

11 June 2026

Director
Anti-Dumping Commission – Investigations 3
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Public File

Dear Director,

Continuation 689 – Precision Pipe & Tube (PPT) exported from China and Korea

Australian Industry Response to the Statement of Essential Facts

1. Introduction

Orrcon Manufacturing Pty Ltd (**Orrcon**), as the sole member of the Australian industry producing like goods to the goods subject to the measures, and as the original applicant for those measures, makes this submission in response to Statement of Essential Facts No. 689 (**SEF 689**).¹

Having reviewed SEF 689 and the evidentiary record, Orrcon considers the preliminary findings on dumping, subsidisation and material injury to be generally consistent with the material before the Anti-Dumping Commission (**the Commission**). Orrcon supports the proposed recommendation that the measures continue.

Orrcon submits, however, that the proposed form of measures warrants further consideration. In particular, Orrcon submits that the combination duty method should be recommended for all exporters of the goods, rather than only for Dalian Steelforce Hi-Tech Co., Ltd (**Dalian Steelforce**).

Orrcon further submits that, unless this issue is reconsidered, the proposed form of measures risks under-remedying the identified price effects of dumping and subsidisation in a declining price environment. That issue is material to the effectiveness of the measures and warrants reconsideration in the final report.

2. Observations on SEF 689

Orrcon supports the conclusions in SEF 689 and the proposed continuation of measures through interim dumping and countervailing duties. The Commission has identified the principal factors affecting the Australian industry's performance and its capacity to compete, and has correctly assessed that those factors support a likelihood of continuation or recurrence of material injury if the measures expire.

The Australian Market

SEF 689 identifies a number of market characteristics relevant to supply and demand for PPT in Australia. Orrcon considers these observations broadly consistent with the material before the Commission, including the following:²

¹ EPR folio no. 14.

² SEF 689, chapter 4, beginning p. 25.

- PPT is a commodity product: Domestic and imported PPT are substitutable, product differentiation is limited, and price is the principal basis of competition.
- Competition occurs at two levels: first, upstream, between Orrcon, Austeel Trading and other traders; and second, downstream, between distributors competing for sales to fabricators.
- Fabricators account for the substantial majority of demand (approximately 85 percent of distributor sales), with fence and gate fabricators comprising the largest downstream segment (approximately 65 per cent).
- The Australian market has contracted sharply since the original investigation and over the injury analysis period, with Australian industry volumes falling more sharply than import volumes in the inquiry period.
- Imports from the subject countries continued throughout the life of the measures and remained a material presence in the inquiry period (China at approximately 25 per cent, and Korea at approximately 2 per cent).

These matters indicate a price-sensitive trading environment in which relatively small movements in import pricing can materially affect domestic sales volumes, prices and returns.

These characteristics are directly relevant to the appropriate form of measures, because they determine how effectively the measures can address price undercutting. In a commodity market where price is the primary basis of competition, the effectiveness of the measures depends on their capacity to constrain price undercutting, rather than solely to adjust margins expressed as a percentage of price.

Economic condition of the Australian industry

SEF 689 identifies a further deterioration in the economic condition of the Australian industry since the original investigation.³ The factors identified include:

- declining sales volume, with the lowest annual sales volume occurring in the inquiry period;
- declining market share, with the lowest market share occurring in the inquiry period;
- price depression and price suppression across the injury analysis period;
- loss of profit, profitability and revenue, with Orrcon's sales of the goods becoming unprofitable in FY2023/24, and deteriorating further in the inquiry period; and
- reduced return on investment.

Orrcon also notes the Commissioner's preliminary finding that several economic factors show injury in this inquiry period that did not show injury in the original investigation period⁴, namely:

- declining market share;
- reduced capacity;
- reduced capacity utilisation;
- reduced productivity;
- reduced hours worked; and
- reduction in wages.

The emergence of injury across these additional factors indicates that, under the existing measures, injury to the Australian industry has both persisted and broadened. Orrcon submits that those findings support the conclusion that material injury would continue, or recur, if the measures expired.

³ Ibid, chapter 5, beginning p. 29.

⁴ Ibid, chapter 5.1, p. 29.

Dumping during the inquiry period

SEF 689 preliminarily finds that the variable factors for all exporters have changed and that dumping margins have increased materially since the original investigation.⁵

The preliminary margins identified in SEF 689 are:

- Dalian Steelforce (China): 29.9 per cent;
- Yantai Aoxin International Trade Co., Ltd (Yantai) (China): 37.8 per cent;
- uncooperative and all other exporters from China (including Yantai): 37.8 per cent; and
- uncooperative and all other exporters from Korea: 21.4 per cent.

Orrcon considers that the methodology described in SEF 689 for constructing Chinese normal values is appropriate. In particular, Orrcon supports the following matters identified by the Commission:

- the construction of Dalian Steelforce's normal value under s 269TAC(2)(c), on the basis that Dalian Steelforce did not sell like goods on the Chinese home market;
- the finding that the cost of hot rolled coil, as the principal raw material input, was not formed in normal and ordinary circumstances because of extensive and ongoing Government of China intervention in the Chinese steel market;
- the identification of the “market support adjustment” recorded in Dalian Steelforce's steel costs as direct evidence of government-influenced pricing;
- the selection of Japanese domestic HRC prices as the preferred benchmark competitive market cost; and
- the rejection of Korean domestic steel coil prices as a suitable benchmark.

Subsidisation during the inquiry period

SEF 689 also records the Commissioner's preliminary findings on subsidisation, including that:⁶

- countervailable subsidies were provided to non-cooperative exporters from China during the inquiry period;
- the preliminary subsidy margin for non-cooperative and all other exporters from China is 72.9 per cent, including a 27.3 per cent less-than-adequate-remuneration steel coil subsidy component;
- of the 60 programs reviewed, only six were found to be no longer available, leaving 54 countervailable programs in operation during the inquiry period; and
- the Government of China's failure to respond to the government questionnaire justified reliance on all relevant facts available.

Likelihood of continuation or recurrence

SEF 689 concludes that expiry of the measures would likely lead to a continuation or recurrence of dumping, subsidisation and material injury. Orrcon considers that conclusion to be supported by the factors identified in SEF 689, including the following⁷:

- exports from the subject countries will continue, given continuing Australian demand, established distribution links, market entry by new exporters and importers, and continuing excess capacity;

⁵ Ibid, chapter 6, beginning p. 35.

⁶ SEF 689, chapter 7, beginning p. 52.

⁷ Ibid, chapter 8, beginning p. 57.

- excess capacity in China and Korea remains material in relation to the size of the Australian market;
- dumping and subsidy margins increased during the inquiry period, and the evidentiary record supports the conclusion that dumping and subsidisation would continue if the measures expired;
- export prices from subject and non-subject countries are highly price competitive, and price competition intensified during and after the inquiry period;
- trade measures in other jurisdictions (an estimated 40 anti-dumping measures, including eight on China and six on Korea) make Australia a comparatively more attractive market; and
- in a contracting and price-sensitive market, expiry of the measures would likely cause a continuation or recurrence of volume, price, profit and other injury to Orrcon.

3. Form of measures

Orrcon submits that the Commissioner's final recommendation to the Minister should be that the combination duty method, comprising a fixed ad valorem component and a variable floor price component, apply to all exporters, not only to Dalian Steelforce.

SEF 689 proposes:

- the combination method for Dalian Steelforce; and
- the ad valorem method for Yantai, the uncooperative and non-cooperative exporters from China, and all exporters from Korea.

Orrcon submits that the reasoning in SEF 689 in support of the ad valorem method should be reconsidered. When read alongside the recommendation of the combination method for Dalian Steelforce, that reasoning is not internally coherent. Orrcon further submits that the combination method would more effectively address the identified price effects, including the price undercutting in a declining price environment.

First, SEF 689 states that the ad valorem method is preferred because PPT comprises different specifications or models and because PPT pricing is influenced by movements in steel coil prices.⁸ Orrcon submits that those are characteristics of the goods and the trading environment as a whole. They are not exporter-specific characteristics.

That reasoning is difficult to reconcile with the Commission's parallel recommendation that the combination method apply to Dalian Steelforce. The goods exported by Dalian Steelforce are the same goods, comprise the same range of specifications, are sold into the same Australian market, and are subject to the same steel coil price movements. If the product range and commodity price volatility were sufficient, without more, to make the ad valorem method the preferred form of measure, that reasoning would apply equally to Dalian Steelforce.

The Commission's proposed application of the combination method to Dalian Steelforce therefore indicates that neither the product range nor commodity price volatility prevents use of that method for the goods.

Second, the recommendation of the combination method for Dalian Steelforce indicates that the method is workable in practice for the goods. Dalian Steelforce's exporter questionnaire response disclosed exports across seven model control codes during the inquiry period, and the Commission nevertheless proposed the combination method for that mix.

Dalian Steelforce was the only cooperative Chinese exporter and no Korean exporters cooperated. In those circumstances, Dalian Steelforce provides the best direct exporter evidence on the record concerning the

⁸ Ibid, p. 76.

range of specifications in which the goods were exported during the inquiry period. That evidence does not suggest a degree of product differentiation that makes the combination method unsuitable.

Third, the combination duty method is consistent with the Commission's established practice in steel cases. The combination method has been applied in a number of investigations involving steel products sold in price-sensitive markets where price is the principal basis of competition. Relevant examples include:

- Investigation No. 177: Hollow Structural Sections (2012): dumping duties imposed using the combination method.⁹
- Investigation No. 198: Hot-Rolled Plate Steel (2013): the Commission recommended dumping duties calculated using a combination of fixed and variable duties.¹⁰
- Investigations No. 190 and 193: Aluminium-Zinc Coated Steel (2013): the dumping duty component was imposed using the combination duty method.¹¹
- Investigation No. 234: Quench and Tempered Steel Plate (2014): dumping duties applied using the combination method for Sweden.¹²
- Investigation No. 370: Zinc-Coated Steel (2016): the Commission again imposed dumping duties using the combination method.¹³
- Investigation No. 558: Aluminium-Zinc Coated Steel (2020): the Commission determined that the combination duty method represented the most appropriate form of measure.¹⁴

PPT exhibits the characteristics common to those cases. It is a downstream steel product, manufactured from a primary steel coil input, and sold into a commodity, price-driven market environment. Those characteristics support application of the combination method.

Fourth, the mechanism of the combination method directly addresses the price effects identified in SEF 689 and would therefore better achieve the remedial purpose of the measures.

The floor price component establishes a minimum effective import price below which additional variable duty is payable. That mechanism directly addresses price undercutting, which SEF 689 identifies as a principal mechanism of injury.

By contrast, the remedial effect of an ad valorem duty diminishes as export prices fall. In the declining price environment identified in SEF 689, that characteristic reduces the capacity of the measures to counteract injurious pricing. A floor price mechanism, by contrast, preserves the effectiveness of the measures as market prices decline.

Orrcon further submits that the application of the combination method does not depend on the availability of complete exporter-specific data for all exporters. Even where information is limited, including for uncooperative exporters, the objective of the measures remains to ensure that the form of duty is sufficient to address the injurious effects of dumping and subsidisation. In a declining price environment, reliance on a method that diminishes as prices fall risks under-remedying those effects. A floor price mechanism, by contrast, provides a more effective means of maintaining the remedial purpose of the measures across the exporter cohort as a whole.

⁹ Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/410-reportno177.pdf> at p. 103.

¹⁰ Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/102-finalreport-rep188.pdf> at p. 80.

¹¹ Refer https://www.industry.gov.au/sites/default/files/adc/public-record/144-notice-theaustralian-s269tq1and2-noticesintheaustralian-5august2013_0.pdf

¹² Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/100-qtsteelplate-finalreport-adnfinal.pdf> Of relevance also is that of the three subject countries (Finland, Japan and Sweden), Sweden was found to have dumped by the highest margin, at 34.0 percent.

¹³ Refer https://www.industry.gov.au/sites/default/files/adc/public-record/106-report-final-report-rep_370.pdf at p. 85.

¹⁴ Refer https://www.industry.gov.au/sites/default/files/adc/public-record/558-072-notice-adn-adn_2021-147-findings_in_relation_to_a_dumping_investigation.pdf

Finally, Orrcon submits that this issue is particularly important for exporters in respect of which the Commission has the least direct information. SEF 689 proposes the ad valorem method for Yantai, uncooperative and non-cooperative Chinese exporters, and uncooperative Korean exporters. Orrcon submits that it is difficult to justify applying a floor price mechanism to Dalian Steelforce while the remaining exporter cohort is left subject only to a duty method that is more readily diluted in a falling price environment.

That outcome creates a material asymmetry in the operation of the proposed measures. It would apply the more robust price-constraining mechanism to the only cooperative exporter, while leaving the remaining exporter cohort, including exporters in respect of which the Commission has the least direct information, subject to a duty form that is more readily diluted in a declining price environment. Orrcon submits that this asymmetry risks undermining the effectiveness of the measures as a whole.

The Commission may consider that Dalian Steelforce's related-party supply chain provides an additional reason to apply the combination method in that exporter's case. Orrcon does not dispute that those circumstances may make the combination method especially appropriate for Dalian Steelforce. However, that does not address the separate question whether the same method is also more effective for the goods more generally. Once the Commission has accepted that the combination method is workable for these goods, the goods-wide factors identified in SEF 689 do not produce a logical basis to reject that method for the remaining exporters.

In those circumstances, the question for the Commission is not whether the combination method is appropriate for Dalian Steelforce alone, but whether, having accepted its workability for the goods, it is the method that best addresses the identified price effects of dumping and subsidisation. Orrcon submits that it is.

4. Conclusion

For the reasons set out above, Orrcon submits that the findings in SEF 689 provide a sufficient basis for the proposed recommendation that the measures continue in respect of the goods.

Orrcon further submits that application of the combination duty method to all exporters would more effectively address the price effects identified in SEF 689 and would better achieve the remedial purpose of the measures.

Orrcon respectfully requests that the Commission reconsider this issue and address it expressly in the final report, including by reassessing whether the combination duty method should be applied to all exporters.

For and on behalf of Orrcon.