilised distribution links. In fact, the continued export activity via these established export pathways presents an opportunity for the exporters subject to measures to quickly increase sales volume if the measures are removed.

1.1.4 Excess production capacity in China

1.1.4.1 Overcapacity in the global steel industry

Overcapacity relative to demand in steel markets creates an environment in which goods are more likely to be exported at lower prices than sold on their domestic market.

The key findings of the Organisation for Economic Co-operation and Development (**OECD**) report on the latest developments in steelmaking capacity⁹ concerning global surplus production capacity, include:

- Global steel market conditions remain challenging, with the latest forecasts suggesting sustained sluggish demand growth.
- According to the OECD Secretariat's available information on capacity (as of end-December 2023), global steelmaking capacity remained high at 2,432 million tonnes in 2023, a level that exceeded global demand by almost 500 million tonnes. At this level, global excess capacity exceeded the level of global steel exports (282 million tonnes) by almost 80% in 2023.
- Overall steelmaking capacity is increasing in net terms, with the pace of this growth exceeding global steel demand growth, thus heightening the risks of oversupply in the medium term.
- After several years of gradual decline following the previous capacity peak of 2014, global crude steelmaking capacity started to increase in 2019, with growth continuing

⁸ EPR Folio No. 643/009, pp. 9-10.

⁹ OECD (2024), 'Latest developments in steelmaking capacity and outlook until 2026', [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf) (accessed 12 March 2025).

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until 2022, and then stabilizing at 2,432 million tonnes in 2023.

- Over the last five years, global steel capacity increased by almost 62 million tonnes. Regional developments show significant capacity growth in the Association of Southeast Asian Nations (**ASEAN**) and the Middle East, while the two largest steel producing economies, China and India, which currently account for 47% and 6% of world capacity respectively, also contributed to the expansion. Capacity across the OECD area as a whole declined, as expansions in some regions such as North America and Türkiye were more than offset by declines in some European Union (**EU**) Members States and Japan.
- the problem of excess capacity is expected to become even more acute in the future. Global steelmaking capacity is projected to increase significantly over the next three years (2024-2026), with 68 million tonnes of capacity additions underway and an additional 89 million tonnes in the planning stage. At the current sluggish pace of global steel demand growth, at an annual rate of 1.9%, steel demand is increasing by only around 36 million tonnes per year.
- Chinese steel companies continue to invest heavily overseas, particularly in ASEAN and other parts of Asia, as well as in Africa, while the outlook for Chinese demand remains weak. ASEAN attracts 82% of total investment by Chinese firms abroad, as Chinese steel companies shift their investment activities from the home market to regions with better demand growth prospects. Chinese firms play a large role in the global steel industry's foreign investment in steel plants. Capacity expansions by Chinese companies abroad, through cross-border investment, account for 62% of world total cross-border investment in new steelmaking capacity taking place around the world.

By way of update, in the 96th Session of the OECD Steel Committee,¹⁰ the Chair, Mr. Ulf Zumkley, stated that:¹¹

- world steel demand continues to decline for the third year in a row, with many firms continuing to struggle to maintain, or return to, profitability. Global excess capacity has reached crisis levels, leading to trade disturbances and market failures that are affecting most steel-producing countries, regardless of their size or level of development. China's

¹⁰ The OECD Steel Committee brought together 250 government and industry delegates from 40 major steel-producing economies on 12-13 November 2024 to discuss the deteriorating steel market situation and call for action on all fronts.

¹¹ 'Momentum builds to combat the worsening steel crisis', Statement by Mr. Ulf Zumkley, Chair of the OECD Steel Committee 96th session, 12-13 November 2024, Paris. Source: <https://www.oecd.org/en/about/news/speech-statements/2024/11/96th-session-of-the-steel-committee-statement-by-the-chair.html> (accessed 11 March 2025)

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net exports have surged to nearly 100 million metric tonnes in 2024, on an annualised basis, causing significant market distortions. China's steel subsidies are more than five times higher than other non-OECD economies, and more than 10 times higher than OECD countries. Steel subsidies in non-OECD countries are 42% higher in terms of cash grants and 11 times higher with respect to below-market borrowings than in OECD countries.

- steel import surges are impacting delegates' economies, including dumped and subsidised steel across a range of steel and downstream steel products.
- a major development in global steel markets has been the sustained and significant decline in steel demand in 2024. The real estate crisis and economic slowdown in China has contributed the most to the global steel demand decline, with Chinese steel demand falling by almost 5% in the first eight months of 2024. In the rest of the world, steel demand is sluggish, reflecting challenging economic conditions, elevated costs for manufacturers, and the impacts of global excess capacity. Steel demand in India and several emerging markets is growing more rapidly.
- the global steel demand outlook for 2025 might show moderate improvement on aggregate, but is surrounded by a number of downside risks, including macroeconomic and geopolitical uncertainties, the extent of the Chinese downturn, and the impacts of a worsening global excess capacity situation.
- despite declining steel demand around the world, crude steelmaking capacity continues to grow. In 2024, an additional 50 million tonnes of new capacity will enter the market, marking the largest annual increase since 2013. This increase will boost global crude steelmaking capacity to a new high level of 2482 million tonnes in 2024, exceeding current world steel production by 573 million tonnes, based on available monthly production data on an annualised basis. This gap has been increasing steadily over the last three years. Capacity growth over the last five years has been particularly rapid in the ASEAN region, up by 29.6 million tonnes, the Middle East, where it has increased by 22.9 million tonnes, India, with a rise of 13.2 million tonnes, and in Northern Africa, where capacity increased by 15.5 million tonnes over the last five years. While steelmaking capacity within China has stabilised over the last five years at 1.14 billion tonnes, Chinese companies, including majority state-owned enterprises, have been investing heavily in new capacity abroad, particularly in Southeast Asia and Africa.
- in the medium term, a potential increase of 146 million tonnes of new steelmaking

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capacity will come on stream over the next three-year period of 2025-2027. Significant growth is anticipated in Asia, especially in China and India, which will account for 80% of the region's capacity additions.

1.1.4.2 China

China is the world's largest steel exporter and producer (producing approximately 53.4% of the world's crude steel in 2024,¹² and accounting for approximately 22% of all exports of semi-finished and finished steel products in 2023¹³). Excess capacity in China is a major factor in the analysis of world steel markets, as excess capacity in China encourages Chinese manufacturers to seek export markets for their products.

According to the U.S. International Trade Administration (**US ITA**) China is the world's largest steel exporter (2023 ranking).¹⁴ In 2023, China exported 92.3 million tonnes of steel, a 39.0% increase from 66.4 million tonnes in 2022.

Indicative of slowing domestic steel market conditions is the fact that the export share of production grew from 6.6% in 2022 to 9.0% in 2023. Further indicative that the Chinese steel industry is exporting greater volumes at lower prices is evidence that in 2023 overall steel export volume increased by 39.0%, while export steel value decreased by 8.1% from 2022.¹⁵

In 2023 long products; the class to which the goods the subject of this application belong; accounted for 19.8%, or 18.255 million tonnes, of Chinese steel exports. This was the highest volume of exports of long products since 2018 (18.273 million tonnes), and an increase of 27.5% when compared to China's 2022 export volume for long products (13.248 million tonnes).¹⁶ South Korea was the largest recipient for long products at 12.6 percent of the total share of exports for this export product type, followed by the Philippines at 8.6 percent.

The OECD reports that nominal crude steelmaking capacity in China has remained stable at 1,141.5 million tonnes in 2023, up from 1,122.9 million tonnes since 2018.¹⁷

¹² https://worldsteel.org/data/annual-production-steel-data/?ind=P1_crude_steel_total_pub/CHN/WORLD_ALL (accessed 12 March 2025)

¹³ https://worldsteel.org/data/annual-production-steel-data/?ind=T_exports_sf_f_total_pub/WORLD_ALL/CHN (accessed 12 March 2025)

¹⁴ <https://www.trade.gov/data-visualization/china-steel-exports-report> (accessed 12 March 2025)

¹⁵ <https://www.trade.gov/data-visualization/china-steel-exports-report> (accessed 12 March 2025)

¹⁶ <https://www.trade.gov/data-visualization/china-steel-exports-report> (accessed 12 March 2025)

¹⁷ OECD (2024), p. 53.

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According to the WSA, crude steel production in China was 1,019.1 million tonnes in 2023.¹⁸ Assuming that nominal crude steelmaking capacity in China remained constant at 1,141.5 million tonnes in that period, then excess steelmaking capacity in China was 122.4 million tonnes or approximately 10.7%.

According to the OECD report, in 2023 there was a marginal global capacity decline in net terms that year, as China and Japan implemented a significant number of closures that exceeded gross additions in China and elsewhere. However, the global net reduction is only marginal, as China added new capacity that amounted to around 60% of its reductions.¹⁹

According to the *OECD Steel Committee* statement,²⁰ China has led the contraction in global steel demand:

“The real estate crisis and economic slowdown in China has contributed the most to the global steel demand decline, with Chinese steel demand falling by almost 5% in the first eight months of this year,”

which in turn has led to trade distortions, affecting Australia’s region (ASEAN countries), and it is contended, in the absence of measures, a recurrence of dumped exports to Australia itself:

*“China’s steel trade surplus has surged to nearly 100 mmt in 2024, on an annualised basis, a massive leap that is affecting competition across global steel markets. **Chinese exports have more than doubled since 2020 and continued to grow substantially in 2023 and 2024, surging to 108 mmt in the first six months of 2024, on an annualised basis. Chinese exports to all regions have recorded two-digit increases, with shipments to ASEAN countries leading the surge, registering a 20% increase relative to 2023 in annualised terms.**” (emphasis added)*

1.1.5 Availability of other markets – impact of trade measures in other jurisdictions

Anti-dumping measures

The applicant has reviewed the World Trade Organization (**WTO**) ‘Trade Remedies Data Portal’ and has found that as of 4 April 2025, additional anti-dumping measures; to those imposed by

¹⁸ <https://worldsteel.org/data/world-steel-in-figures-2024/> (accessed 12 March 2025)

¹⁹ OECD (2024), p. 7.

²⁰ OECD Steel Committee (2024).

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Australia; in place against exports of the goods from China were imposed by:

- the United States;²¹
- the United Kingdom;²²
- the European Union;²³
- Mexico;²⁴ and
- the Kingdom of Thailand.²⁵

U.S. Section 232 tariffs (2018)

In addition to anti-dumping measures in numerous jurisdictions, global steel markets continue to be affected by other forms of trade defence measures relating to the goods: the United States (U.S.) imposed tariffs and quotas under section 232 of the *Trade Expansion Act of 1962* (US)²⁶.

Safeguards measures

In 2024, the European Union²⁷ and the United Kingdom²⁸ extended safeguards measures on certain steel products (including the goods) for a further two years until 30 June 2026.

U.S. Section 301 tariffs

On 13 September 2024, the U.S. announced it was progressing with tariffs under Section 301 of the U.S. *Trade Act* on several commodity imports from China, including steel, aluminum, lithium-ion batteries, graphite and other critical minerals, largely adopting the proposed modifications announced in May 2024. The Office of the *United States Trade Representative* has set the tariffs at 25% on a range of commodities including steel with the tariffs to come into effect from 27 September 2024. This represented an increase in the tariff rate on certain steel products (which includes the goods the subject of this application) from 7.5% to 25%.²⁹

²¹ [A-570-012 - Investigation details - Trade Remedies Data Portal](#) (accessed 4 April 2025)

²² [2020/07 CN - Investigation details - Trade Remedies Data Portal](#) (accessed 4 April 2025)

²³ [AD530 CN - Investigation details - Trade Remedies Data Portal](#) (accessed 4 April 2025)

²⁴ [15/15-CHN - Investigation details - Trade Remedies Data Portal](#) (accessed 4 April 2025)

²⁵ [AD2012-05 - Investigation details - Trade Remedies Data Portal](#) (accessed 4 April 2025)

²⁶ Proclamation No. 9705, Vol. 83, No. 51 (March 8, 2018)

²⁷ <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/G/SG/N10EU1S18.pdf&Open=True> (accessed 25 September 2024)

²⁸ <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/G/SG/N10GBR1S17.pdf&Open=True> (accessed 25 September 2024)

²⁹ <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/metals/091324-us-to-go-ahead-with-modified-section-301-tariffs-on-chinese-steel-aluminum-critical-minerals> (accessed 14 March 2025)

U.S. Section 232 tariffs (2025)

The 25% duty on steel and aluminium imports takes effect on 12 March 2025 under renewed Section 232 measures. The renewed tariffs will affect a vast range of products.

Unlike the 2018 tariffs that mainly targeted China and other major steel exporters, the 2025 measures have expanded and become more complex. The renewed Section 232 tariffs in 2025 retain the same 25% duty level as in 2018 but leave fewer exemptions. The Section 232 measures are in addition to the Section 301 tariffs - when combined Chinese steel products face effective duties over 50%. All existing tariff rate quotas and general/country exclusions have been terminated as of March 11, 2025. Currently, there is no process for interested U.S. parties to seek new product exclusion requests, and all currently-in-force product exclusions will end as of their end date or when quotas are reached. These Section 232 tariffs are in addition to any other imposed duties or tariffs, including the recent *International Emergency Economic Powers Act* (IEEPA) tariffs imposed against China (10%), Mexico and Canada (25%).³⁰

It is reported that these recent policy shifts are not affecting only the U.S.:

“Global trade flows are abruptly changing. Increased exports to Southeast Asia and the European Union have led to temporary declines in local prices. Markets across the world await further adjustments as global steel producers adjust their strategies.

...

“Global steel markets are also reacting swiftly. Chinese steel exports, once intended for the American market, are now redirected to Southeast Asia and the European Union. Increased supply in these regions has driven local hot-rolled coil prices down. This shift reinforces the view that the impact of US steel tariffs 2025 is creating long-term regional disruptions.”³¹ (emphasis added)

The applicant considers that the implementation of trade defence mechanisms in other jurisdictions is a factor that influences global trade by altering comparative access to markets.

³⁰ <https://www.thompsonhinesmartrade.com/2025/03/trump-administration-imposes-section-232-steel-and-aluminum-25-tariffs-march-12-2025-eu-and-canada-retaliate/> (accessed 14 March 2025)

³¹ <https://discoveryalert.com.au/news-article/us-steel-tariffs-2025-impact-analysis/> (accessed 14 March 2025)

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Therefore, the expiration of the measures may make Australia a comparatively more attractive and accessible market for exporters from China as it is likely that trade diversion to Australia would occur were the measures to expire.

1.1.5.1 The introduction of Carbon Border Adjustment Mechanisms

The introduction of mechanisms to prevent carbon leakage in countries and trading blocks such as the European Union's *Carbon Border Adjustment Mechanism (CBAM)* are also likely to have trade distortive effects. The United Kingdom also proposes the introduction of a CBAM scheme on 1 January 2027.³²

Carbon leakage refers to the movement of production and associated emissions from one country to another due to different levels of decarbonisation efforts through carbon pricing and regulations pursuing climate change targets.³³ Exporters that either have high embodied carbon emissions or are unable to meet strict carbon reporting requirements, are likely to have higher costs imposed on their products when imported. This will make it more attractive for them to export to markets that do not have carbon leakage measures in place.

The European Union's CBAM scheme will have an impact across the proposed *continuation* period of the current measures, i.e. 19 November 2025 to 20 November 2030. The following implementation timeline indicates the potential for trade distortion towards markets without a CBAM or similar mechanism in place, noting that Australia is currently (and foreseeably) such a market.

The transitional phase (1 October 2023 to 31 December 2025) for the EU mechanism introduces the following obligations on importers of carbon intensive goods into the EU:

- *“Registration in the provisional CBAM register is required.*
- *“Embedded emissions in goods, i.e., emissions which are generated in the production process of the imported goods, must be calculated pursuant to the methods set out in the CBAM-Regulation.*

³²

https://assets.publishing.service.gov.uk/media/65fc11fef1d3a0001132ac6f/Introduction_of_a_UK_carbon_border_adjustment_mechanism_from_January_2027.docx.pdf (accessed 25 September 2024)

³³ HM Treasury, 'Addressing carbon leakage risk to support decarbonisation', March 2023, p. 10.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1149568/UPDATED_FINAL_CONDOC_-_HMG_TEMPLATE_-_ADDRESSING_CARON_LEAKAGE_RISK_TO_SUPPORT_DECARBONISATION.pdf (accessed 12 October 2023)

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- *“The calculated emissions must be documented and reported in a quarterly report.*

“During this period, importers of goods in the scope of the new rules will only have to report greenhouse gas emissions (GHG) embedded in their imports (direct and indirect emissions), without the need to buy and surrender certificates.

“The Implementing Regulation on reporting requirements and methodology provides for some flexibility when it comes to the values used to calculate embedded emissions on imports during the transitional phase. Until the end of 2024, companies will have the choice of reporting in three ways:

“(a) full reporting according to the new methodology (EU method);

“(b) reporting based on an equivalent method (three options); and

“(c) reporting based on default reference values (only until July 2024).

“As of 1 January 2025, only the EU method will be accepted and estimates (including default values) can only be used for complex goods if these estimations represent less than 20% of the total embedded emissions. The Commission published default values on 22 December 2023.

“Significantly, there are penalties for non compliance on correct reporting.

“The CBAM Implementing Regulation also includes a penalty regime for noncompliance, including cases where the reporting declarant has not taken the necessary steps to comply with the obligation to submit a CBAM report, or where a CBAM report is filed incorrectly or is incomplete. The penalty amounts as communicated in the CBAM Implementing Regulation are between €10 and €50 per ton of unreported emissions, subject to indexation. Higher penalties may be applied when more than two incomplete or incorrect reports have been submitted in a row or the duration of the failure to report exceeds six months.”³⁴

As of 1 January 2026, the permanent and complete CBAM system enters into force. From then on, importers will have to comply with extensive obligations as follows:

³⁴ EY Tax News Update, Global Edition, *EU: Compliance obligations for EU CBAM*, 16 October 2023 <https://globaltaxnews.ey.com/news/2023-1719-eu-compliance-obligations-for-eu-cbam> (accessed 9 August 2024)

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- *“Importers in the scope of the Regulation will have to apply for the status of authorized CBAM declarant. CBAM-goods may only be imported into the customs territory of the EU by authorized CBAM declarants.*
- *“The calculated embedded emissions will need to be verified by an accredited auditor.*
- *“CBAM-certificates will have to be purchased for a fee. The price of the certificates will be calculated depending on the weekly average auction price of EU ETS allowances expressed in EUR/ton of emissions emitted. CBAM declarants have to surrender a number of CBAM certificates that correspond to the embedded emissions declared in their reports.*
- *“Importers must prepare and submit an annual CBAM declaration by 31 May of each calendar year for the emissions associated with the goods imported in the previous calendar year. The corresponding number of CBAM certificates must also be submitted by this deadline.*
- *“From 1 January 2026, the free allocations will also be gradually reduced and proportionally offset by CBAM certificates until the existing EU Emission Trading System will be completely replaced with the CBAM by 2034.*
- *“From 1 January 2026, the free allocations will also be gradually reduced and proportionally offset by CBAM certificates until the existing EU Emission Trading System will be completely replaced with the CBAM by 2034.”³⁵*

Therefore, the applicant submits that the transitional phase of the EU CBAM scheme will not be benign with registration and reporting obligations with penalties for non-compliance extending for just over one month of the proposed continued term of the current measures (ending 31 December 2025), with almost four years subject to a ‘permanent and complete CBAM system enter[ing] into force’ from 1 January 2026.

As to the likelihood of an Australian mechanism providing a counterbalance to the trade distortions being generated by the EU mechanism, there is currently no proposal for such implementation in the foreseeable future with the feasibility of a mechanism in relation to steel still at the consultation stage of the Government’s ‘Carbon Leakage Review’.³⁶ As such, a functioning Australian mechanism to address carbon leakage from steel imports must not be

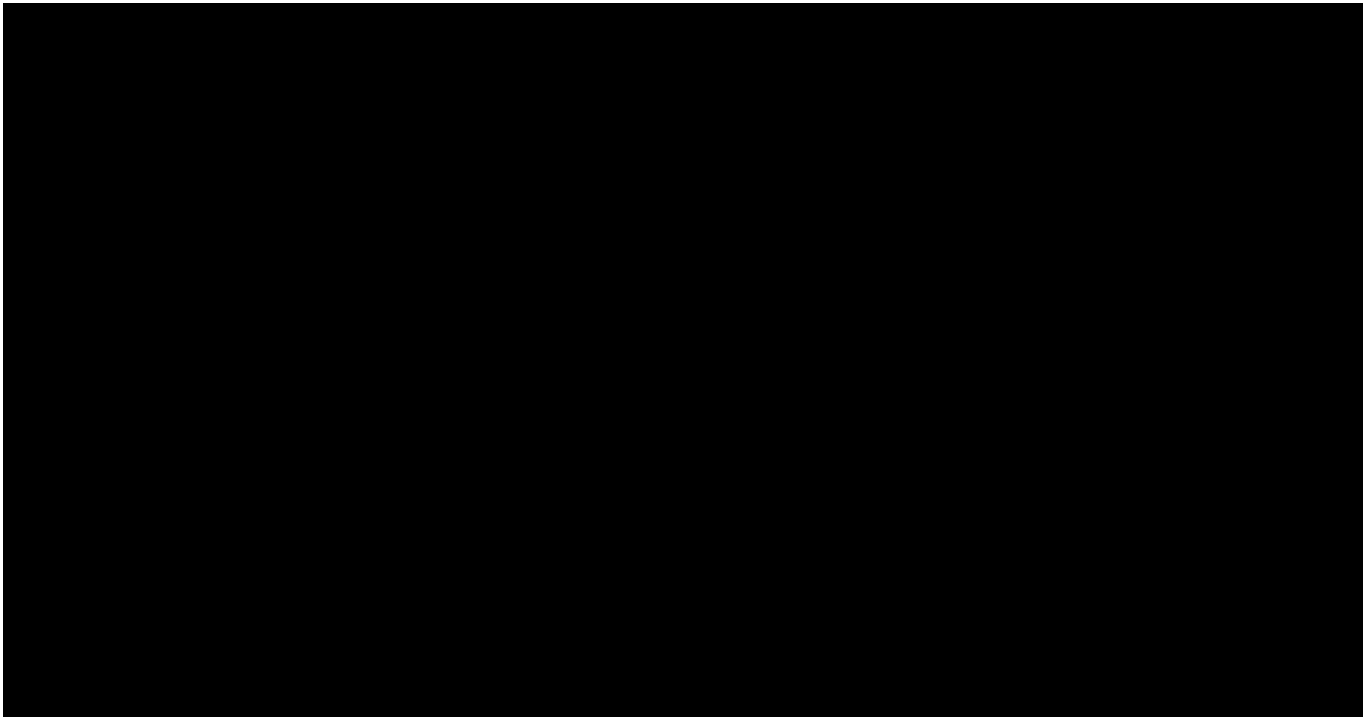
³⁵ Baker & McKenzie, *European Union: The new European Carbon Border Adjustment Mechanism*, 16 January 2024 <https://insightplus.bakermckenzie.com/bm/tax/european-union-the-new-european-carbon-border-adjustment-mechanism#:~:text=In%20brief,Phase%20through%2031%20December%202025> (accessed 9 August 2024)

³⁶ <https://www.dceew.gov.au/climate-change/emissions-reduction/review-carbon-leakage> (accessed 7 November 2024)

discounted by the Anti-dumping Commissioner as a reason not to treat overseas mechanisms and schemes as potentially trade diversionary for the majority, if not whole, of the proposed continued term of the measures the subject of this application.

1.1.6 Likely future supply and demand conditions in the Australian market

As indicated in **Chart 1.1.6**, below, the Australian market during the proposed inquiry period was characterised by fluctuating demand across the proposed analysis period.



[CONFIDENTIAL] CHART 1.1.6 Annual (trend adjusted) size of the Australian market for rod in coil across the proposed analysis period (Source: [appendix A2](#))

It is observed that the size of the Australian market for the goods in the proposed inquiry period had contracted by 10.3% when compared to the average annual market size across the preceding propose analysis period.

Demand for the goods is closely aligned to the level of construction activity in Australia. Demand is therefore susceptible to changes in both government and private investment. At a macro level, drivers of demand are the availability of credit to fund construction works and population growth. The degree to which demand is sensitive to these broad factors can differ between market segments, and the effect of changes in demand are not necessarily experienced consistently in different market segments. There are therefore a diverse range of specific factors at play within market segments that contribute to demand for rod in coil in the

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Australian market.

CHART 1.1.6.1, below, indicates the Australian Bureau of Statistics (**ABS**) building and construction industry data for total investment in residential and non-residential building value of work done during quarter on a 12-month trailing basis since 1 January 2014.

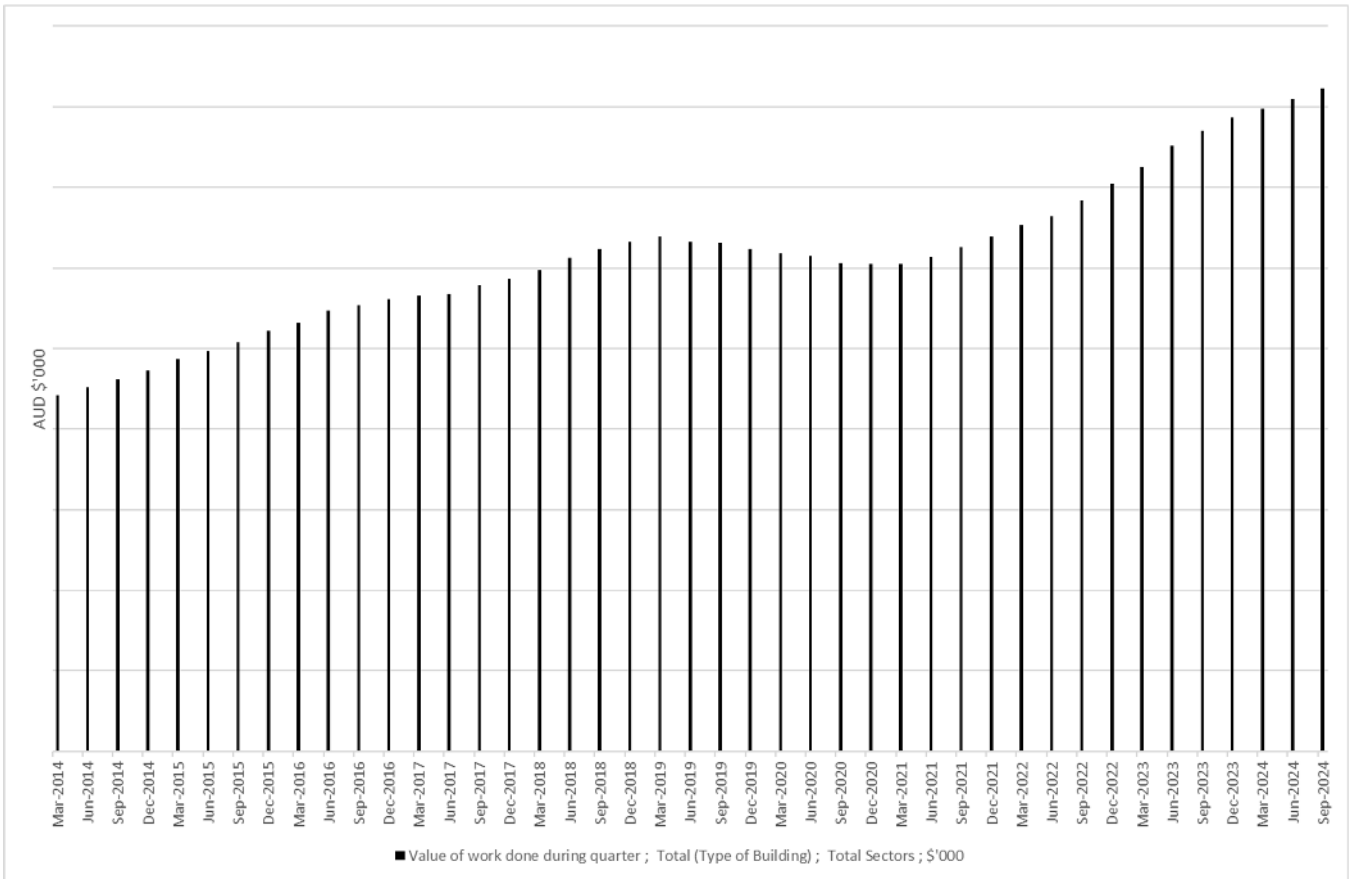


CHART 1.1.6.1 Building and construction sector in Australia, seasonally adjusted, 12-month trailing (Value of work done, AU\$)
(Source: ABS, 8752.0 Building Activity, Australia, TABLE 12. Value of Building Work Done by Sector, Series ID A83801539V, <https://www.abs.gov.au/statistics/industry/building-and-construction/building-activity-australia/latest-release> (accessed 14 March 2025))

CHART 1.1.6.1, above, indicates that:

- the historical building and construction trend has been upward;
- the value of building work done began to decline in the 12-months ending June 2019 and reached a low point in the 12-months ending March 2021 at a time coinciding with the onset of the COVID-19 pandemic;
- the value of work done reached a trough in the 12-months ending March 2021 after

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which a sustained upward trend emerged; and

- the value of work done in the 12-months ending September 2024 was almost 66% higher than during the original investigation period for INV 301 (FY 2015).

The applicant considers that the increase in activity in the building and construction industry was a result of significant direct and indirect government stimulus initiatives intended to support confidence in the sector during the uncertainty caused by the COVID-19 pandemic. As a result demand for rod in coil increased.

Notwithstanding the tightening monetary³⁷ and fiscal conditions in Australia, the applicant observes that the growth in the Australian market experienced prior to the proposed inquiry period is likely to continue, albeit at a rate returning to more normalised conditions, characterised by sustained growth over the long term. This challenges an expectation that there would be a decrease in building and construction activity. Despite the moderation in the rate of growth for demand for rod in coil, the applicant submits that Australia remains an attractive market for exporters, as has historically been the case.

Therefore, the applicant considers that the conditions in the Australian market are such that if the measures expired exports from China would likely continue or recur.

1.1.6 Conclusion

Therefore, the applicant contends that should the measures expire, exports from China are likely to recur on the basis that:

- exports of the goods to Australia have continued to grow from sources not subject to the measures;
- export volumes are greatest from those sources that represent the lowest export price from time to time;
- export prices for the goods from China were reported to be [REDACTED];
- following the imposition of measures, a circumvention activity emerged that saw the

³⁷ On 4 May 2022, the Australian Reserve Bank (RBA) Board announced the first cash rate target interest rate increase since rates reached an historic low of 0.10%, followed by twelve subsequent, non-consecutive increases of between 0.25 and 0.50 percentage points. On 18 February 2025, the RBA Board announced a reduction in the official cash rate by 25 basis points to 4.10%, marking the first rate cut since November 2020.

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export volumes of the goods cease, in preference for a surge in the export volume for the circumvention goods;

- exporters have maintained distribution links to the Australian market either directly or via the importation of the circumvention goods;
- exporters are domiciled in an economy with chronic spare production capacity; and
- Australia remains an attractive and accessible market for exports from China given trade barriers against them in other developed markets.

1.2 Is dumping and subsidisation likely to continue or recur?

The *Dumping and Subsidy Manual* provides that in assessing the likelihood of continuing or recurring dumping, the inquiry may, *inter alia*, gather facts as relevant on whether dumping will resume, having regard to matters “such as exporters’ margins, volume of exports before and after the measures were imposed, effect of the measures, the level of dumping compared with the level of measures i.e. NIP, any changes in the level of the measures as a result of review”.³⁸

1.2.1 China

1.2.1.1 Estimated dumping margin

The applicant has estimated that should the measures expire, exports from China to Australia are likely to recur at dumped prices on the basis of prevailing FOB export prices of the good from China during the proposed inquiry period (CY 2024).

In the absence of exports of the goods to Australia during the proposed inquiry period, the applicant has estimated export prices based on a third party proprietary price index. To test the reasonableness of this approach, the applicant also estimated export prices based on exports of the goods to New Zealand across the proposed inquiry period, and found them to align with the proprietary price index.³⁹ This correlation suggests that should the measures expire, exports of the goods from China to Australia would likely resume at comparable prices at the relevant time. To assess the likelihood of dumping, the applicant has compared the likely export prices to estimated normal values during the proposed inquiry period, and has calculated an average dumping margin for the proposed *inquiry* period of **13.8 per cent** for all exporters of

³⁸ Anti-dumping Commission, ‘Dumping and Subsidy Manual’, December 2021, p. 137.

³⁹ CONFIDENTIAL ATTACHMENT 1.2.1.1

the goods from China.⁴⁰

The applicant's calculation of the estimated dumping margin is contained in CONFIDENTIAL ATTACHMENT 1.2.1. Quarterly dumping margins were also calculated for exports from China across the proposed *analysis* period (commencing 1 January 2019), at non-de minimis rates (except for the period January 2021 to June 2022).

1.2.1.2 Volumes of exports before and after the measures were last continued

CHART 1.1.2.1, reproduced below, indicates that exports of the goods to Australia from China ceased following the imposition of measures in April 2016. As alleged in Section 1.1.2, above, export volumes for the goods were replaced by the circumvention goods (reinforcing mesh).



[CONFIDENTIAL] CHART 1.1.2.1 (reproduced) Annual export volumes of the goods and circumvention goods from China to Australia (tonnes, t) since 1 January 2013 (Source: CONFIDENTIAL ATTACHMENT 1.1.2)

⁴⁰ The estimated normal value was calculated on a monthly basis using a constructive methodology utilising a proprietary cost benchmarking index for Chinese producers of hot rolled reinforcing long products.

1.2.1.3 Effect of the measures

CHART 1.1.2.1, reproduced above, demonstrates that the effect of the measures was to decrease the volume of exports of the goods to Australia from China in whole, and encourage the emergence of a circumvention activity.

1.2.1.4 Level of dumping compared with the level of measures

The level of dumping estimated for all exporters of the goods from China during the proposed inquiry period was less than the level of measures currently imposed, in the form of interim dumping duty (IDD) calculated using the combination methodology, with a fixed component of IDD calculated at the *ad valorem* rate of 33.1 per cent.

1.2.1.5 Changes in the level of the measures as a result of review

The applicant expects the level of the measures to change for all exporters of the goods from China should the Minister determine that the dumping duty notice continues in force after the specified expiry day but that, after that day, the notice has effect, in relation to a particular exporter or to exporters generally, as if the Minister had fixed different specified variable factors in relation to that exporter or to exporters generally, relevant to the determination of duty under sub-paragraph 269ZHG(4)(a)(iii), specifically, the applicant estimates that the weighted average value of the:

- export price has increased by **6.0 per cent** since the review period for *Review of Measures No. 564 (REV 564)*; and
- normal value has increased by **9.0 per cent** since the review period for REV 564.

1.2.1.6 Conclusion – China

In **Section 1.2.1.1**, above, the applicant estimated that in the absence of measures during the proposed inquiry period, the goods from China would likely have been exported at dumped prices and has calculated quarterly export prices that are dumped across the proposed inquiry period for all exporters of the goods from China.⁴¹

The emergence of the circumvention activity suggests a change in pattern of trade in light of the

⁴¹ Quarterly dumping margin calculations form CONFIDENTIAL ATTACHMENT 1.2.1

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effectiveness of the current anti-dumping measures, and indicates that former importers and customers of the goods, have maintained distribution links in China albeit for the circumvention goods.

It is also observed that the largest source of exports to Australia (Vietnam) is also currently the lowest priced exporter. In the absence of measures, estimates of Chinese export prices for the goods based on reported export price indices, indicates that Chinese exporters would again be the lowest priced source to the Australian market. It is expected that export volumes would then return to Chinese exporters. Therefore, the applicant considers that it is likely that the expiration of anti-dumping measures would improve the competitiveness of the goods exported to Australia from China; currently, by at least 33.1 per cent for all other exporters of the goods from China;⁴² and that this would encourage importers to acquire the goods from China at dumped prices and in greater volumes.

In these circumstances, the applicant considers that it is likely that exports of the goods at dumped prices by all exporters from China would recur if the measures expire.

⁴² Refer *Dumping Commodity Register: Rod in coil*

2. WILL THE MATERIAL INJURY CONTINUE, OR RECUR?

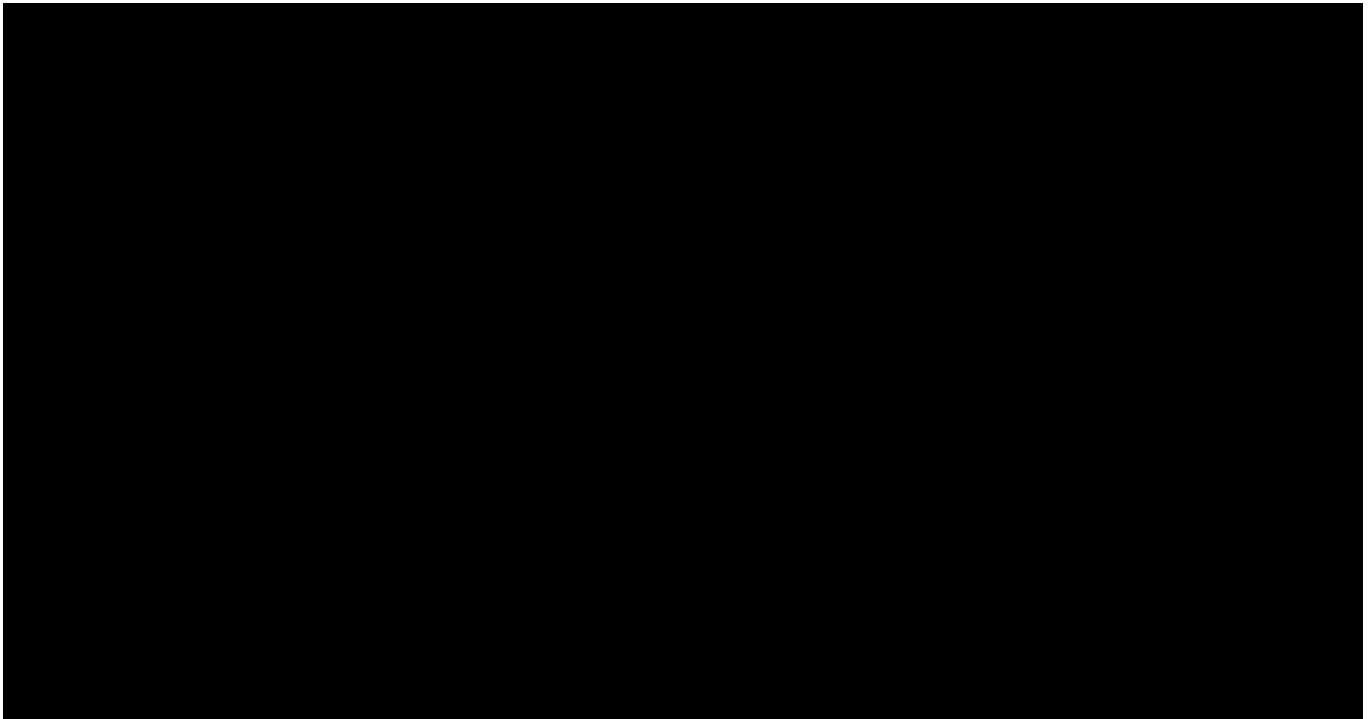
2.1 Performance of the Australian industry

An assessment as to whether the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the measures are intended to prevent involves a consideration of future outcomes based on an evaluation of the present position. In support of this analysis, the applicant presents the economic condition of the Australian industry from 1 January 2015. This period was chosen as it covers a period of approximately one year preceding the imposition of the original measures following the conclusion of *Dumping Investigation No. 301*.

2.1.1 Volume effects

2.1.1.1 Sales volume

CHART 2.1.1.1, below, shows the applicant's trend adjusted⁴³ sales volume of the like goods from 1 January 2015 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.1.1 Australian industry domestic trend adjusted sales volumes (tonnes) (Source: [appendix A6.1](#))

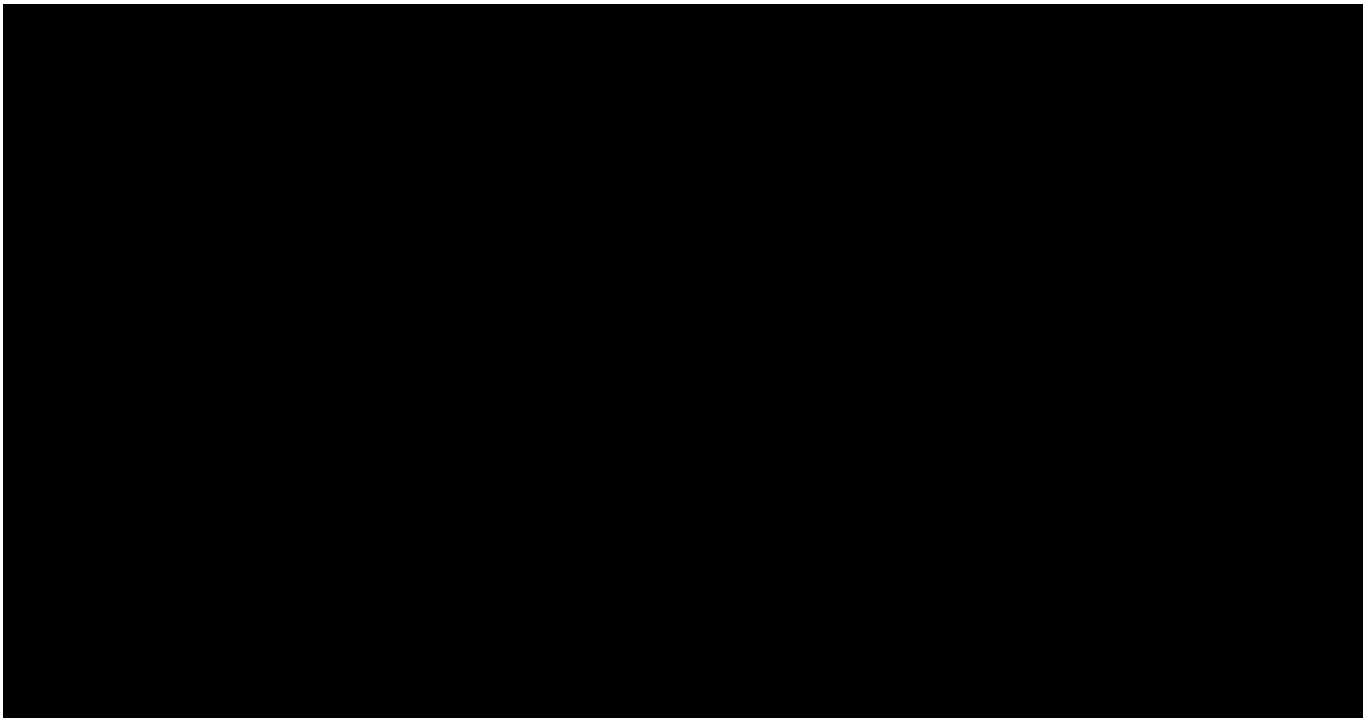
⁴³ Since May 2022, the Australian industry's sales of rod in coil to certain related-party customers ceased, and occurred on a stock transfer basis. Therefore, from this date, the volume of rod transferred to these related-party customers has been included in the sales volume for the purpose of trend analysis.

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CHART 2.1.1.1, above, indicates that the Australian industry's trend adjusted sales volume increased for every year following the imposition of the original measures in April 2016, increased further following the review of measures in December 2020 and continued to grow in the CY 2021 period following the continuation of measures in April 2021. Since then, the Australian industry's trend adjusted sales volume decreased significantly in 2022 to a level below that prior to the imposition of measures, and then decreased in 2023, and further in the proposed inquiry period (CY 2024). The trend adjusted sales volume in the proposed inquiry period was 20 per cent less than the sales volume it achieved in the year preceding (CY 2015) the imposition of measures in April 2016.

2.1.1.2 Market share

CHART 2.1.1.2, below, shows the applicant's market share for the like goods from 1 January 2015 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.1.2 Australian industry domestic market share (trend adjusted) (Source: [appendix A2](#))

CHART 2.1.1.2, above, indicates that the Australian industry experienced fluctuating market share across the proposed analysis period, and a sustained decline since CY 2023. The Australian industry's (trend adjusted) market share in the proposed inquiry period was at the lowest level across the preceding proposed analysis period.

2.1.1.3 Conclusion – volume effects

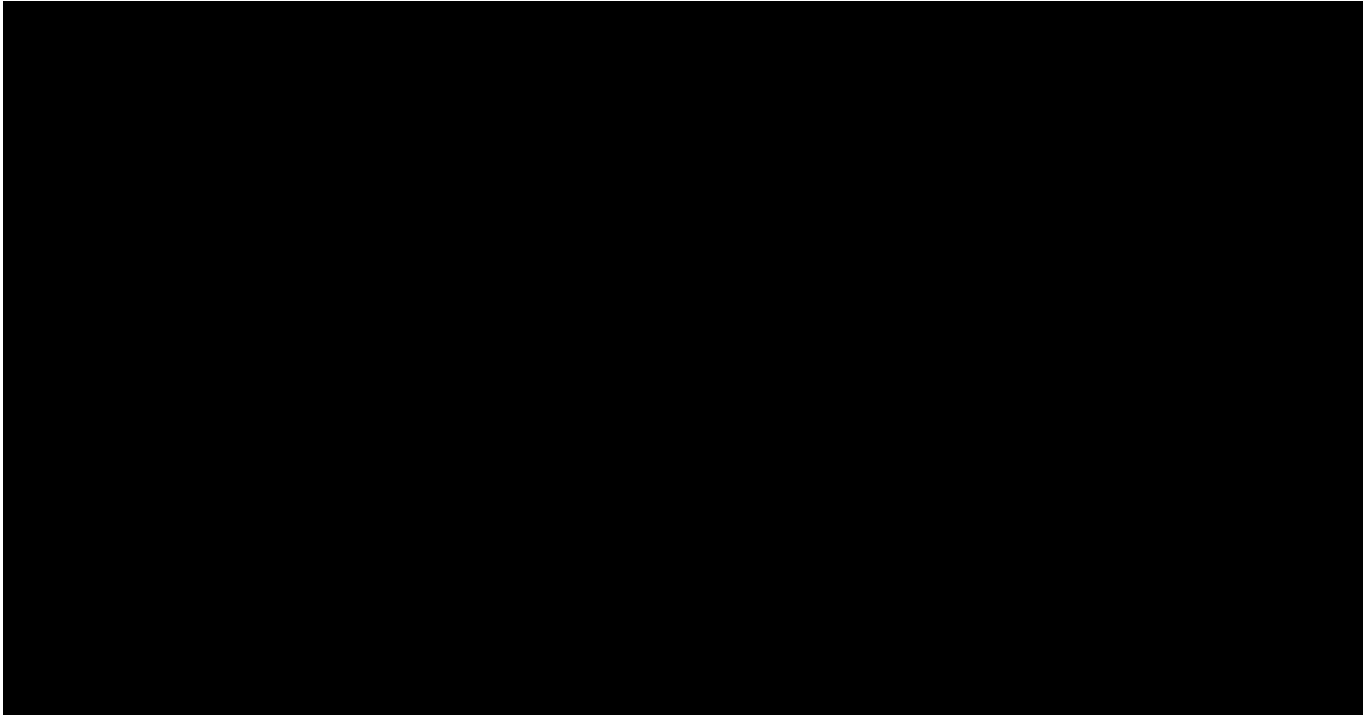
The Australian industry experienced a deterioration in its economic performance in the form of reduced sales volumes in the proposed inquiry period, and a deterioration in the form of reduced market share in the proposed inquiry period (CY 2024), both adjusted for trend analysis.

2.1.2 Price effects

2.1.2.1 Price depression and price suppression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between price and costs.

CHART 2.1.2.1, below, charts the applicant's unit selling price and unit cost to make and sell (**CTMS**) from 1 January 2015 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.2.1 Australian industry unit CTMS and domestic unit selling price (\$/tonne) (Source: [appendix A6.1](#))

CHART 2.1.2.2, below, charts the applicant's unit margin between price and costs from 1 January 2015 to 31 December 2024. A declining or negative margin will indicate price suppression.

[CONFIDENTIAL] CHART 2.1.2.2 Australian industry unit gain or loss (\$/tonne) (Source: [appendix A6.1](#))

CHARTS 2.1.2.1 and 2.1.2.2, above, indicates that:

- unit CTMS trended upwards between CY 2015 and CY 2019, before decreasing in 2020 and then increasing significantly in CY 2021 and CY 2022, stabilising in CY 2023 and declining in the proposed inquiry period (CY 2024),
- unit selling prices generally trended upward following the imposition of the original measures in CY 2016 until CY 2018, until CY 2020, before increasing again significantly following the review of measures in December 2020 and the continuation of measures in April 2021. Unit sales volumes continued to grow until CY 2023, when they stabilised before declining sharply in the proposed inquiry period (CY 2024), and
- in CY 2023 and the proposed inquiry period (CY 2024), the Australian industry experienced the worst margins of price suppression across the proposed analysis period.

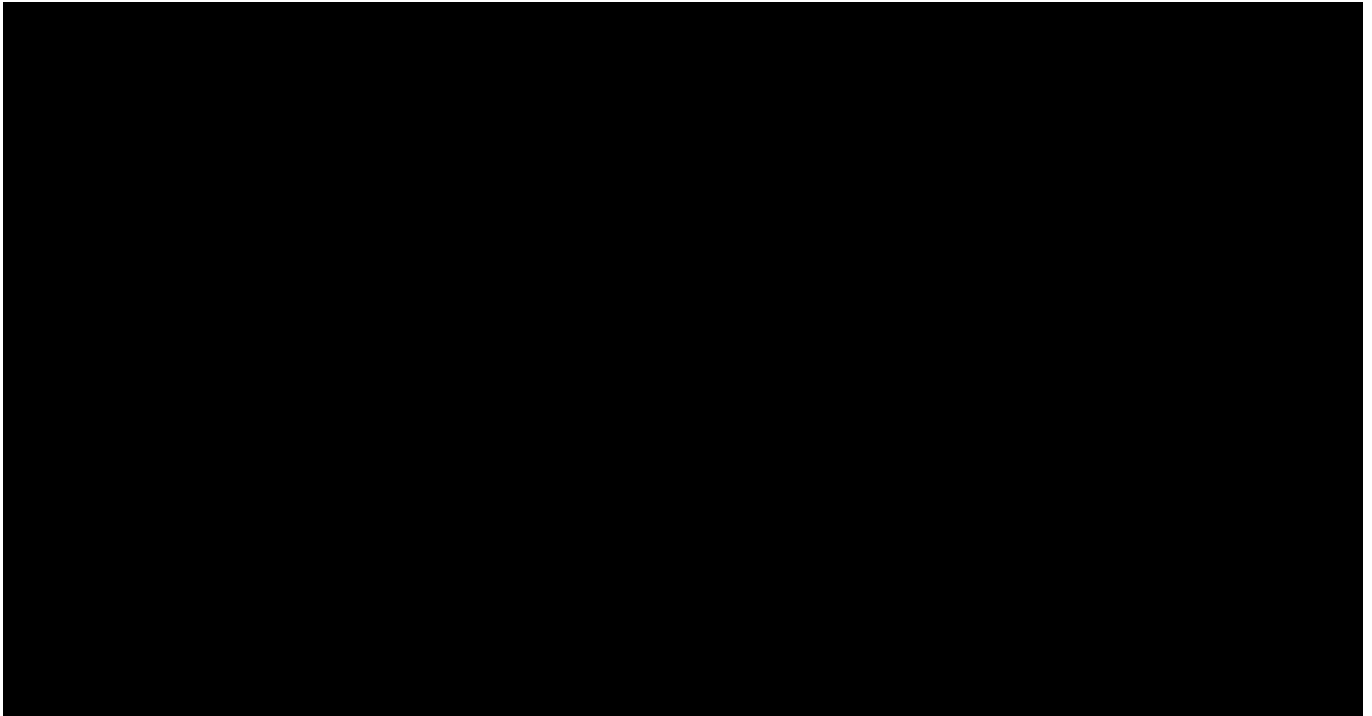
2.1.2.2 Conclusion – price effects

The Australian industry experienced a deterioration in its economic performance in the form of price depression and price suppression, specifically within the proposed inquiry period (CY 2024).

2.1.3 Profit effects

2.1.3.1 Profit and profitability

CHART 2.1.3.1, below, charts the Australian industry's net realised profit, and profitability as a percentage of revenue, from 1 January 2015 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.3.1 Profit (net gain or loss, \$) and profitability (profit % of revenue) (Source: [appendix A6.1](#))

CHART 2.1.3.1, above, indicates that the Australian industry experienced improvements in profit and profitability during the proposed analysis period following the original imposition of measures, specifically in CY 2018, a deterioration in CY 2019, followed by an improvement in CY 2020, and then following the review of measures in December 2020 and the continuation of measures in April 2021, until CY 2023, when both profit and profitability for the Australian industry deteriorated and remained in a deteriorated condition in the proposed inquiry period (CY 2024).

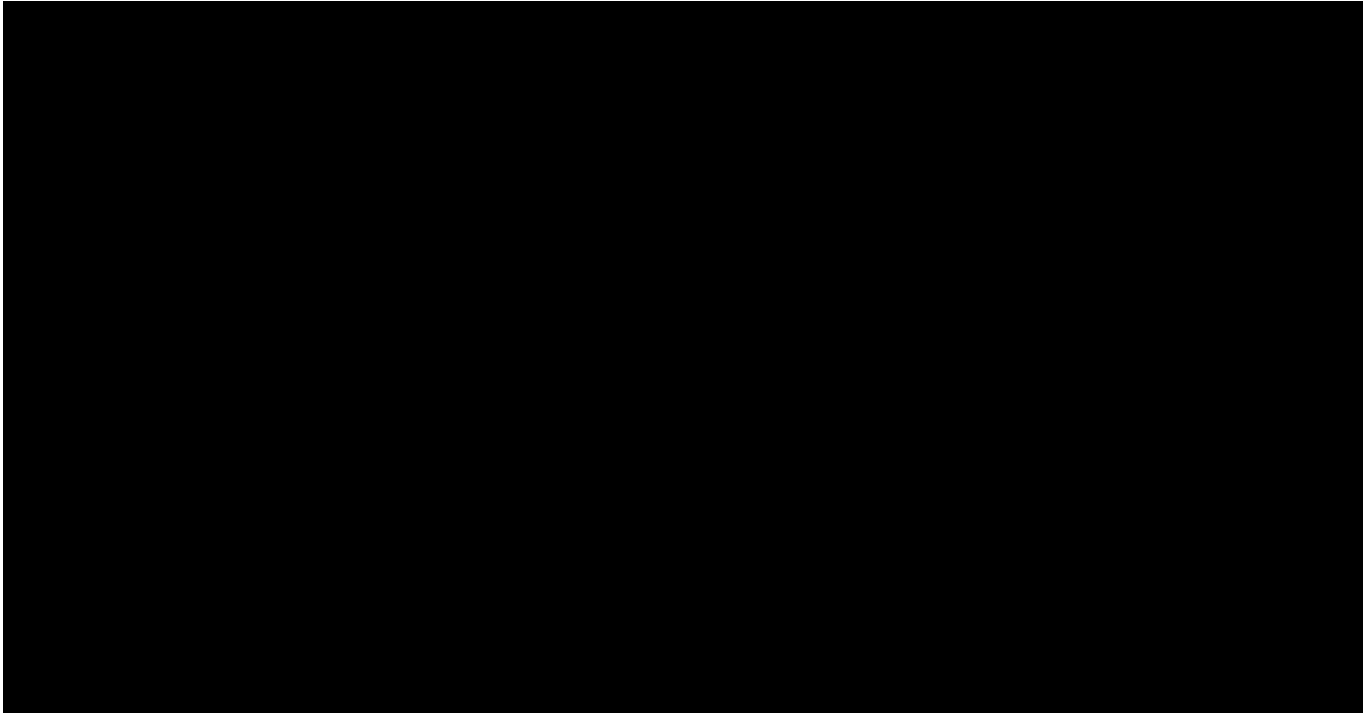
2.1.3.2 Conclusion – profit effects

The Australian industry experienced a deterioration in its economic performance in the form of a loss of profits and reduced profitability during the proposed inquiry period.

2.1.4 Other economic factors

2.1.4.1 Assets

CHART 2.1.4.1, below, charts the value of the applicant's assets used in the production of like goods from 1 January 2020 to 31 December 2024.



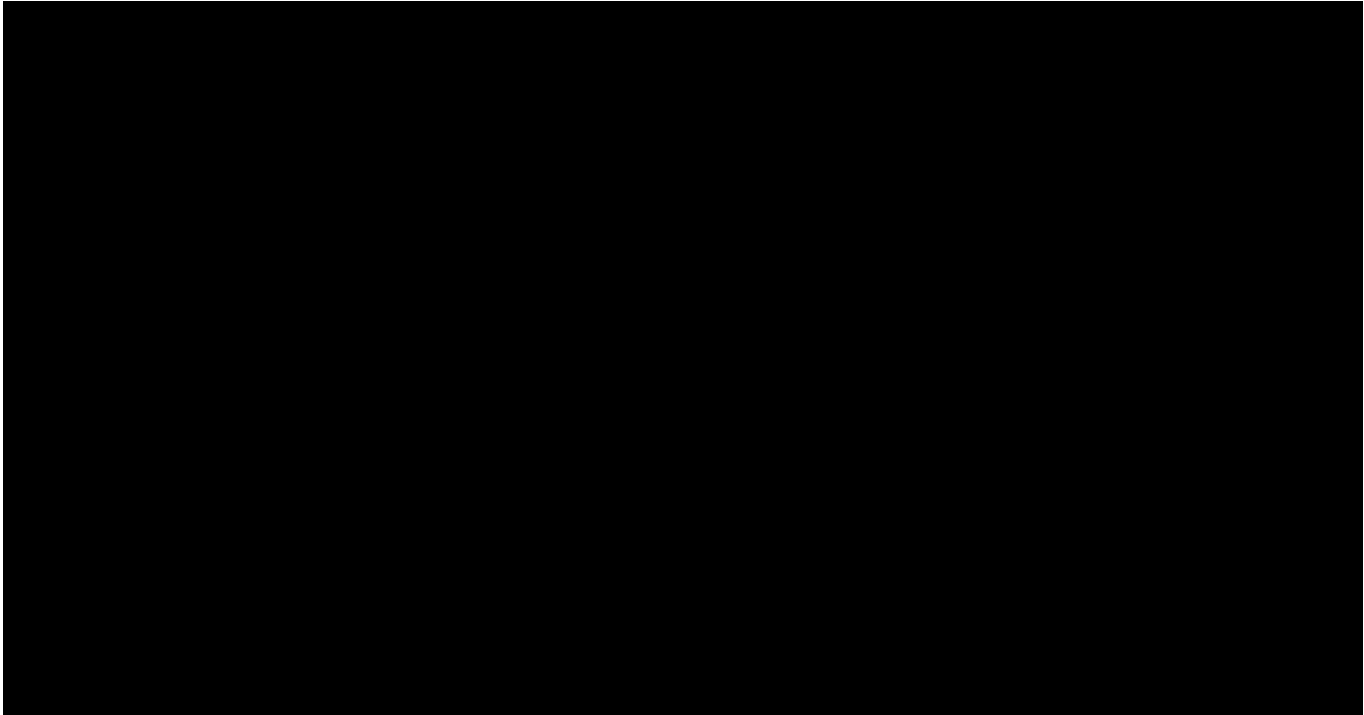
[CONFIDENTIAL] CHART 2.1.4.1 Assets (Like goods, \$)

Source: [appendix A7](#)

CHART 2.1.4.1, above, indicates that the applicant's value of assets used in the production of the like goods has increased since 1 January 2020; except for CY 2023, when it declined; reaching its highest value in the proposed inquiry period (CY 2024).

2.1.4.2 Capital investment

CHART 2.1.4.2, below, charts the applicant's capital investment in the production of the like goods from 1 January 2020 to 31 December 2024.



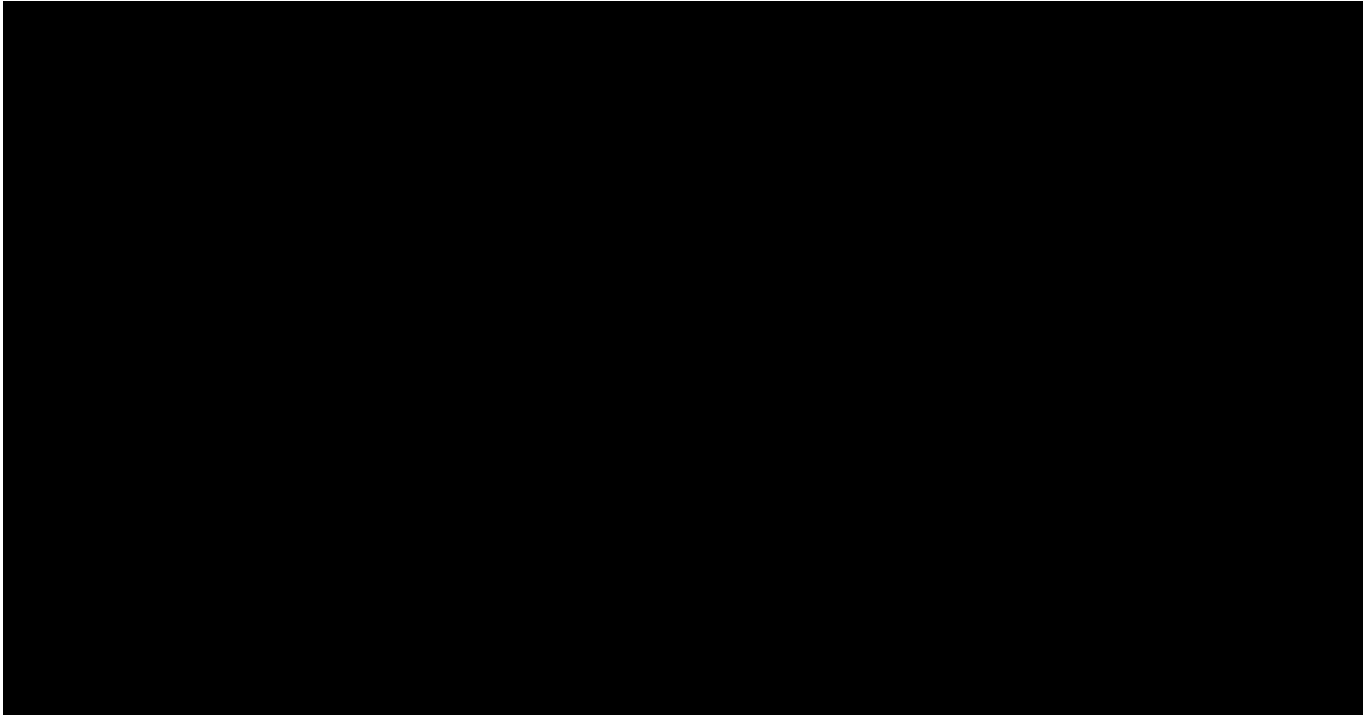
[CONFIDENTIAL] CHART 2.1.4.2 Capital investment (Like goods, \$)

Source: appendix A7

CHART 2.1.4.2, above, indicates that the applicant's capital investment in production of the like goods experienced an increase across every year since 1 January 2020, reaching its highest value in the proposed inquiry period (CY 2024).

2.1.4.3 Revenue

CHART 2.1.4.3, below, charts the applicant's revenue from the sale of like goods from 1 January 2020 to 31 December 2024.



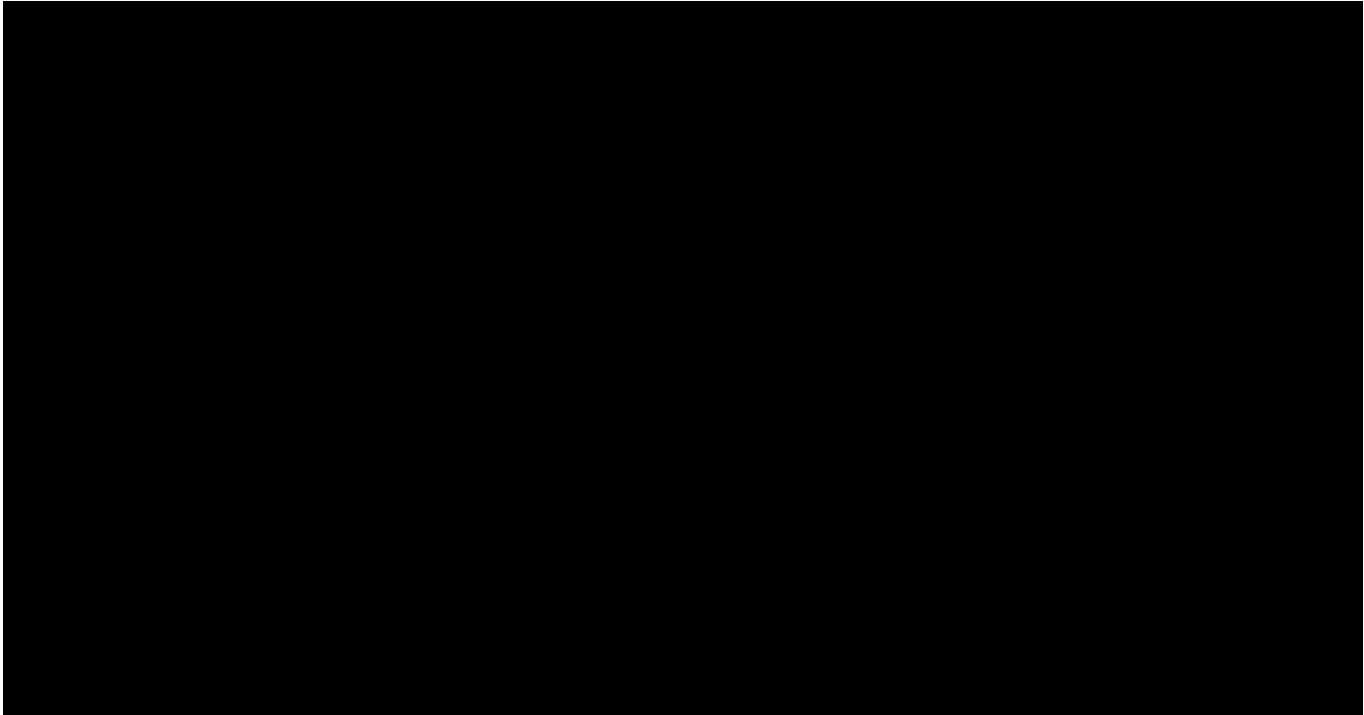
[CONFIDENTIAL] CHART 2.1.4.3 Revenue (like goods, \$)

Source: appendix A7

CHART 2.1.4.3, above, indicates that the applicant experienced an increase in revenue on sales of like goods in CY 2021 prior to changing the manner by which it accounted for transfers of like goods to related parties in CY 2022 (May 2022). As a result it is not possible to perform trend analysis of revenue for the like goods across the injury analysis period.

2.1.4.4 Return on investment

CHART 2.1.4.4, below, charts the applicant's return on investment (**ROI**) from 1 January 2020 to 31 December 2024.



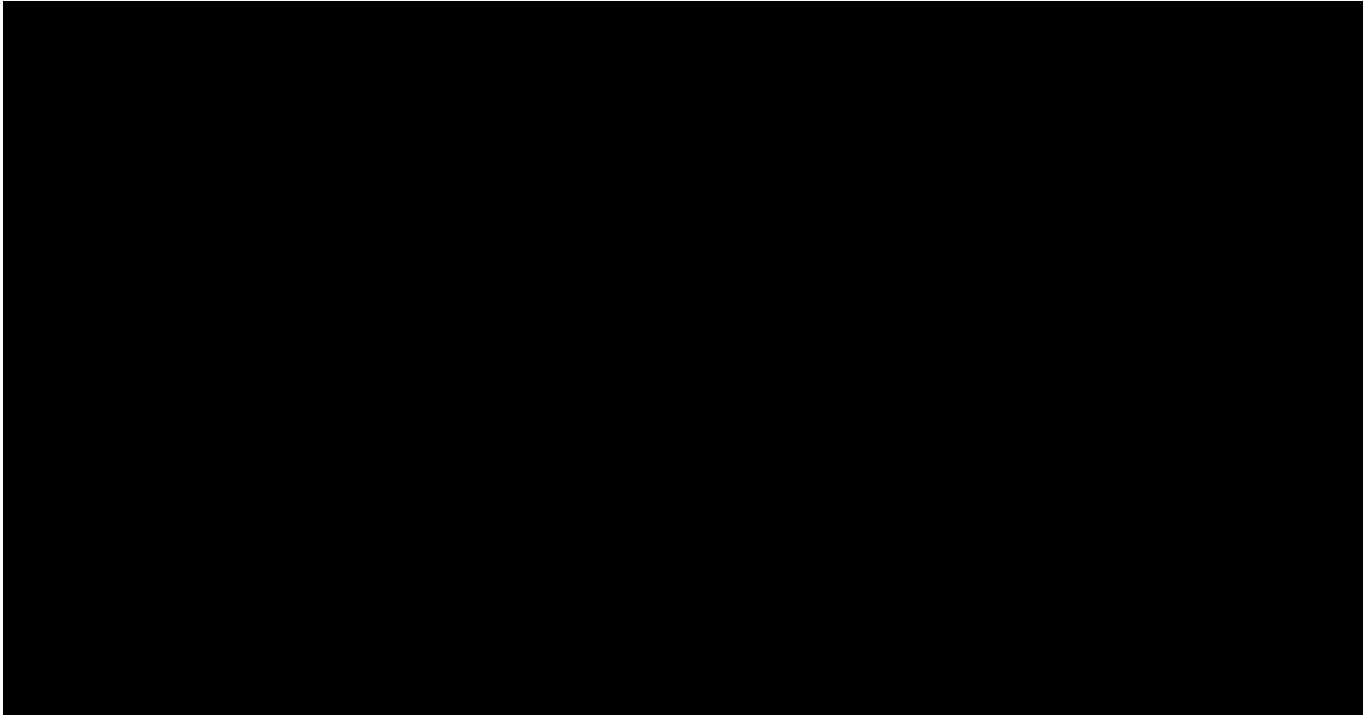
[CONFIDENTIAL] CHART 2.1.4.4 Return on investment (like goods, %)

Source: appendix A7

CHART 2.1.4.4, above, indicates that the applicant experienced an improvement to its ROI in CY 2021, a decline in CY 2022, before a significant decline in CY 2023, and an improvement in the proposed inquiry period (CY 2024), when it observed its second lowest ROI levels since 1 January 2020.

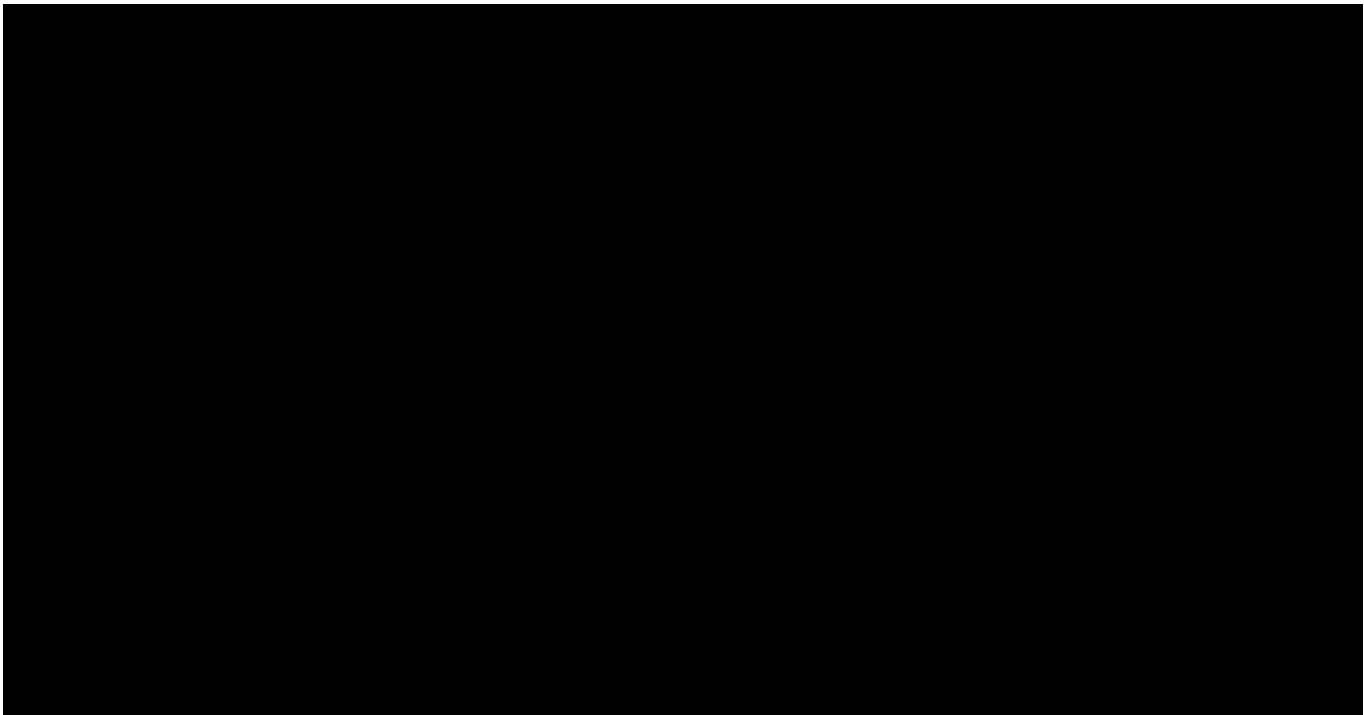
2.1.4.5 Capacity and capacity utilisation

CHART 2.1.4.5.1, below, charts the applicant's production capacity, and **CHART 2.1.4.5.2**, below, charts its capacity utilisation from 1 January 2020 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.4.5.1 Capacity (likes goods, tonnes per annum, tpa)

Source: appendix A7



[CONFIDENTIAL] CHART 2.1.4.5.2 Capacity utilisation (like goods, %)

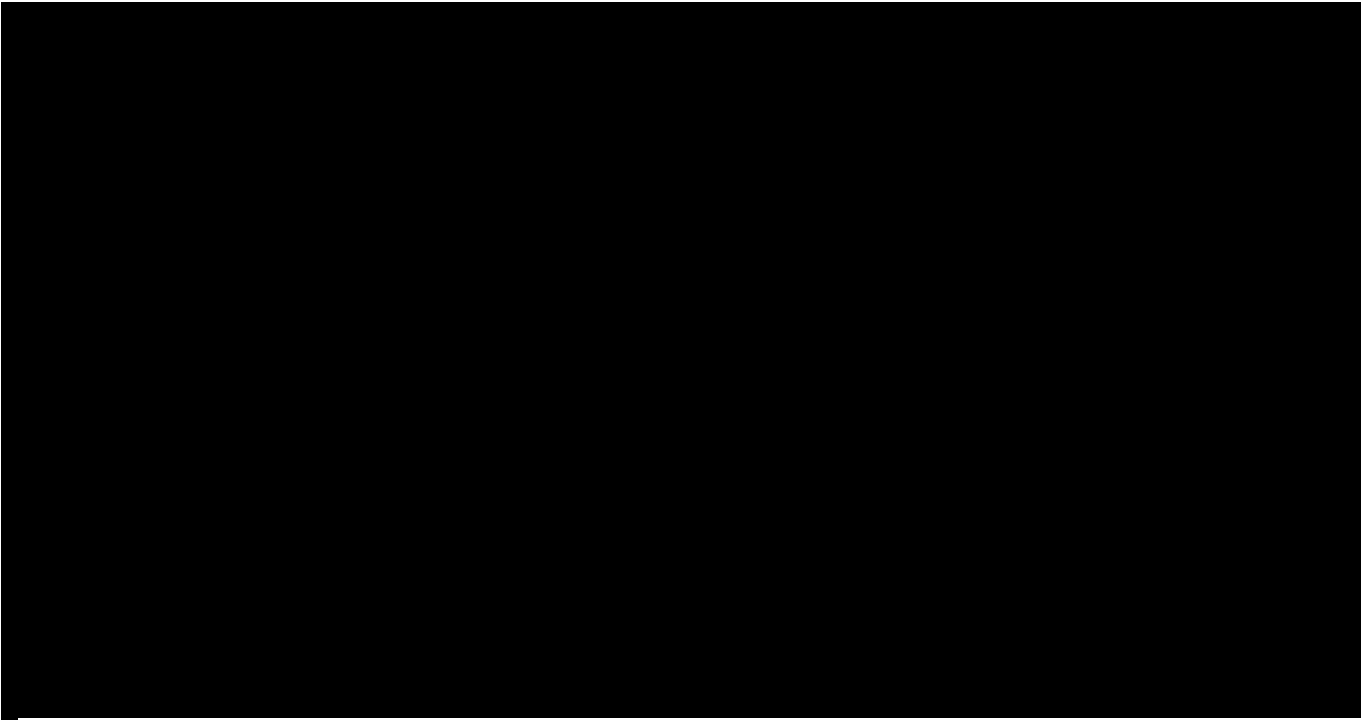
Source: appendix A7

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Although **CHART 2.1.4.5.1**, above, indicates that the applicant's capacity to produce the like goods grew since 1 January 2020, reaching its highest level in CY 2022, before declining in CY 2023 and declining further in the proposed inquiry period (CY 2024), to the second lowest level since 1 January 2020. **CHART 2.1.4.5.2**, above, indicates that capacity utilisation rates increased in CY 2021 before declining in each subsequent year, reaching the lowest utilisation rate since 1 January 2020 in the proposed inquiry period (CY 2024).

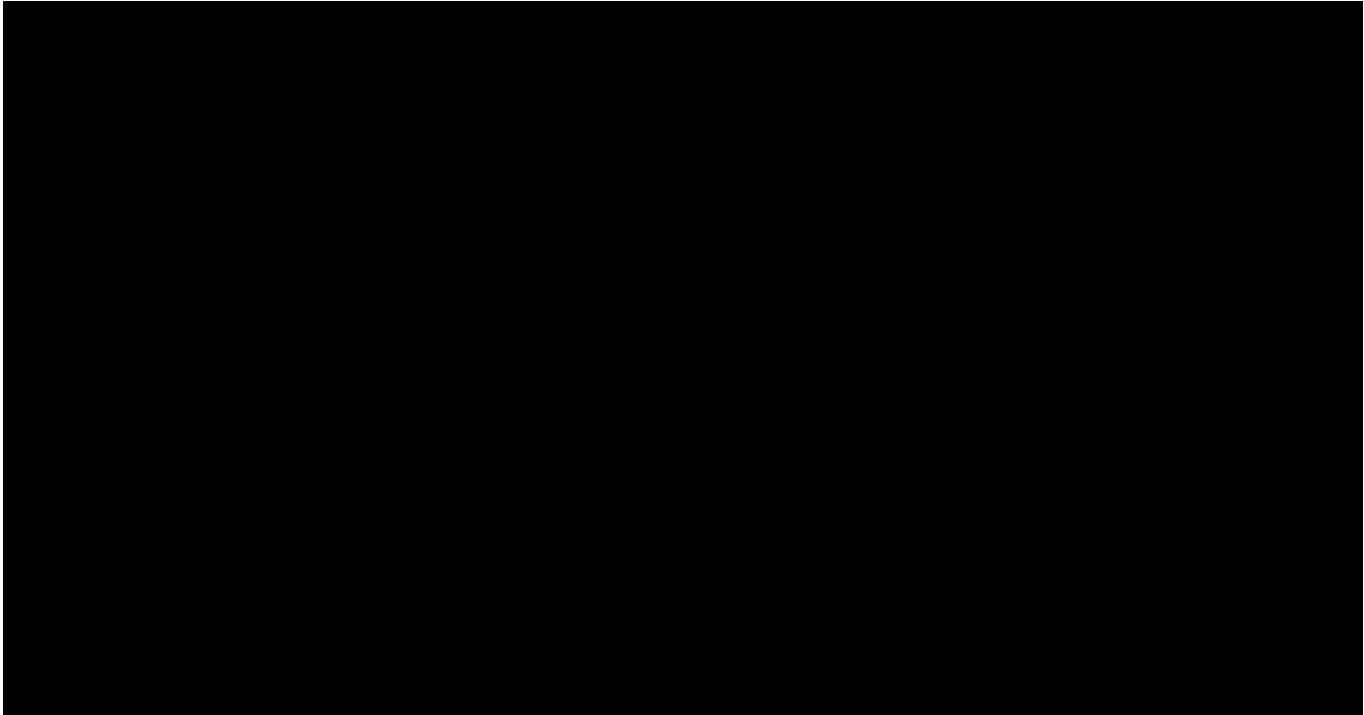
2.1.4.6 Employment and wages

CHART 2.1.4.6.1, below, charts the applicant's (FTE equivalent) employment numbers, and **CHART 2.1.4.6.2**, below, charts the applicant's wages bill from 1 January 2020 to 31 December 2024.



[CONFIDENTIAL] **CHART 2.1.4.6.1** Employment (FTE equivalent headcount)

Source: appendix A7



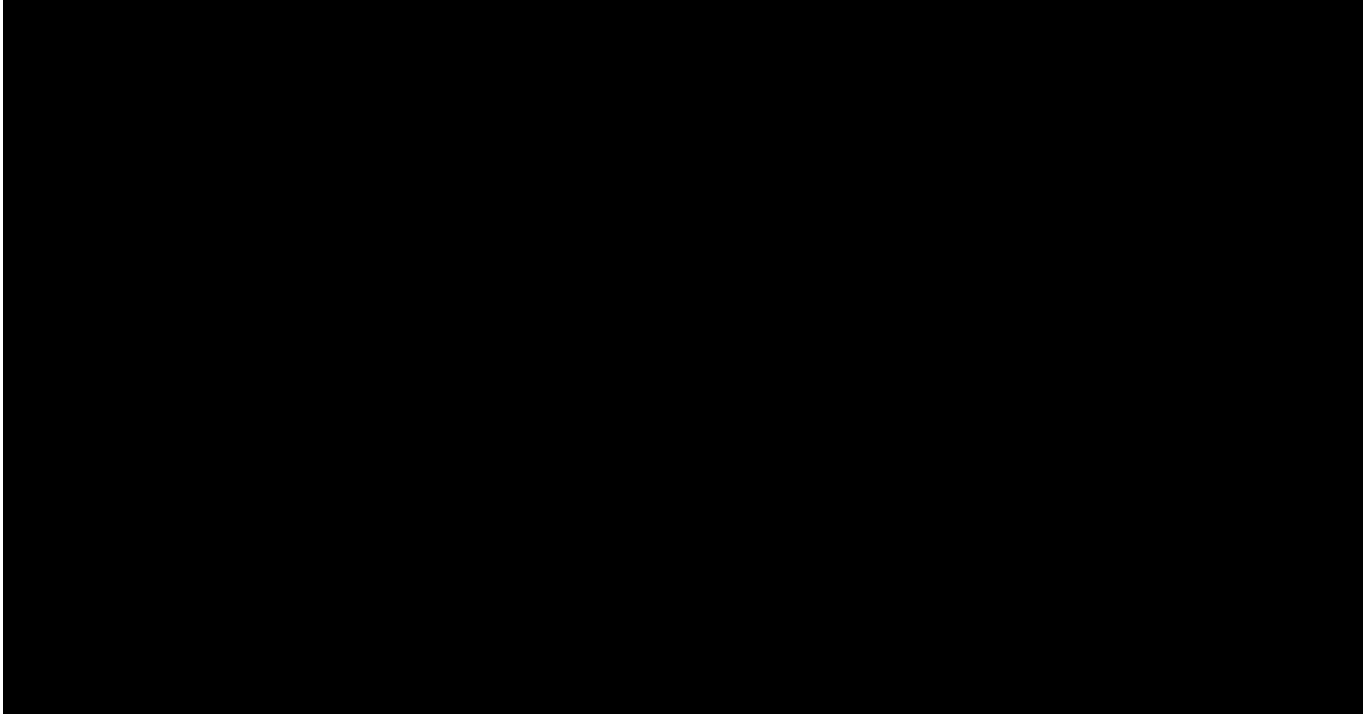
[CONFIDENTIAL] CHART 2.1.4.6.2 Wages (AU\$)

Source: appendix A7

CHART 2.1.4.6.1, above, indicates that the applicant's employment numbers increased year on year since 1 January 2020 until CY 2022, and then declined in CY 2023, and improved again in the proposed inquiry period (CY 2024), when it reached its second highest headcount since 1 January 2020. **CHART 2.1.4.6.2**, above, indicates that the applicant's wages bill decreased since 1 January 2020, stabilising in the proposed inquiry period (CY 2024), but nevertheless reaching its lowest point since 1 January 2020.

2.1.4.7 Productivity

CHART 2.1.4.7, below, charts the applicant's productivity; measured in terms of tonnes produced per 12-hour shift; from 1 January 2020 to 31 December 2024.



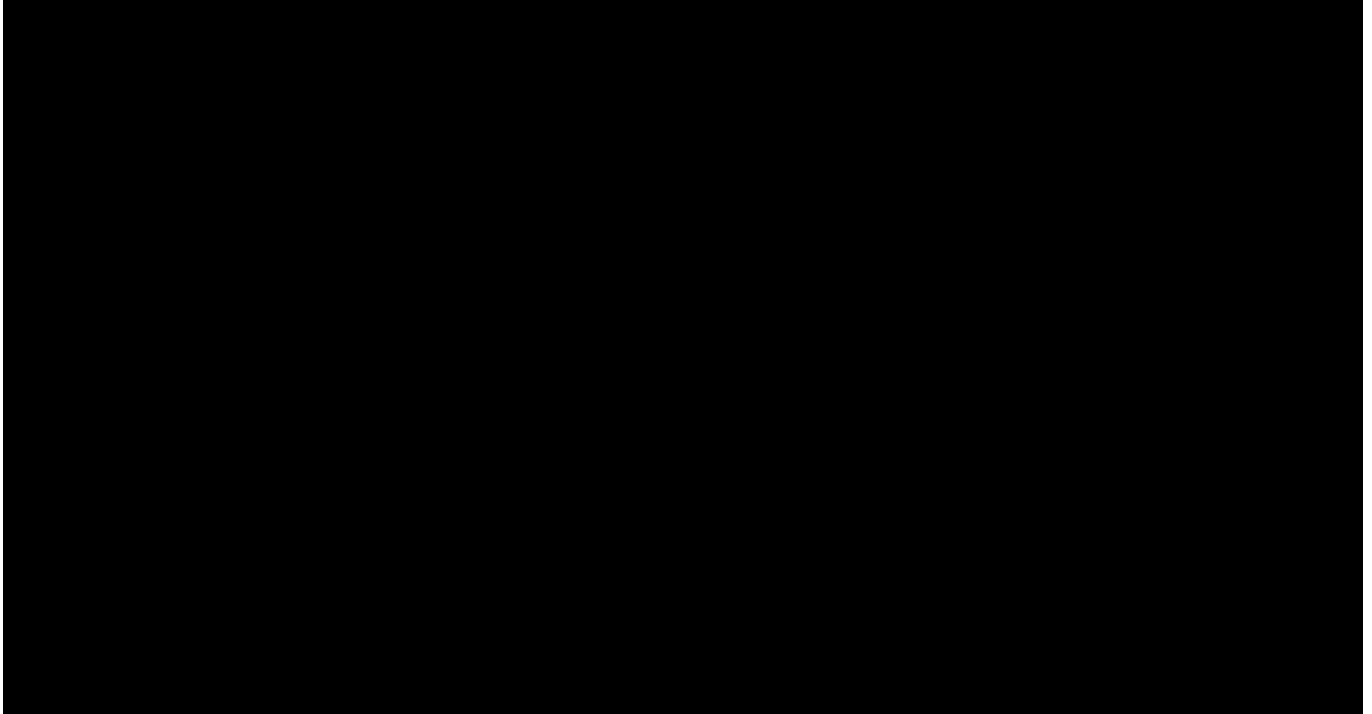
[CONFIDENTIAL] CHART 2.1.4.7 Productivity (production tonnes per 12-hour shift)

Source: [appendix A7](#)

CHART 2.1.4.7, above, indicates that the applicant's productivity fluctuated since 1 January 2020; declining in CY 2021, improving sharply in CY 2022, then declining again in CY 2023, and stabilising in the proposed inquiry period (CY 2024), at which point it recorded the second highest productivity rate since 1 January 2020.

2.1.4.8 Cashflow measures

CHART 2.1.4.8, below, charts the applicant's receivables and inventory turnover for the goods from 1 January 2020 to 31 December 2024.



[CONFIDENTIAL] CHART 2.1.4.8 Inventory turnover (days on hand) and receivables turnover (rate) (Source: [appendix A7](#))

CHART 2.1.4.8, above, indicates that the applicant's cashflow measures in terms of inventory turnover deteriorated for every year since 1 January 2020 reaching its worst rate in the proposed inquiry period (FY 2024). In terms of its turnover rate for accounts receivables, the Australian industry's cashflow measure improved year on year until the proposed inquiry period (CY 2024), when it deteriorated to its lowest rate since 1 January 2020.

2.1.5 Conclusion

Following the continuation of measures in April 2021,⁴⁴ the Australian industry demonstrated improved performance in terms of its asset utilisation, capital investment, employment levels and productivity.

Despite these improvements, the Australian industry nevertheless saw a reduction in trend adjusted sales volume and market share, loss of profit and reduced profitability, return on investment, loss of capacity, reduced capacity utilisation rates, reduced wages and deteriorating inventory and accounts receivable turnover. Furthermore, price depression and suppression were present in the proposed inquiry period.

Section 2.2, below, addresses whether the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the measures are intended to prevent.

⁴⁴ ADN 2021/032, published 12 April 2021.

2.2 Likely effect on prices, volumes and profits

The Commission has previously concluded the following in relation to the nature of the market for the goods:

“In Investigation 301, the Commission found that RIC is a highly price sensitive commodity good... While the pricing structure for RIC has changed..., the Commission accepts that the new pricing mechanism is influenced by import pricing. ... the Commission considers that InfraBuild’s prices continue to be influenced as a result of the price offers relating to imported RIC.

“...[T]he RIC produced by the Australian industry is identical or closely resembles the goods imported from China. As a result, the Commission considers it reasonable that RIC from China is readily substitutable with RIC sourced from other countries and the Australian industry.

“The Commission further considers that should the measures be allowed to expire and exports of the goods from China were to recur, the price of these goods would likely become the reference price in negotiations between InfraBuild and its customers.”⁴⁵

In **Section 2.1.2.1**, above, the applicant contends that the Australian industry has experienced injury in the form of price suppression in the proposed inquiry period.

In the previous continuation inquiry concerning the goods (CON 562):

“The requirement within this market to match or more closely meet import offers in order to maintain sales volumes will result in a continuation of injury in the form of price suppression and as a result, reduced profits and profitability to the Australian industry.

Given the Australian industry is already experiencing injury, this is likely to be exacerbated should the measures be lifted and exports of Chinese RIC resume.

“Since the imposition of measures in FY16 there has been a cessation in the export of Chinese RIC to Australia. This indicates that due to the presence of measures that exports of Chinese RIC would not be able to compete at undumped prices.”⁴⁶

The applicant continues to offer prices to its customers that are either directly or indirectly

⁴⁵ Final Report, Continuation Inquiry No. 562, p. 33 at [6.4.6].

⁴⁶ Final Report, Continuation Inquiry No. 562, p. 38 at [6.5].

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based on an IPP plus a premium that is based on providing local supply and customer service. Therefore, the applicant competes with the imported goods and that competition with the imported goods results in the applicant achieving lower prices than it otherwise would do. These price reductions bring the applicant's prices down to a level closer to those of the imported goods, but still higher than those imported prices due to the domestic price premium.

The applicant's consideration of the likely effect on prices, sales volumes and profits if the measures were to expire involves an analysis of pricing patterns, including price undercutting, for Chinese exporters and export volumes from other sources to determine if injury is likely to recur or continue. The applicant had regard to the pricing behaviour of Chinese exporters of the goods in two ways. Firstly, by reference to an export price index for the goods from China, and secondly, by reference to export trade statistics of the good exported from China to New Zealand. In the case of the latter, this also permitted an analysis of export trade patterns to be analysed.

Price undercutting occurs when imported goods are sold into the Australian market for the goods at prices below those of Australian manufactured like goods, to customers at the same level of trade. The applicant must compete with importers of the goods on the basis of price. As such, it must reduce its prices in order to compete with those of importers. In its price undercutting analysis, to the extent that it is known, the applicant has compared the prices that it has offered customers with those of competing importers. This means that the applicant's price undercutting analysis captures the domestic price premium that it is able to achieve over import prices for being able to provide local manufacturing and supply capacity. In **Section 2.1.2.1**, above, the applicant contends that the prices it achieved have been depressed and suppressed. As such, the applicant's undercutting analysis below does not capture the full extent of price undercutting, as it reduced prices to levels that it would not have otherwise done in order to achieve sales to its (importer exposed) Australian customers.

2.2.1 China

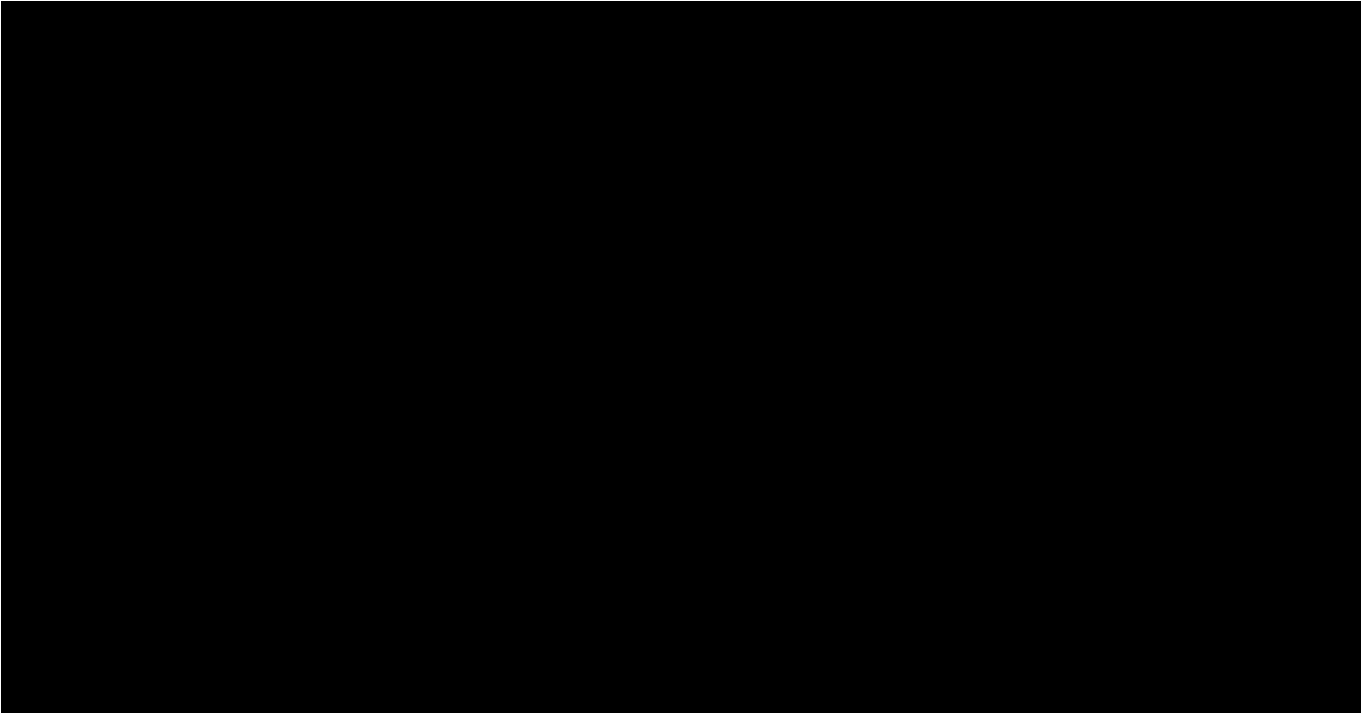
2.2.1.1 Price

CHART 2.2.1.1.1, below, indicates evidence of the likelihood of recurrence of price undercutting for the like goods when comparing the quarterly weighted average Australian industry selling

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prices⁴⁷ to that of the export price index for the goods exported from China to all sources.

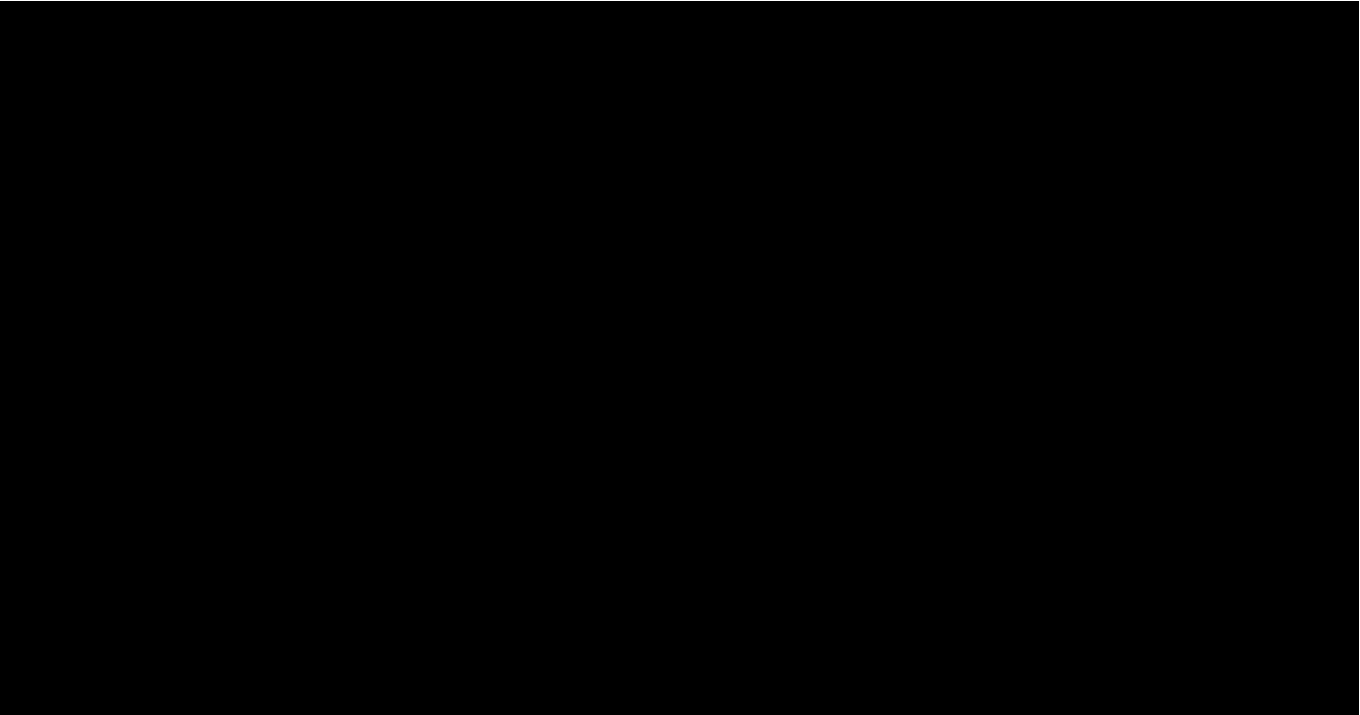
Even though the comparison is not being made at the same level of trade, **CHART 2.2.1.1.2**, below, illustrates the undercutting margin trend, such that during the proposed inquiry period, the Australian industry's FIS sales prices were undercut by more than the average undercutting margin across the preceding proposed analysis period (1 January 2015 to 31 December 2023). In other words, not only were the export prices for the goods from China undercutting Australian industry sales prices by a material degree across the proposed analysis period, but the trend in the price undercutting margin during the proposed inquiry period increased.



[CONFIDENTIAL] CHART 2.2.1.1.1 Weighted average Australian industry selling prices (AUD/t, FIS) to export price index (AUD/t, FOB) for the goods from China.

Source: CONFIDENTIAL ATTACHMENT 2.2.1.1

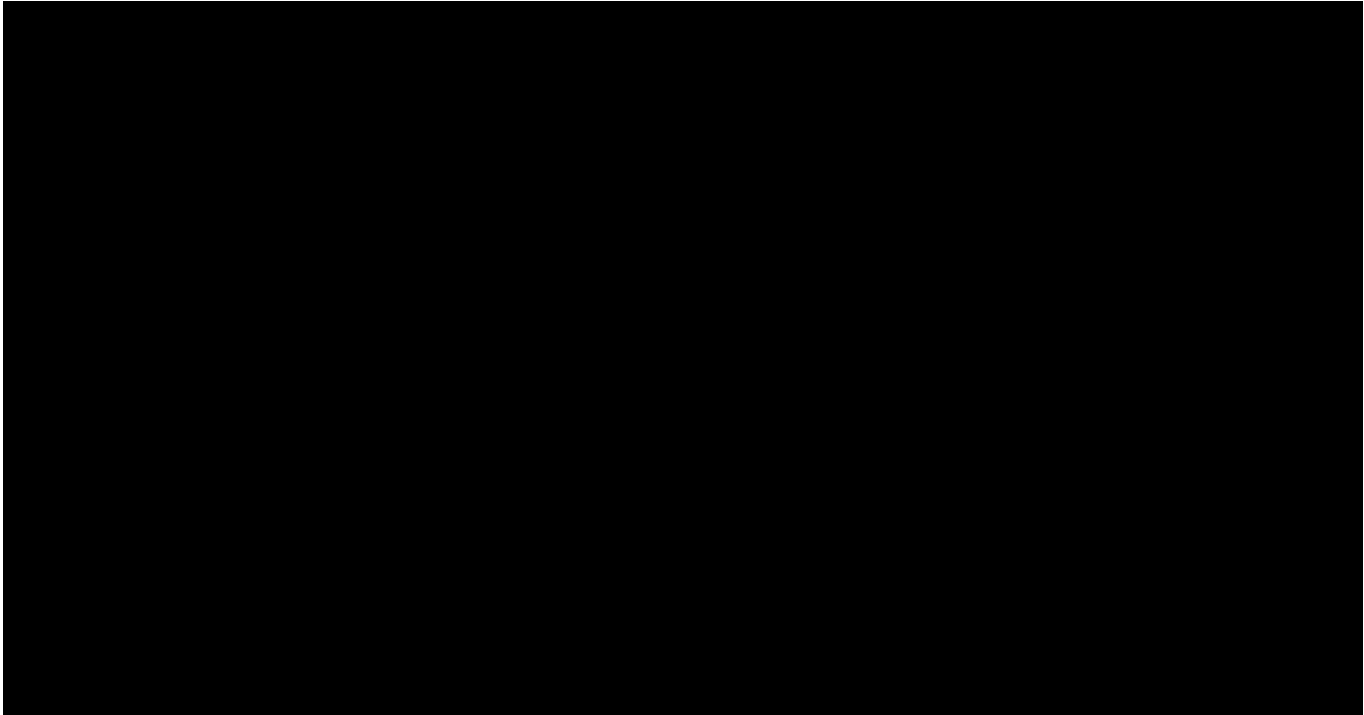
⁴⁷ Refer appendix A6.1 for domestic sales.



[CONFIDENTIAL] CHART 2.2.1.1.2 Average undercutting margin at the exporter level of trade by reference to an export price index for the goods exported from China (AUD/t, FOB) compared to Australian industry selling prices for like goods (AUD/t, FIS)

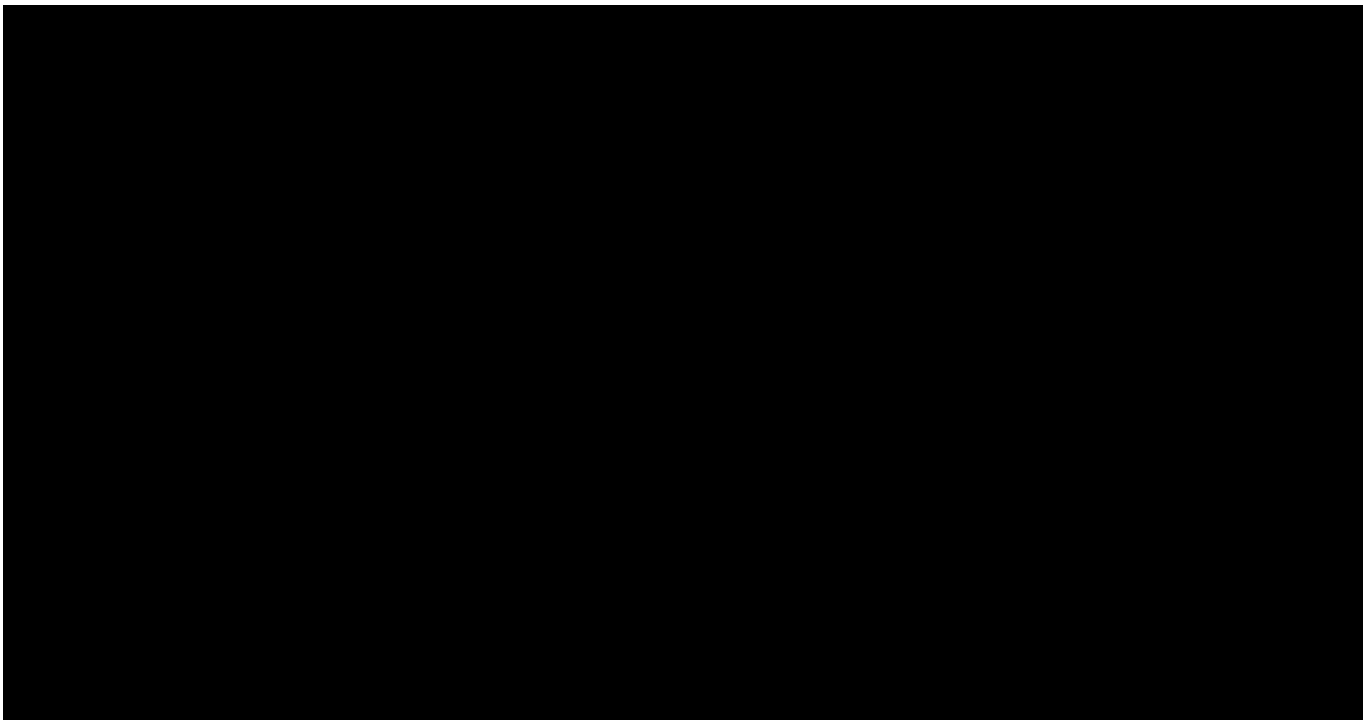
Source: CONFIDENTIAL ATTACHMENT 2.2.1.1

A similar price undercutting trend is observed when Chinese export prices for the goods to New Zealand are compared to the quarterly weighted average Australian industry selling prices. The price undercutting trend increases in during the proposed inquiry period (CY 2024). This is demonstrated in the price undercutting trend analysis performed in **CHARTS 2.2.1.1.3** and **2.2.1.1.4**, below.



[CONFIDENTIAL] CHART 2.2.1.1.3 Weighted average Australian industry selling prices (AUD/t, FIS) to Chinese export prices (AUD/t, FOB) for the goods to New Zealand.

Source: CONFIDENTIAL ATTACHMENT 2.2.1.1



[CONFIDENTIAL] CHART 2.2.1.1.2 Average undercutting margin at the exporter level of trade by reference to export prices for the goods exported from China to New Zealand

(AUD/t, FOB) compared to Australian industry selling prices for like goods (AUD/t, FIS)

Source: CONFIDENTIAL ATTACHMENT 2.2.1.1

In summary, the goods exported from China to New Zealand during the proposed inquiry period (CY 2024) occurred at export prices that undercut the Australian industry's weighted average selling price by more than 3-times the price undercutting margin observed during the preceding proposed analysis period (1 January 2015 to 31 December 2023).

2.2.1.2 Volume

As indicated in **Section 1.2.1.2**, above, exports of the goods to Australia from China ceased following the imposition of the original measures in April 2016. This likely demonstrates the effectiveness of the measures.

CHART 2.2.1.2, below, demonstrates that Chinese exporters of the goods changed their pattern of trade following the original imposition of measures in April 2016, by opting to increase their export volumes to New Zealand where no anti-dumping measures were in force. This is observed by the immediate surge in exports to New Zealand in the September 2016 quarter following the imposition of measures in Australia in the June 2016 quarter. Exports increased in the September 2016 quarter by almost **200 per cent**, when compared to the previous quarter's volume. Following the imposition of measures in Australia, Chinese exports of the goods to New Zealand rose to annual levels no less **seven-times** the volumes in the calendar year immediately preceding the imposition of measures in Australia, namely CY 2015.

[CONFIDENTIAL] CHART 2.2.1.2 Exports of the goods from China to New Zealand
(tonnes, t) Source: CONFIDENTIAL ATTACHMENT 1.2.1.1

As such, the change in patterns of trade exhibited by Chinese exporters of the goods in switching their focus from Australia to other countries relates primarily to the effectiveness of the measures imposed in Australia. In the absence of effective measures, it is more likely than not that Chinese exporters would again recommence exporting the goods to Australia at prices similar to New Zealand which are below the estimated normal values determined for the purpose of this application.⁴⁸ That is to say, goods exported to New Zealand are dumped prices during the proposed inquiry period (CY 2024). There is a high degree of substitutability for the goods between the New Zealand and Australian markets, as they must both be rod in coil produced to grades that enable compliance to the reinforcing mesh standard requirements of AS/NZS 4671:2019 for steel mesh in concrete reinforcement.

New Zealand represents an appropriate third country for consideration with respect to exports of the goods in the absence of exports to Australia for the following reasons:

- the New Zealand market is the most comparable to the Australian market in terms of conditions, domestic production, common importers and general customs import tariffs; and

⁴⁸ CONFIDENTIAL ATTACHMENT 1.2.1.1.

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- there is close geographical proximity between New Zealand and Australia, and it is reasonable to expect similar shipping costs.

Therefore, Chinese exporters' changes in export patterns away from Australia when measures are effective towards other countries with no measures in place, such as New Zealand, is compelling evidence that the expiration of measures would lead or would be likely to lead, to a recurrence of the dumping and the material injury that the anti-dumping measures are intended to prevent.

2.2.1.3 Profit

Profit and profitability rely on price and volume as inputs. Based on the analysis in **Sections 2.2.1.1 and 2.2.1.2**, above, the Australian industry will be impacted by reduced profits and profitability from dumped exports if the measures were to expire on exporters of the goods from China.

2.2.1.4 Conclusion

The applicant considers that export of the goods from China at dumped prices within the proposed inquiry period and across the proposed analysis period will continue to cause the Australian industry to experience price suppression.

The applicant also considers that:

- the interchangeability of export volumes for the goods from alternate sources, and the circumvention goods, based on price advantages;
- price undercutting observed in respect of the reported export prices for the goods from China;
- the price sensitive nature in the Australian market for the goods; and
- the import price competition to which the Australian industry is subject,

would likely result in the applicant achieving reduced selling prices should the measures on exporters of the goods from China expire. Consequently, price suppression and the resulting impact on revenue and profits is likely to continue if measures on the goods exported to Australia from China expire.

2.3 Factors other than dumping causing injury

CHART 1.1.1, above, illustrates that imports from countries other than China continue to be present in the Australian market for the goods. It is possible that any deterioration of the Australian industry's economic indices during the proposed inquiry period may be attributable to imports from sources not subject to measures in the highly price sensitive market for the goods. The applicant accepts that the presence of imports from other sources may continue to adversely influence the economic condition of the Australian industry. Indeed, the Australian industry may be affected by many factors. However, the applicant does not accept that the existence of other potential causes of injury negates the injury that the Australian industry will likely experience as a result of the continuation or recurrence of dumped exports from China. While the applicant accepts that injury caused by other factors should not be attributed to dumping, it is also noted that dumping need not be the sole cause of injury to the industry.⁴⁹

Therefore, the applicant refers the Commissioner to its discussion in **Section 1.1.1**, above, on import volumes and patterns of trade changes following the measures. The applicant's analysis demonstrated the price sensitive nature of the Australian market. The cessation in import volumes evident following the imposition of effective measures indicates that the subject exporters were not able to compete in the price sensitive Australian market without the price advantage obtained by exporting at dumped prices.

The applicant contends that if the measures were to expire, exporters from China would again benefit from a price advantage from dumping. The applicant accepts that the Australian industry will still face competition from other sources, as it did during the inquiry period for CON 562. However, the applicant considers that the presence of dumped exports from China, if the measures were to expire, will likely result in pressure on prices across the entire market, to the material detriment of all participants, including the Australian industry.

⁴⁹ Ministerial Direction on Material Injury, 2012.