PUBLIC RECORD

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The Director - Investigations 4
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Exemption Inquiry No. 107 (EX0107) - Hot Rolled Coil Steel Exported to Australia from the People's Republic of China

Dear Director,

We act for Baoshan Iron & Steel Co Ltd (Baoshan), Baosteel Zhanjiang Iron & Steel Co Ltd (Zhanjiang) and Shanghai Meishan Iron & Steel Co Ltd (Meishan) (together, Baosteel). This submission supplements Baosteel's submission of 6 July 2026 in Exemption Inquiry No. 107, and addresses the end-uses of the exemption goods, being hot rolled coil and sheet steel of thicknesses from 1.5 mm to 2.95 mm and widths from 1580 mm to 2000 mm as described in the ADN, together with the alternative dimensional combinations identified in our 6 July submission.

<u>The distribution structure: mill to stockist to fabricator</u>

Baosteel does not supply end-users of the exemption goods. Its Australian sales of wide coil and sheet are made through Baosteel's Australian sales entity (Bao Australia) to steel distributors and stockists. Those stockists hold the wide coil and sheet in inventory and on-sell it to fabricators, who purchase on a "just in time" basis as and when required for their custom fabrication projects. This structure reflects the custom and usage of the trade, with fabricators of skip bins, truck bodies, trailers and power transformer tanks do not carry steel inventory or purchase in mill-order quantities, and instead draw the specific gauge and width they require, project by project, from stockists' holdings.

The consequence of this structure is that visibility of the identity of end-users is broken at two points in the chain. Bao Australia sells to the stockist and has no contractual relationship with, and in most cases no knowledge of, the fabricator who ultimately processes the goods. The stockists, for their part, treat the identity of their fabricator customers as commercially confidential and decline to disclose it to their mill suppliers, precisely in order to avoid the risk of being bypassed by direct supply from the mill or importer to the fabricator. Customer confidentiality at the stockist level is a rational and well-established commercial practice in the steel distribution trade.

A concrete illustration is Baosteel's own regular order book. Bao Australia receives regular orders from BlueScope Distribution for wide sheet products within the exemption dimensions, yet Baosteel is not aware of the end-users to whom BlueScope Distribution on-sells those goods. The example is doubly instructive as it demonstrates firstly, that even in respect of a regular, repeat trade in the exemption goods the identity of the end-user is not visible to the exporter, and secondly, that BlueScope's own distribution arm sources the wide sheet dimensions from imports, which corroborates the central claim of Baosteel's 6 July submission that goods of these dimensions are not offered for sale from Australian production.

Fabricators' reluctance to participate on the public record

Baosteel further understands that fabricators who use the exemption goods are reluctant to lodge submissions in this inquiry and thereby identify themselves on the public record. That reluctance is attributable to BlueScope's position of market power as the sole Australian producer of hot rolled coil and the dominant supplier of the adjacent dimensional ranges on which those same fabricators depend for the balance of their steel requirements. Fabricators are, on Baosteel's understanding, concerned that identifying themselves as purchasers of imported exemption goods would expose them to targeted competitive responses, including selective pricing directed at their businesses.

It is submitted that the Commission should assess the end-use evidence in this inquiry with that structural context firmly in mind. The lack of end-user submissions on the public record is not evidence that end-users do not exist, that demand for the exemption goods is not genuine, or that the exemption is unimportant to downstream industry. It is the predictable product of a supply chain in which the exporter cannot see past the stockist, the stockist will not disclose its customers, and the fabricator has a rational commercial incentive to remain anonymous. Where end-user evidence has nonetheless emerged on the record, notably the submissions of Duraquip and Phoenix Metal Group, it has uniformly confirmed that the exemption dimensions are sourced from imports because no domestic offering exists.

Typical end-uses of the exemption goods

Notwithstanding the constraints described above, the typical end-uses of the exemption goods are well understood and can be stated with confidence. Wide, thin-gauge hot rolled coil and sheet is used by Australian fabricators principally in the manufacture of industrial skip bins and waste-handling equipment; truck bodies, trays and trailers; and large power transformers. What unites these applications is the requirement for a single wide sheet, as bin bodies, tipper floors, trailer sides and transformer tanks are formed from continuous sheets in widths exceeding 1550 mm so as to avoid longitudinal welds. As set out in Baosteel's 6 July submission, and as independently confirmed by Duraquip, joining narrower plates by welding is structurally and aesthetically unacceptable for these products, adds cost and weight, and compromises watertightness and fatigue performance. The thin gauges within the exemption range (1.5 mm to 2.95 mm) serve the same applications where weight reduction is critical, most obviously in transport equipment where tare weight directly determines payload.

Known fabricators and end-users

The following table identifies known Australian fabricators and end-users whose described operations and products correspond to the typical end-uses of the exemption goods. The details are drawn from each company's own published materials, referenced in the footnotes.

Fabricator / end-user	Location	Fabricating operations	Products made from HRC sheet and coil
[redacted]	WA	[redacted]	[redacted]
[redacted]	VIC	[redacted]	[redacted]
[redacted]	QLD	[redacted]	[redacted]
[redacted]	NSW	[redacted]	[redacted]
[redacted]	VIC	[redacted]	[redacted]
[redacted]	National	[redacted]	[redacted]
Duraquip	Gnowangerup, WA	Family-owned transport and agricultural equipment manufacturer.	Steel-chassis grain tippers, bulk-haulage trailers and agricultural trailers (duraquip.com.au)

Three features of this evidence should be emphasised. First, the identified fabricators span the full range of typical end-uses, waste-handling equipment ([redacted], [redacted], [redacted]), transport bodies and trailers ([redacted], Duraquip), fleet operation ([redacted]) and power transformers ([redacted]), and are located across Western Australia, New South Wales, Victoria and Queensland, demonstrating that demand for the exemption goods is national and structural rather than isolated or opportunistic. Second, each is an Australian manufacturer employing Australian labour in regional and outer-metropolitan locations, so that the incidence of duties on the exemption goods falls directly on Australian manufacturing rather than on any foreign interest.

<u>The end-uses cannot be served by the domestic offering</u>

None of the end-uses identified above can be served by BlueScope's published offering, as its maximum offered width is 1550 mm across every grade and both forms, and its minimum sheet thickness is 3.0 mm. A fabricator forming an 1800 mm bin floor, trailer side or transformer tank panel cannot do so from a 1550 mm coil without welding, and a manufacturer requiring 2.0 mm or 2.5 mm sheet cannot obtain it from domestic production at all. The end-use evidence therefore corroborates, from the demand side, the conclusion that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade, within the meaning of section 8(7)(a) of the Customs Tariff (Anti-Dumping) Act 1975. Conversely, because these end-uses cannot be supplied from BlueScope's offered range, granting the exemption would deprive the Australian industry of no sale it would otherwise make, while refusing it would simply impose a duty burden on the Australian fabricators identified above.