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ATTACHMENT A

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

HOLLOW STRUCTURAL SECTIONS EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA, MALAYSIA AND TAIWAN

Introduction

Orrcon Manufacturing Pty Ltd (**Orrcon**) seeks the continuation of anti-dumping and countervailing measures on Hollow Structural Sections (**HSS**) exported from the People's Republic of China (**China**), and the continuation of anti-dumping measures on HSS exported from the Republic of Korea (**Korea**), Malaysia, and Taiwan (**the subject countries**).

These measures were initially imposed on conclusion of Investigation No. 177 (**INV 177**). The measures were most recently continued on conclusion of Continuation No. 590 (**CON 590**).¹

Orrcon submits that, if the measures applicable to HSS exported from the subject countries expire, material injury to the Australian industry producing like goods would be likely to continue or recur.

Orrcon requests that the Anti-Dumping Commission (**the Commission**) commence an investigation into the continuation of the measures on HSS from the subject countries. The proposed inquiry period for this investigation is April 2025 – March 2026.

1. Will dumping or subsidisation continue or recur?

Orrcon submits that sufficient evidence exists for the Commission to conclude that the expiry of the measures would be likely to lead to a continuation or recurrence of dumping and subsidisation of HSS exported to Australia from China, and dumping of HSS exported from Korea, Malaysia, and Taiwan. Orrcon submits that the expiry of the measures would be likely to lead to dumping and subsidisation into Australia at margins at least equal to those found in the original investigation, if not higher.

In assessing the likelihood of dumping continuing or recurring, the Commission's Dumping and Subsidy Manual outlines several relevant factors and considerations. Such factors may include exporters' dumping margins, the volume of exports before and after the measures were imposed, the effect of the measures, the level of dumping compared with the level of measures, and any change in those measures (e.g., as a result of a review).² Orrcon addresses certain of these factors below.

1.1 Are exports likely to continue or recur?

Orrcon has considered whether exports would likely continue or recur in a reasonably foreseeable timeframe with regard to:

- import volumes of the goods from subject and non-subject countries since CON 590;
- maintenance of distribution channels/links to Australia;
- subject-country steel production capacities and capacity utilisation;
- the size and demand conditions within the Australian HSS industry; and
- trade remedies in other jurisdictions.

The following sections outline an assessment of these factors.

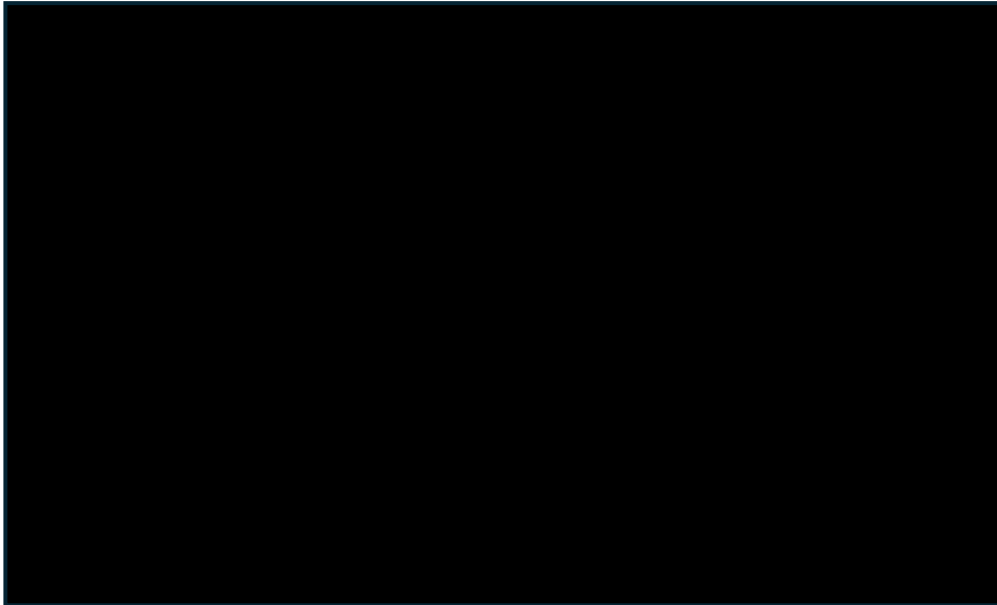
¹ The CON 590 inquiry period was FY2021 (July 2020 – June 2021).

² Dumping and Subsidy Manual, December 2021, p. 137.

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1.2.1 Import volumes and patterns of trade

Orrcon has assessed import volumes from all sources from 1 April 2022. Confidential Chart 1.1.1 below shows the annual Australian import volumes from China, Korea, Taiwan, Malaysia, and all other foreign sources:



Confidential Chart 1.1.1: Import volumes (Source: Appendix A2)

Confidential Chart 1.1.1 indicates that:

- imports from the subject countries have continued in material volumes across the four years ending March 2026. For the 12 months ending March 2026, these exports have grown when compared to the previous 12-month period; and
- imports from other countries, not subject to measures, account for the largest volume of the goods across the same period.

In light of this, Orrcon considers that Australia remains an attractive outlet for export sales for exporters of HSS.

1.1.2 Maintenance of distribution links to Australia

Orrcon submits that if the measures expire, importers, particularly steel import traders supplying Australian customers, would be likely to maintain and expand their ongoing trade relationships with subject-country exporters.

The existence of ongoing export trade from the subject countries to Australia, as shown in Appendix A2, indicates the presence of well-utilised distribution links. The continued export activity via these established supply channels would provide subject exporters an opportunity to increase sales volume if the measures expire.

1.1.3 Excess production capacity of the subject countries

Overcapacity in the global steel industry

Overcapacity relative to steel demand creates an environment in which goods are more likely to be exported at lower prices than sold domestically.

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In the *Steel Outlook 2025 (the 2025 report)* and *Steel Outlook 2026 (the 2026 report)*, the OECD pinpoints excess capacity as having weighed heavily on steel markets; that steel plant utilisation rates are well below the benchmark capacity utilisation rate of 80 percent, and substantial increases in capacity are planned worldwide in the next several years despite only modest global steel demand growth. The 2026 report confirms these trends have deepened: global steelmaking capacity reached 2,445 million tonnes in 2025, excess capacity climbed to 640 million tonnes, and capacity utilisation fell to 76 percent – well below sustainable levels.³

While capacity trends differ across individual countries, the common feature across all subject countries is the presence of structural surplus capacity relative to domestic demand, resulting in a sustained reliance on export sales.

Global steelmaking capacity has grown steadily since 2019, in contrast to the decline in world demand for steel during most of this period, with capacity reaching 2,472 million metric tonnes (mmt) in 2024 (on a comparable but not identical reporting basis).⁴ While these figures reflect differing reporting bases across OECD publications, both confirm a continued expansion in underlying global steelmaking capacity. China maintains the largest of this capacity, at approximately 46 percent of the world's total. The 2026 report confirms that by 2025, global capacity had increased further to 2,445 million tonnes, with partner economies accounting for 1,808 million tonnes, an increase of 1.9 percent from 2021. Global excess capacity is projected to worsen to approximately 745 million tonnes by 2028, equivalent to more than 1.2 times current total OECD steel production.

The 2025 and 2026 reports reinforce the reality being experienced across the global steel industry. The 2025 report noted:⁵

The divergence between capacity and demand growth has led to significant market imbalances, which are putting downward pressure on steel prices and the industry's profitability. Compounding these challenging market conditions is the surge in China's steel exports, which jumped to their highest level of 118.2 mmt in 2024, surpassing their previous peak seen during the global steel crisis of 2015-16. The surge in Chinese exports, stemming from the country's excess capacity and its deteriorating steel demand situation, has created significant problems for steel producers worldwide, depressing their utilisation rates and leading to some plant closures and capacity reductions of otherwise efficient steel production.

The 2026 report reinforces this picture, finding that excess capacity increased to 640 million tonnes in 2025, exceeding total OECD steel production by more than 320 million tonnes,⁶ with capacity utilisation rates falling to 76 percent and projected to decline further to 74 percent by 2028.⁷ Chinese exports reached a record 131 million tonnes in 2025, a 153 percent increase since 2020,⁸ with 27 new anti-dumping and countervailing duty cases initiated against China globally in that year alone.⁹

This capacity is expected to grow further. Information on announced investment projects in the 2025 report indicates that 63.5 mmt of gross capacity additions were underway worldwide for commissioning during the 2025–27 period. The 2026 report updates this picture: a further 46.7 mmt of gross capacity additions are currently underway for the 2026–28 period, with an additional 92.1 mmt in the planning stage, bringing potential gross additions to 138.8 mmt by 2028.¹⁰ A further 101.7 mmt of capacity additions are currently in the planning stage for possible commissioning during the same period.¹¹

³ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025. Chapter 2: Growing global steel excess capacity threatens the viability of the global steel industry. Page 24. See also: Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, Chapter 3: Global steelmaking capacity reaches new highs, pp. 37–39.

⁴ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025. Chapter 2: Growing global steel excess capacity threatens the viability of the global steel industry. Page 25.

⁵ Ibid.

⁶ Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, p. 13.

⁷ Ibid, p. 10.

⁸ Ibid.

⁹ Ibid, p. 17.

¹⁰ Ibid, p. 41.

¹¹ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025, p. 29.

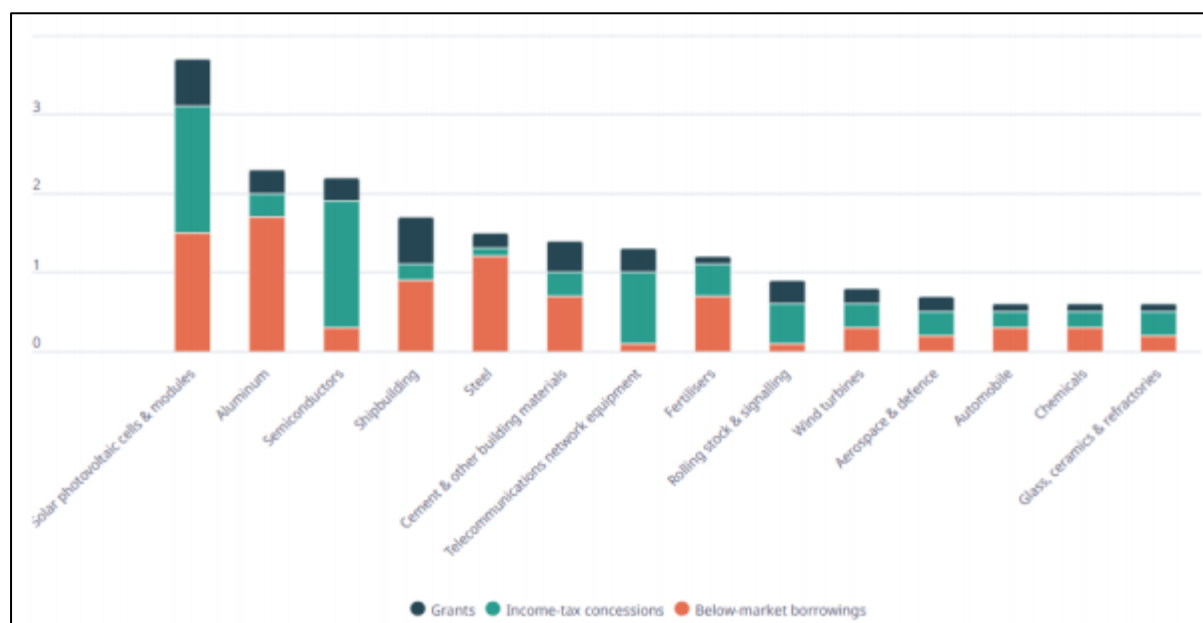
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According to the 2025 report, Asia was projected to see significant increases in steelmaking capacity. The 2026 report confirms this trend is accelerating: Asia has 24.3 mmt of capacity additions underway for commissioning in 2026–28, with an additional 59.7 mmt in the planning stage.¹² China and India together account for 83.8 percent of Asia's planned additions.¹³ The region has 29.8 mmt of capacity additions underway for commissioning in 2025–27, with an additional 66.8 mmt in the planning stage.¹⁴ In other regions, ...*steelmaking capacity additions are projected to increase over the next three years as follows: an increase of 4.5 mmt (+9.5%) in Africa; 6.6 mmt (+4.6%) in the CIS and Ukraine; 12.1 mmt (+5.9%) in the European Union; 21.7 mmt (+22.9%) in the Middle East; 12.5 mmt (+7.7%) in North America; and 1.5 mmt (+23.5%) in Oceania.*¹⁵

The 2025 and 2026 reports confirm that the steel industry is one of the most subsidised sectors, with this support fueling excess capacity. The 2026 report finds that China's median steel firm now receives subsidies 15 times higher relative to its asset size than the median firm elsewhere (up from 10 times in earlier years) with 59 new provincial and municipal subsidy programs introduced in China in 2025 alone.¹⁶ Within the industry:¹⁷

...larger steel firms have been more subsidised than smaller ones, and state-owned enterprises have received more subsidies than other firms. The People's Republic of China's subsidisation rate is ten times that of OECD countries. Government support for the steel sector has become increasingly prominent in regions where steelmaking capacity is rapidly expanding. In addition to government grants and below-market borrowings, measures include subsidised energy prices and preferential tax treatment.

Overall levels of subsidisation are rising significantly, with steel now comparable to other heavy industries historically in receipt of high levels of industrial subsidies:



Non-Confidential Chart 1.1.3: Industrial subsidies by sector (percentage of annual revenue), 2005–2022¹⁸

Areas and regions of rapidly expanding steelmaking capacity attract rapidly expanding levels of government support. Key subsidy types such as grants, below market borrowings, tax concessions, and the provision of

¹² Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, p. 42 (at Table 3.2).

¹³ Ibid, p. 42.

¹⁴ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025, p. 30.

¹⁵ Ibid.

¹⁶ Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, p. 50.

¹⁷ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025, p. 24.

¹⁸ Ibid, p. 35.

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steelmaking raw materials for less than adequate remuneration or market-based rates are shaping the steel industry, with implications for both domestic markets and the international trade in steel products.¹⁹

China

With China as the world's largest steel exporter and producer (producing approximately 52 percent of the world's crude steel in 2025²⁰), excess capacity in China is a major factor in the analysis of global steel trade, as excess capacity in China encourages Chinese manufacturers to seek export opportunities for their products.

According to the U.S. International Trade Administration, China is the world's largest steel exporter (2024 ranking).²¹ In 2025, China exported approximately 119.02 million tonnes of steel (according to Chinese Customs data), a 7.5 percent increase from 110.72 million tonnes in 2024.²² This is a new all-time record for Chinese steel exports, exceeding the previous historical peak of 112.4 million tonnes set in 2015.²³

Pointing to weakening domestic steel demand conditions, China's export share of production grew from approximately 11.0 percent in 2024 to approximately 12.4 percent in 2025, calculated against China's 2025 crude steel production of 960.8 million tonnes. This represents a 4.4 percent decline on 2024 and the lowest annual output in seven years.²⁴ Further indicative that the Chinese steel industry is exporting greater volumes at lower prices is that over the first ten months of 2025 China's average steel export price fell 8.7 percent year-on-year to \$US695 per tonne, while export volumes over the same period increased 6.6 percent year-on-year to 97.74 million tonnes.²⁵ Reported export volumes vary depending on source and product scope; however, all sources consistently indicate that Chinese steel exports have reached record or near-record levels.

Relevant to this application is that, in 2024, steel pipe & tube products accounted for approximately 11 million tonnes of Chinese steel exports. This represented a new historical high and an increase of 9.28 percent on 2023.²⁶ This export trend accelerated through 2025. In the first quarter of 2025, China's steel pipe & tube exports rose by 15.58 percent year-on-year (with seamless steel tube exports up 14.96 percent and welded steel tube exports up 16.23 percent), while the average export price fell 9.69 percent year-on-year to \$US1,025 per tonne.²⁷

The OECD has reported that nominal crude steelmaking capacity in China remained stable at 1,141.5 million tonnes in 2024. The 2026 report records a modest reduction to 1,135.5 million tonnes in 2025, reflecting partial implementation of China's capacity replacement policy. However, China is projected to lead global capacity expansion through 2028, with up to 38.6 mmt of new crude steel capacity planned – the largest single-country expansion projected anywhere in the world.²⁸ According to the World Steel Association (WSA), crude steel

¹⁹ Ibid, p. 37.

²⁰ https://worldsteel.org/data/annual-production-steel-data/?ind=P1_crude_steel_total_pub/CHN/WORLD_ALL (accessed 12 May 2026).

²¹ U.S. International Trade Administration, China Steel Exports Report, <https://www.trade.gov/data-visualization/china-steel-exports-report> (accessed 13 May 2026).

²² GMK Center reporting China Iron and Steel Association (CISA) data citing China Customs, "China increased steel exports by 7.5% y/y in 2025", 14 January 2026, <https://gmk.center/en/news/china-increased-steel-exports-by-7-5-y-y-in-2025/> (accessed 13 May 2026).

²³ Mysteel Global reporting General Administration of Customs of China (GACC) data, "GACC: China's steel exports climb 6.7% in Jan-Nov", 8 December 2025, <https://www.mysteel.net/news/5106397-gacc-chinas-steel-exports-climb-67-in-jan-nov> (accessed 13 May 2026).

²⁴ World Steel Association, "December 2025 crude steel production and 2025 global crude steel production totals", 23 January 2026, <https://worldsteel.org/media/press-releases/2026/december-2025-crude-steel-production-2025-global-crude-steel-production/> (accessed 13 May 2026).

²⁵ Caixin Global, "Beijing Moves to Rein in Steel Exports With New Licensing Rule", 13 December 2025, <https://www.caixinglobal.com/2025-12-13/beijing-moves-to-rein-in-steel-exports-with-new-licensing-rule-102392857.html> (accessed 13 May 2026).

²⁶ China Steel Pipe Industry Association data, summarised in Hunan Fushun Metal, Steel Tube Industry High-Quality Development 2024–2025: Production Regulation & Self-Discipline, <https://www.fushunsteeltube.com/steel-tube-industry-high-quality-development-2024-2025-production-regulation-self-discipline/> (accessed 13 May 2026).

²⁷ Ibid, at heading 3.2.

²⁸ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025. Chapter 2: Growing global steel excess capacity threatens the viability of the global steel industry. Page 27. Updated in Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, Chapter 3, Table 3.1 (records Chinese capacity at 1,135.5 Mt in 2025 and projects, at Table 3.2, up to 38.6 Mt of new capacity additions through 2028).

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production in China was 1,005.10 million tonnes in 2024.²⁹ 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 136.4 million tonnes, or approximately 11.9 percent.

Therefore, excess steelmaking capacity in China is apparent and likely to remain significant, and within the product category to which HSS belongs. The Chinese steel industry is heavily export-oriented, with a large proportion of crude steel production being exported as steel pipe & tube products.

South Korea

The OECD has reported that nominal crude steelmaking capacity in South Korea has remained stable at 81.6 million tonnes in 2024, since 2020. The 2026 report confirms this capacity remained unchanged in 2025, with combined Japan and Korea crude steel production declining a further 3.8 percent to 141.9 million tonnes and exports from Japan and Korea declining to 57.8 million tonnes in 2025.³⁰

According to the WSA, crude steel production in South Korea was 63.6 million tonnes in 2024.³¹ Assuming that nominal crude steelmaking capacity in South Korea remained constant at 81.6 million tonnes in that period, then excess steelmaking capacity in South Korea was 18 million tonnes, or approximately 22 percent.

Further, the WSA reports that South Korea exported 28.0 million tonnes in 2024.³² As a percentage of total crude steel production of 63.6 million tonnes in 2024, exports of semi-finished and finished steel products therefore represented almost 43 percent.

Korea's reliance on steel exports will be further encouraged as it continues to grapple with a prolonged downturn in domestic construction demand, sustained low-priced steel import competition principally from China, and depressed selling prices. Reports indicate that the continued sluggishness of the construction industry is likely to dampen domestic demand for steel.³³ The Korean industry is expected to see a slight increase in exports amidst sluggish domestic demand and efforts to remain competitive internationally.³⁴ Imports are also expected to increase due to the continued influx of low-priced Chinese steel products.³⁵

On steel pipe and tube specifically, South Korea produces significant volumes for export destinations, even though domestic demand for those products is very limited.³⁶

Malaysia

According to the World Steel Association, Malaysia was the world's 21st-largest crude steel producer in 2024, producing approximately 8.8 million tonnes, an increase of 17.3 percent compared to 7.5 million tonnes in 2023.³⁷ The Malaysian iron and steel industry is, however, export-oriented. In 2023, Malaysia exported 8.2 million tonnes of iron and steel products, an increase of 14.5 percent on 2022 (7.2 million tonnes), with exports effectively exceeding crude steel production in the same year reflecting the export of semi-finished products and

²⁹ <https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#major-steel-producing-countries2023-and-2024> (accessed 12 May 2026).

³⁰ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025. Chapter 2: Growing global steel excess capacity threatens the viability of the global steel industry. Page 27.

³¹ <https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#major-steel-producing-countries2023-and-2024> (accessed 12 May 2026).

³² <https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-1.pdf> at p. 14 (accessed 12 May 2026).

³³ Invest Korea, Korea's Steel Industry in the Era of Global Carbon Neutrality: Domestic Trends and Strategic Responses URL: https://www.investkorea.org/ik-en/bbs/i-5025/detail.do?ntt_sn=490802 (12 December 2024) (accessed 13 May 2026)

³⁴ Ibid.

³⁵ Ibid.

³⁶ Alliance for American Manufacturing, Global Steel Overcapacity Has Reached Crisis Levels, <https://www.americanmanufacturing.org/blog/global-steel-overcapacity-has-reached-crisis-levels/> (accessed 13 May 2026).

³⁷ World Steel Association, World Steel in Figures 2025, Major steel-producing countries 2023 and 2024, <https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025.pdf> at p. 5 (p. 9 of the pagination). (accessed 13 May 2026).

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inventory movements across the Malaysian steel supply chain.³⁸ Malaysia's principal iron and steel export markets in 2023 were Turkey (1.18 million tonnes), Hong Kong (1.04 million tonnes), Singapore (996,000 tonnes) and the United States (300,000 tonnes), with ASEAN collectively accounting for approximately 30 percent of total exports.³⁹

Significant structural over-supply exists in the Malaysian steel sector, with the overall steel capacity utilisation rate standing at only 39.1 percent in 2023, approximately half the global average of 75.7 percent.⁴⁰ Malaysia's installed crude steel capacity in 2023 was approximately 16.1 million tonnes, more than twice its domestic steel consumption of 7.9 million tonnes.⁴¹

Substantial further capacity additions have also been added/are underway in Malaysia. For example, *Eastern Steel* commissioned a 1.7 million-tonne-per-annum blast furnace at Kemaman in August 2023,⁴² while *Alliance Steel* is implementing a second-phase expansion in Kuantan that will add 6.5 million tonnes of crude steel capacity by 2026.⁴³ The Malaysian Iron and Steel Industry Federation (**MISIF**) is projecting total Malaysian crude steel capacity to rise to approximately 54.7 million tonnes by 2029–2030 if all announced projects eventuate.⁴⁴

MISIF has also characterised the ASEAN region as facing ...*overcapacity issues*... arising from ...*Chinese-owned mills [coming] on stream*, with the Malaysian industry calling on the Malaysian Ministry of Investment, Trade and Industry to ...*strengthen legislation and take a proactive stance*... against unfair imports.⁴⁵

In the calendar year 2024, monthly iron and steel export values declined sharply, with December 2024 exports falling 21.2 percent year-on-year to MYR 1.98 billion (from MYR 2.51 billion in December 2023), against a backdrop of weakening external demand and rising regional trade tensions.⁴⁶

Taiwan

According to the World Steel Association, Taiwan was the world's 13th-largest crude steel producer in 2024, producing 19.2 million tonnes.⁴⁷ Taiwan's steel industry is heavily export-oriented, with crude steel production having consistently outpaced apparent domestic consumption over the past decade, and the export share of production exceeding 50 percent throughout the same period.⁴⁸

Taiwan's crude steel production peaked at approximately 23.2 million tonnes in 2018, declined to 21.95 million tonnes in 2019, contracting further to 20.8 million tonnes in 2022, 19.1 million tonnes in 2023 and 19.2 million tonnes in 2024. This represents a cumulative reduction of approximately 17 percent from the 2018 peak,

³⁸ Malaysian Iron and Steel Industry Federation (MISIF), 15th Report on the Status & Outlook of the Malaysian Iron and Steel Industry 2024/2025, summarised in The Edge Malaysia, Government recognition of steel industry as a strategic sector is a game changer, says Misif, 4 March 2025, <https://theedgemaalaysia.com/node/745562> (accessed 13 May 2026).

³⁹ Ibid.

⁴⁰ MISIF, summarised in Malaysian Investment Development Authority (MIDA), Mapping Malaysia's steel sector journey, 6 August 2024, <https://www.mida.gov.my/mida-news/mapping-malaysias-steel-sector-journey/> (accessed 13 May 2026).

⁴¹ Ibid; and Fastmarkets, Green steel blooms in Malaysia, but new moratorium could make or break it, 27 March 2024, <https://www.fastmarkets.com/insights/green-steel-blooms-in-malaysia-but-new-moratorium-could-make-or-break-it/> (accessed 13 May 2026).

⁴² GMK Centre, <https://gmk.center/en/news/malaysias-eastern-steel-launches-second-blast-furnace/> (accessed 13 May 2026).

⁴³ South East Asia Iron and Steel Institute, Alliance Steel targets another 6.5mty capacity in 2026, <https://www.seaisi.org/details/23957?type=news-rooms>

⁴⁴ South East Asia Iron and Steel Institute (SEAIISI), Tackling the Perennial Overcapacity Issue in the ASEAN Steel Industry, <https://www.seaisi.org/details/24754?type=news-rooms> (accessed 13 May 2026).

⁴⁵ The Edge Malaysia, <https://theedgemaalaysia.com/node/753933> (accessed 13 May 2026).

⁴⁶ The Observatory of Economic Complexity, Iron & steel in Malaysia, <https://oec.world/en/profile/bilateral-product/iron-steel/reporter/mys> (accessed 13 May 2026).

⁴⁷ World Steel Association, World Steel in Figures 2025, Major steel-producing countries 2023 and 2024, <https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025.pdf> at p. 5 (p. 9 of the pagination) (accessed 13 May 2026).

⁴⁸ U.S. International Trade Administration, Steel Exports Report: Taiwan, <https://legacy.trade.gov/steel/countries/pdfs/2018/annual/exports-taiwan.pdf> (accessed 13 May 2026).

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reflective of Taiwanese producers curtailing output in response to weakening global demand and intensifying competition from Chinese-origin product.⁴⁹

China Steel Corporation, Taiwan's largest integrated steelmaker, had a nameplate crude-steel capacity of approximately 10 million tonnes per annum in 2024, with the country's electric-arc-furnace producers (Tung Ho Steel, TSG affiliates, An Feng and Yieh Loong) adding an estimated 9 – 13 million tonnes per annum of nameplate capacity. This equates to total Taiwanese annual installed crude-steel capacity of approximately 22–23 million tonnes, and an implied utilisation rate of approximately 83 – 87 percent in 2024.⁵⁰

A structural feature of the Taiwanese steel industry that contributes to over-supply is the limited size of domestic downstream demand. China Steel Corporation has acknowledged that the principal constraint facing the Taiwanese steel sector is structural, observing that *...unlike Japan or Korea, Taiwan lacks large-scale downstream industries such as automaking and shipbuilding to anchor demand...*⁵¹ Industry analysts have likewise observed that Taiwan's steel consumption is too narrow to absorb domestic production at design capacity, requiring Taiwanese producers to clear volumes not absorbed by domestic demand through export sales, including at reduced prices where necessary to maintain sales volumes.⁵²

This structural imbalance has been aggravated by a sharp and material escalation in low-priced steel imports into Taiwan from China. Imports of Chinese hot-rolled steel into Taiwan increased approximately 50-fold over the period 2018 to 2023, reaching approximately 750,000 tonnes in 2023 and accounting for more than half of Taiwan's domestic hot-rolled steel demand.⁵³

The combined effect of structural domestic over-supply and intensifying low-priced import pressure into Taiwan's own market is that Taiwanese steel producers face a persistent imperative to export surplus volumes, at falling prices. This is reflected in the four consecutive years of declining Taiwanese iron and steel export values (USD 22.67 billion in 2022, USD 17.10 billion in 2023, USD 16.14 billion in 2024, USD 14.70 billion in 2025), an aggregate nominal decline of approximately 35 percent, suggesting that volumes have been consistent while unit prices have fallen.⁵⁴

The OECD articulated in the 2025 report that global steelmaking excess capacity was projected to rise to approximately 721 million tonnes by 2027 (up from approximately 602 million tonnes in 2024), with Asia and the Middle East/North Africa being the principal contributors to this rising surplus. The 2026 report confirms and intensifies this outlook: excess capacity has already reached 640 million tonnes in 2025 and is now projected to reach 745 million tonnes by 2028 – with Asia and MENA continuing to drive the expansion. Taiwanese producers are exposed to exactly the competitive forces the OECD describes, as declining iron and steel export values and persistent structural oversupply demonstrate.⁵⁵

⁴⁹ World Steel Association, World Steel in Figures 2025, "Major steel-producing countries 2023 and 2024", <https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025.pdf> (accessed 13 May 2026); historical 2018–2019 production figures sourced from World Steel Association data reproduced at Statista, "Crude steel production volume in Taiwan from 2009 to 2019", <https://www.statista.com/statistics/1075450/taiwan-crude-steel-production/>.

⁵⁰ Wikipedia, "Steel industry in Taiwan", https://en.wikipedia.org/wiki/Steel_industry_in_Taiwan (accessed 13 May 2026), citing data from the Taiwan Steel & Iron Industries Association. Capacity utilisation derived by from Worldsteel 2024 production data divided by estimated installed capacity of 22–23 million tonnes.

⁵¹ CommonWealth Magazine (Taiwan), Taiwan's Struggle Against China's Oversupply Wave: Beer, Steel, and Cement Under Siege, 20 August 2025, <https://english.cw.com.tw/article/article.action?id=4285> (accessed 13 May 2026).

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Taiwan Ministry of Finance trade statistics, reported in SteelOrbis, Taiwan's iron and steel export value down nine percent in 2025, <https://www.steelorbis.com/steel-news/latest-news/taiwansironandsteellexportvaluedown-nine-percent-in-2025-1428972.htm>; "Taiwan's iron and steel export value down 5.7 percent in 2024", note 8; and Taiwan's iron and steel export value down 24.4 percent in 2023, <https://www.steelorbis.com/steel-news/latest-news/taiwans-iron-and-steel-export-value-down-244-percent-in-2023-1323018.htm> (accessed 13 May 2026).

⁵⁵ Organisation for Economic Co-operation and Development, OECD Steel Outlook 2025, May 2025, https://www.oecd.org/en/publications/2025/05/oecd-steel-outlook-2025_bf2b6109.html (accessed 13 May 2026).

Overcapacity in the subject countries

Given the above evidence of excess steel capacity in China, Korea, Malaysia and Taiwan, together with the export-oriented nature of those industries and the downward pressure on prices identified above, Orrcon submits that subject-country HSS producers will maintain and seek to expand export supply channels, including those to Australia.

1.1.4 Trade measures in other jurisdictions

According to the World Trade Organisation *Integrated Trade Intelligence Portal*, a total of 133 anti-dumping and countervailing measures are currently imposed by WTO member countries on steel pipe & tube, as classified to the six-digit tariff subheadings for 7306.30, 7306.50, 7306.61, and 7306.69.⁵⁶

In addition to anti-dumping measures, global steel trade continues to be affected by other forms of trade defence measures relating to the goods. Throughout 2024 and 2025, a number of countries introduced or reinforced measures to protect their steel industries from increased excess-capacity-driven imports in recent years. The U.S. Section 232 measures and subsequent retaliatory actions represent the most significant of these recent trade developments affecting the global steel trade.

Orrcon submits that the implementation of trade defence mechanisms in other jurisdictions is a factor that influences global trade by altering comparative access to export destinations. Expiry of the measures may therefore make Australia a comparatively more attractive and accessible export destination for exporters from the subject countries, increasing the likelihood of trade diversion to Australia.

1.1.5 Conclusion

Orrcon contends that should the measures expire, exports from the subject sources are likely to continue on the basis that:

- exports of the goods to Australia have continued following the continuation of measures in 2021;
- exporters have maintained distribution links to Australia;
- exporters are domiciled in economies with spare production capacity; and
- Australia remains an attractive and accessible export destination for subject exporters given trade barriers in other developed markets.

1.2 Are dumping and subsidisation likely to continue or recur?

1.2.1 Continuation No. 590

In Report No. 590 (**REP 590**) to CON 590, the Commission calculated and applied the following dumping and subsidy margins for the FY2021 inquiry period:

Country	Exporter	Dumping margin	Subsidy margin
China	Dalian Steelforce	9.4%	N/A
	Huludao	30.4%	N/A
	Hengshui Jinghua	9.4%	0.0%
	Tianjin Ruitong	9.4%	8.4%
	Youfa Steel Pipe No.1	9.4%	3.3%
	Youfa Steel Pipe No.2	9.4%	3.3%
	Tangshan Youfa	9.4%	3.3%
	Tangshan Zhengyuan	9.4%	3.3%
	All other exporters	30.4%	51.0%
Korea	Hi-Steel	-9.3%	N/A

⁵⁶ Non-Confidential Attachment 3: WTO Integrated Trade Intelligence Portal (extract made 13 May 2026).

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	All other exporters	13.8%	
Malaysia	All exporters	20.8%	N/A
Taiwan ⁵⁷	Shin Yang	-0.7%	N/A
	Ta Fong	-1.9%	
	Tension Steel	0.8%	
	All other exporters	23.5%	

Non-Confidential Table 1.2.1: CON 590 dumping and subsidy margins⁵⁸

In REP 590, the Commission considered that the expiry of the measures would be likely to lead to the above exporters reducing prices to compete with lower-priced exports from other countries and therefore to a continuation or recurrence of dumping and subsidisation by all exporters from China, Malaysia and Taiwan, and all exporters from Korea other than HiSteel.⁵⁹

1.2.2 Current estimated dumping and subsidy margins – China

In CON 590, the Commission determined that a particular market situation (**PMS**) existed in the Chinese domestic HSS market for the FY2021 investigation period. The PMS renders sales in the Chinese market unsuitable for use in determining normal values that would permit proper comparison with export prices in calculating dumping margins.⁶⁰ Chinese normal values were therefore calculated as follows:⁶¹

- the cost of production of the goods in China, which was calculated using the CTM for Dalian Steelforce, with its Hot Rolled Coil (**HRC**) costs adjusted by reference to an international benchmark;
- SG&A on the assumption that the goods, instead of being exported, were sold for home consumption in the OCOT in the country of export based on the company's records in accordance with section 44(2) of the Regulation; and
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in accordance with section 45(3) of the Regulation.

Orrcon submits that a PMS continues to exist in relation to Chinese HSS. Orrcon has applied a constructed normal value methodology to calculate current normal values for Chinese HSS and has estimated that the goods were exported from China at dumped prices during the proposed inquiry period. Orrcon has calculated monthly weighted average dumping margins across the period of up to [XX] percent for all exporters of the goods from China.

Orrcon's calculation of the estimated dumping margin is contained at Confidential Attachment 1.2.2. Critically, the level of dumping estimated for all exporters of the goods from China during the proposed inquiry period exceeds the level of measures currently imposed against exporters previously deemed cooperative.

On subsidisation, and according to the OECD, China's steel subsidisation rate was five times higher than the average for other 'partner' economies in the 2025 report. The 2026 report updates this finding: China's median subsidisation rate is now 15 times higher relative to asset size than the median firm elsewhere – up from 10 times in prior years – driven by 59 new provincial and municipal subsidy programmes introduced in 2025. As the 2026 report confirms, China's steel subsidisation rate is substantially higher than the average for other 'partner' economies,⁶² which are in turn double the rate of subsidisation of OECD countries:

⁵⁷ For Taiwanese subject exporters, the Floor Price form of measure was imposed. For all other exporters, the Combination form of measure was imposed. Refer REP 590, at p. 148.

⁵⁸ REP 590, p. 117.

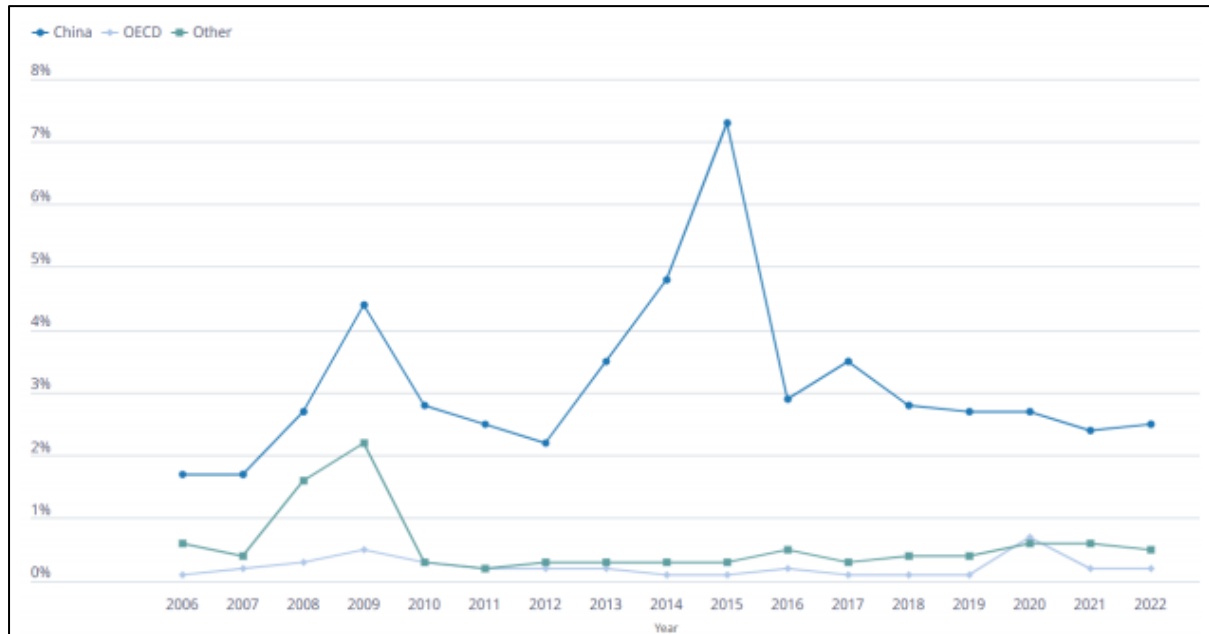
⁵⁹ Ibid, p. 128.

⁶⁰ Ibid, p. 157.

⁶¹ Ibid, p. 78.

⁶² Partner economies are defined in the OECD's 2025 and 2026 reports to mean any group of countries/economies that are not members of the OECD.

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Non-Confidential Chart 1.2.2: Steel Subsidisation Rates (percentage of firm revenues), 2006 – 2022⁶³

According to the OECD, areas and regions of rapidly expanding steelmaking capacity attract rapidly expanding levels of government support. Key subsidy types such as grants, below-market borrowings, tax concessions, and the provision of steelmaking raw materials for less than adequate remuneration/market rates are shaping the steel industry, with implications for both Chinese domestic steel sectors and the international trade in steel products.⁶⁴ The 2026 report reinforces this finding, documenting that 59 new steel-related subsidy programmes were implemented at the Chinese provincial and municipal level in 2025, including output-linked grants, large-scale preferential credit schemes with no capacity-reduction conditions, and export-competitiveness instruments that explicitly link support to export performance – measures that directly facilitate the continuation of below-cost exports.

Government support in China is noteworthy. Under the current five-year plan (2021-2025), the Chinese government is providing financial incentives and support mechanisms focusing primarily on energy efficiency, emission reduction technologies and the development of advanced materials, aligning with the nation's commitment to slow carbon emissions before 2030, with a view to achieving carbon neutrality by 2060. The government has also increased fiscal, taxation and financial support aimed at driving industrial value growth in the steel industry. These programs focus on achieving a target growth of over 4 percent industrial value growth in 2024.⁶⁵

Orrcon therefore submits that Chinese HSS producers continue to benefit from substantial subsidies conferred by federal and sub-federal levels of government. The information reasonably available to Orrcon makes clear that most of these subsidies may be either specifically provided to, or benefit, producers of the subject goods and have provided countervailable benefits for HSS production.

1.2.3 Current estimated dumping margins – Korea/Malaysia/Taiwan

Orrcon has estimated that the goods were exported from Korea, Malaysia, and Taiwan during the proposed analysis period at dumped prices and has calculated monthly weighted average dumping margins across the period of up to [XX] percent for all exporters.

⁶³ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025. Chapter 3, p. 36. See also: Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, Chapter 4: Steel subsidies continue to increase, severely distorting markets.

⁶⁴ Non-Confidential Attachment 1: OECD Steel Outlook 2025, 27 May 2025, Chapter 3. See also Non-Confidential Attachment 2: OECD Steel Outlook 2026, 4 June 2026, Chapter 4 (documents 59 new provincial and municipal steel subsidy programmes in China in 2025 including output-linked grants and export competitiveness instruments).

⁶⁵ Ibid, Chapter 3, p. 40-41.

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Orrcon's calculation of these estimated dumping margins are contained in Confidential Attachment 1.2.2.

On Korea specifically, Orrcon makes the following assessment as directly relevant to variable factor determinations for this proposed continuation inquiry:

Korean HRC price formation and HSS normal values

Orrcon submits that the Commission's recent findings in Statement of Essential Facts to continuation inquiry 689 (**SEF 689**) concerning precision pipe and tube (**PPT**) provide a strong basis for assessing whether Korean HRC costs used by Korean HSS producers reflect costs formed under competitive conditions. PPT and HSS are closely analogous downstream pipe and tube products, both using HRC as the principal steel input. Accordingly, unless the Commission identifies evidence distinguishing HSS from PPT, the same reasoning should inform the determination of normal values for Korean HSS exports in this continuation inquiry.

In Final Report No. 658 (**REP 658**), the Commission found that Chinese HRC prices were affected by Government of China (**GOC**) influence and were substantially below prices that would prevail under competitive conditions. In SEF 689, the Commission then discarded Korean domestic steel coil prices as a benchmark for the cost of HRC absent that distortion, including because Korea was the largest importer of HRC from the cooperating Chinese exporters and Korean steel coil prices were likely influenced by Chinese exports of steel coil.

Commission findings concerning Chinese and Korean HRC pricing

In REP 658, the Commission first determined that a PMS existed in relation to Chinese HRC. In particular, the Commission found that Chinese HRC prices were affected by GOC influence and were substantially below prices that would prevail under competitive conditions. That finding is the starting point for the analysis in this inquiry. It establishes that Chinese HRC exports are not priced by reference to ordinary competitive conditions.

In SEF 689, the Commission then considered the implications of those findings for Korean HRC prices concerning PPT. In section 6.3.5 of SEF 689, the Commission discarded the domestic price of steel coil in Korea as the benchmark for the cost of HRC absent GOC distortion. The Commissioner's reasons were that:

- information obtained in REP 658 demonstrated that Korea was the largest importer of HRC from the cooperating Chinese exporters in the REP 658 investigation period; and
- the Commission's MEPS price analysis at Figure 6 of SEF 689 indicated that Korean steel coil prices were likely more influenced by Chinese exports of steel coils than Japanese prices were.

These findings are significant for a new HSS continuation inquiry because they show that the Commission has already accepted the relevant causal link: distorted Chinese HRC exports can affect price formation in Korea such that Korean domestic HRC prices may not provide a reliable basis for determining undistorted HRC costs. On that basis, Korean HRC costs should not be assumed to reflect conditions that would prevail absent the identified distortion for the purpose of determining normal values for Korean HSS exports.

Relevance of an externally caused PMS

Section 269TAC(2)(a)(ii) and the Commission's Dumping and Subsidy Manual (**the Manual**) provide that a PMS may arise where there are "a factor or factors" affecting the relevant market in the country of export. The relevant inquiry is whether conditions in the market render prices substantially different from those that would prevail under competitive conditions. Neither section 269TAC(2)(a)(ii) nor the Manual limits the source of the relevant factor to intervention by the government of the country of export; the relevant question is the effect on prices and pricing conditions, not solely the place where the distortion originated.⁶⁶

⁶⁶ Section 269TAC(2)(a)(ii); Anti-Dumping Commission, Dumping and Subsidy Manual (December 2021).

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The Commission's findings identify the pathway by which the Chinese HRC PMS may affect Korean HRC price formation:

- Chinese HRC is subject to a PMS, with prices substantially below those that would prevail absent GOC influence (REP 658, Appendix A);
- Korea was the largest single destination for HRC exported by the cooperating Chinese exporters in the REP 658 investigation period (SEF 689, section 6.3.5, citing information obtained in REP 658); and
- Korean domestic HRC prices were materially influenced by the distorted prices of Chinese HRC imports (SEF 689, section 6.3.5 and Figure 6).

Orrcon therefore submits that Korean HRC prices are not formed under conditions of ordinary competition. A substantial portion of HRC supply into Korea is priced by reference to, and competes against, Chinese HRC imports that the Commission has found to be the product of a PMS. The relevant distortion does not need to originate within Korea if, as the Commission has found in SEF 689, it materially affects Korean HRC prices. In SEF 689, that was sufficient for the Commissioner to render Korean HRC prices unsuitable for use as a competitive benchmark.

Application to HSS

The above contemporary findings have direct consequences for HSS because HRC is the principal steel input used in its production.⁶⁷

Korean producers of HSS obtain their HRC input either domestically or from imports priced by reference to Korean domestic HRC conditions. Either way, the HRC input cost is formed in, or by reference to, Korean HRC pricing conditions that the Commission has found in SEF 689 were influenced by distorted Chinese exports of steel coil.

The Commission has consistently found that distortion in the cost of HRC supports a PMS finding for HRC-derived products. Recent Commission findings applying that approach include REP 550 concerning PPT, REP 590 concerning HSS, REP 610 concerning aluminium zinc coated steel, REP 611 concerning zinc coated steel and SEF 689 concerning PPT.

Orrcon submits that the same reasoning should inform the Commission's assessment of HSS exported from Korea. If the recorded HRC costs of Korean HSS producers are affected by the transmission of distorted Chinese HRC pricing into Korean HRC price formation, those costs may not reflect costs formed under competitive conditions. In those circumstances, HSS selling prices in the Korea may also fail to provide a reliable basis for determining normal values.

Normal value / dumping margin relevance

In this application, Orrcon has calculated prima facie dumping margins for Korean HSS using two alternative constructed normal value methodologies: first, by reference to quoted Korean HSS cost benchmarks (plus SG&A, plus profit); and second, by using an undistorted Japanese HRC benchmark (plus SG&A, plus profit), consistent with the benchmark approach adopted in SEF 689. The respective calculations are set out in Confidential Attachment 1.2.2. The Japanese HRC benchmark-based methodology produces a higher dumping margin which Orrcon submits more accurately reflects the extent of dumping by Korean HSS exporters because it removes the effect of distortions affecting Korean HRC input costs. Orrcon submits that the Commission may adopt that methodology, or otherwise determine an appropriate undistorted HRC benchmark on the evidence obtained in this continuation inquiry.

⁶⁷ As repeatedly verified by the Commission throughout the current terms of the HSS measures, most recently in CON 591 where it concluded that HRC costs represented a significant and broadly consistent proportion of the CTM of the goods and like goods. This was depicted at table 25 of REP 591 (p. 170) where HRC was assessed to comprise between 83 and 97 percent of the total cost to make HSS. Refer https://www.industry.gov.au/sites/default/files/adc/public-record/590_-_041_-_report_-_final_report_-_rep_590.pdf

1.2.4 Conclusion

Orrcon has estimated that the goods exported from China, Korea, Malaysia and Taiwan were exported at dumped prices, and that that Chinese HSS producers and exporters continued to receive countervailable subsidies. Given established patterns of trade via well-maintained distribution links, Orrcon submits that exporters of the goods to Australia from the subject countries would be likely to maintain, and increase, their levels of export sales volumes in the absence of measures.

Orrcon submits that it is likely that the expiry of the measures would be likely to improve the competitiveness of the goods exported to Australia from the subject countries, and would encourage importers to acquire the subject goods from China at dumped and subsidised prices, and from Korea, Malaysia, and Taiwan at dumped prices, and in greater volumes.

In these circumstances, Orrcon submits that exports of the goods at dumped prices and subsidised prices by exporters from China,⁶⁸ and at dumped prices by exporters from Korea, Malaysia, and Taiwan, would be likely to continue if the measures expire.

2. Will material injury continue or recur?

An assessment as to whether the expiry 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, Orrcon has presented the economic condition of the Australian industry in the requisite formats, namely:

- volume and value of imports, and sources of imports: Orrcon has completed Confidential Appendix A-2 as part of this application;
- sales and market shares of all suppliers: Orrcon has referenced Australian import statistics from **[confidential text deleted: import data sources]** in estimating imported sales volumes and values. In conjunction with Confidential Appendix A-6.1, market share can be assessed. Refer Confidential Appendix A-2; and
- performance of the local industry (profits, price trends, investment, and employment): Orrcon has provided Confidential Appendix A-6 and Confidential Appendix A-7 as part of this application.

Orrcon submits that, if the measures applicable to HSS exported from the subject countries expire on 3 July 2027, material injury to the Australian industry would be likely to continue or recur.

2.1 The likely effect on prices, volumes and profits

CON 590

In CON 590, the Commission determined that the expiry of the measures would be likely to lead to a recurrence of injury to the Australian industry in the form of reduced sales volume and market share, as well as other factors related to volume injury, such as profit, profitability and capacity utilisation.⁶⁹

On the likely effect on prices, revenue and profitability, the Commission characterised the Australian HSS market as a commodity market where price is the major factor in purchasing decisions.⁷⁰ Absent measures, exporters from the subject countries would likely reduce prices to compete with lower priced exports not currently subject to measures, as well as with HiSteel.⁷¹

⁶⁸ Noting the exception of those Chinese exporters, Dalian Steelforce and Yantai Aoxin, as excluded from the countervailing measures in INV 550.

⁶⁹ REP 590, p. 14.

⁷⁰ Ibid, beginning p. 13.

⁷¹ Ibid.

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The Commission concluded that the Australian industry would respond by lowering its own prices to remain competitive and maintain sales volumes, causing price depression and consequential injury to sales revenue, profit and profitability.⁷²

On the likely effect on volumes, the Commission considered that, but for the COVID-19 disruption to global supply chains, export volumes from the subject countries and other countries would likely have been higher, and that as supply chains stabilise, the industry's gains in sales volume and market share would be vulnerable to increased export competition.⁷³ In the absence of measures, the Commission considered that subject exporters would reduce prices to compete with lower priced exports from other countries, and that if the Australian industry were unable to follow those prices down, it would lose market share and sales volume, with flow-on effects on profit, profitability and capacity utilisation.⁷⁴

On the continuation/recurrence of material injury, the Commission considered that the combined effect of continued dumped exports from China, Korea, Malaysia and Taiwan, and subsidised exports from China, would place downward pressure on prices in the Australia.⁷⁵ Consistent with the evidence of excess capacity and export-oriented production in the subject countries outlined above, these exports were driven by a structural imperative to maintain production volumes through external markets, including at reduced prices. Consequently, the Australian industry would be likely to experience price depression and/or a material erosion of the improvements made since the measures were last continued in relation to sales volumes, market share, sales revenue, profit and profitability.⁷⁶

The Commission was satisfied that the combination of these factors would meet the threshold of material injury, and accordingly that the expiry of the measures would be likely to lead to a continuation or recurrence of that material injury, including in the form of lower sales volumes, market share, sales revenue, profit and profitability.⁷⁷

The current competitive dynamic

Orrcon offers prices that are either directly or indirectly based on an import parity price (IPP) [**confidential text deleted: IPP details**]. That IPP is, in turn, influenced by the prices of imported goods supplied from excess-capacity steel-producing economies, where exporters seek to maintain utilisation rates through competitively priced exports.

Competition with those imports results in lower achievable prices than would otherwise prevail in the absence of such imports. These price reductions bring Orrcon's prices to a level closer to those of the imported goods, albeit sometimes slightly higher due to the domestic price premium that reflects the cost Orrcon incurs to offer its customers the benefits of local supply chain and customer service.

Orrcon's view of the likely effect on prices, sales volumes and profits if the measures were to expire involves an analysis of export volume and pricing patterns, including price undercutting (where known), for the countries subject to measures to determine if injury is likely to continue or recur.

Price undercutting occurs when imported goods are sold into the Australia at prices below those of Australian manufactured like goods, to customers at the same level of trade. Orrcon must compete with importers of the goods on the basis of price. As such, it must reduce prices to compete with those of importers.

In its IPP analysis, Orrcon has compared the prices offered to its customers with those of competing importers. Orrcon's price undercutting analysis captures the [**confidential text deleted: pricing details**]. As shown below,

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

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the evidence indicates that the prices achieved have been depressed and suppressed, reflecting the pricing behaviour of subject-country exporters operating under conditions of excess capacity and export dependence, and that materially injurious volume effects have also continued.

Orrcon refers the Commission to Confidential Attachment 2.1 for full details of the above. The injury case studies provided depict either one or a combination of declining revenues, gross margins, and/or volumes by virtue of customers increasingly sourcing HSS from the subject countries. Orrcon has identified the sources from which it believes each customer has sourced dumped imported HSS.

The CON 590 assessment and the current assessment indicate that, as a matter of probability, imports HSS from subject countries would be likely to continue to cause material injury to the Australian industry in the absence of measures, particularly in circumstances where excess capacity in those countries creates a sustained incentive to increase export volumes and compete on price in external destinations such as Australia.

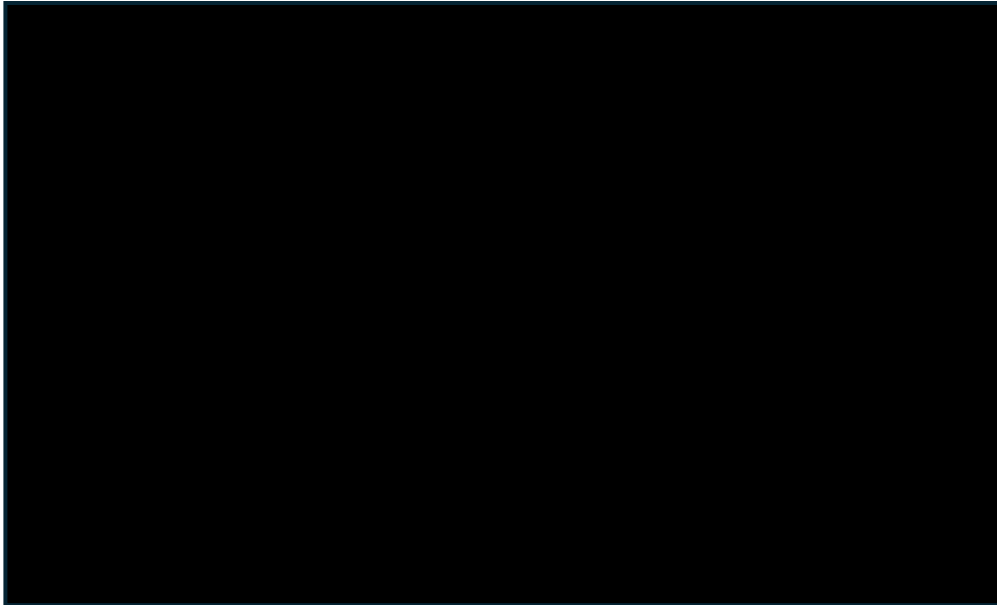
2.2 The likely volume of imports would be significant in the absence of measures

In evaluating the likely volume effects of subject imports if the measures expire, the Commission considers whether the likely volume of the subject goods would be significant and materially injurious. Relevant factors include production capacity and existing unused capacity, market size and share, changes in the structure and operation of the market since the measures were imposed, and the extent to which subject-country producers are export-oriented.⁷⁸ In this regard, the substantial excess capacity identified in the subject countries indicates that producers have both the ability and incentive to increase export volumes to Australia in the absence of measures. Taken together, and having regard to the matters addressed below and in the preceding sections, these factors indicate that the likely volume of HSS exports from the subject countries would be significant if the measures expire.

The evidence indicates that the expiry of measures would be likely to result in materially injurious volume effects, including reduced sales volumes and market share, as excess-capacity-driven exporters seek to redirect or expand export volumes into accessible export destinations such as Australia.

As indicated in section 1.2.1 above, exports of the subject goods to Australia have increased during a period of market growth. This has, however, coincided with a declining share to the Australian industry, and stability in share by non-subject countries. This indicates strong distribution links and demonstrates the continued competitiveness of subject HSS in Australia. Over the four years ending March 2026, the composition of the total Australian HSS market can be represented as follows:

⁷⁸ Dumping and Subsidy Manual, December 2021, p. 137-138.



Confidential Chart 2.2: HSS market composition, YE Mar. 2023 – YE Mar. 2026⁷⁹

On a metric tonne basis, the Australian HSS market increased by approximately [XX] percent from YE Mar. 2023 to YE Mar. 2026. Over this period, Australian industry share declined by [XX] percent, while subject imports increased share by [XX] percent.⁸⁰ The Australian industry and Orrcon's declining share of a growing market has coincided with increasing subject-import share. This has and will continue to be materially injurious to the Australian industry.

Following an application by the Australian industry, the Commission conducted anti-circumvention inquiry no. 685 into whether the existing HSS measures were being circumvented by the importation of HSS that had been slightly modified by the addition of holes at the end of the section, along its length, or both. In its final report dated 7 May 2026 (**REP 685**), the Commission found that circumvention activity had occurred and amended the original notices to include *...any [HSS] sections with holes (including those created by drilling, punching, piercing, cutting or otherwise) at the end of the section or along its length (or both)*.⁸¹ The amended measures now apply to HSS where those goods have holes at the end of the section or along its length.⁸²

The finalised outcome of Inquiry 685 is relevant to this continuation application as it provides contemporaneous evidence of the commercial incentives and supply channels that operated while the measures were in force. The Commission found that the relevant goods were HSS that had been slightly modified from goods subject to measures. That finding is probative of continuing commercial relationships between subject-country exporters and Australian importers, an established Australian demand channel, and a willingness to adapt supply arrangements in response to the duty consequences of the original notices.

Following the amendment of the notice, those slightly modified goods are now within the scope of the measures. However, if the measures expire, the commercial discipline imposed by both the original and amended notice would fall away. Exporters would no longer need to rely on minor physical modifications, or alternative import pathways, to avoid the duty consequences that would otherwise attach to supplying HSS to Australia. The findings in REP 685 therefore support Orrcon's submission that subject-country exporters and Australian importers have maintained established pathways for HSS supply notwithstanding the measures. In the absence of measures, those pathways would be likely to support increased volumes of subject goods without the need for the minor modification that gave rise to Inquiry 685.

⁷⁹ Confidential Appendix A2.

⁸⁰ Ibid.

⁸¹ Anti-Dumping Commission, Final Report No. 685, Anti-Circumvention Inquiry into the Slight Modification of Goods, Hollow Structural Sections Exported from the People's Republic of China, the Republic of Korea, Malaysia and Taiwan, 7 May 2026; Anti-Dumping Notice No. 2026/064.

⁸² Ibid.

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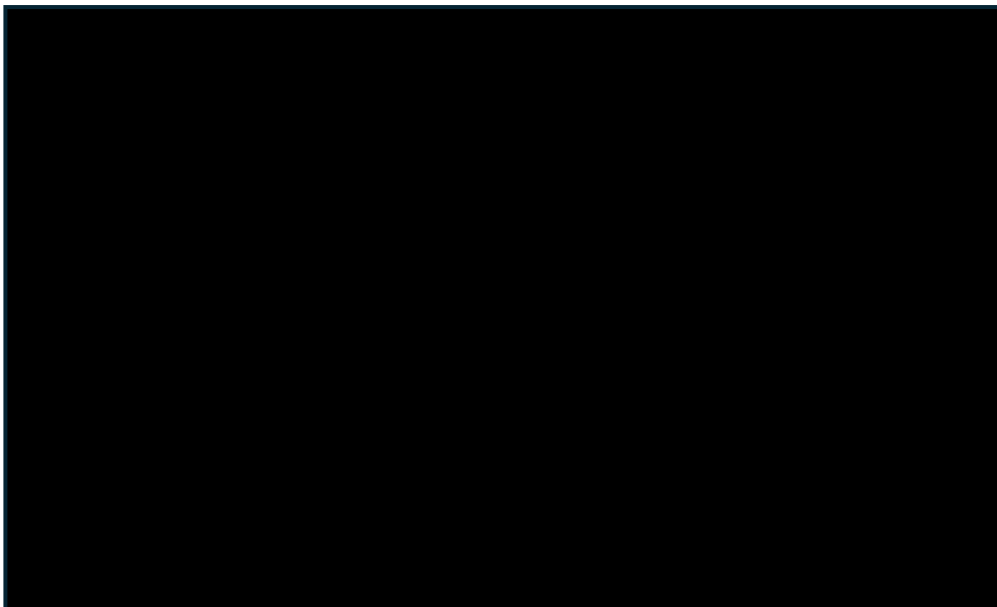
On that basis, the finalised Inquiry 685 outcome is relevant to the Commission's assessment of likely import volumes, and supports Orrcon's submission that material injury would be likely to continue or recur if the measures expire.

2.3 The likely price and profit effects would be significant in the absence of measures

In considering the likely price effects of subject imports, the Commission considers whether there is likely to be significant undercutting by the subject imports, and whether the subject imports are likely to enter the Australia at prices that otherwise would have a significant depressing or suppressing effect on domestic like product prices. In this proposed continuation review, the evidence relating to these factors demonstrates that the likely price effects of subject-country HSS imports on the domestic like goods would be significant.

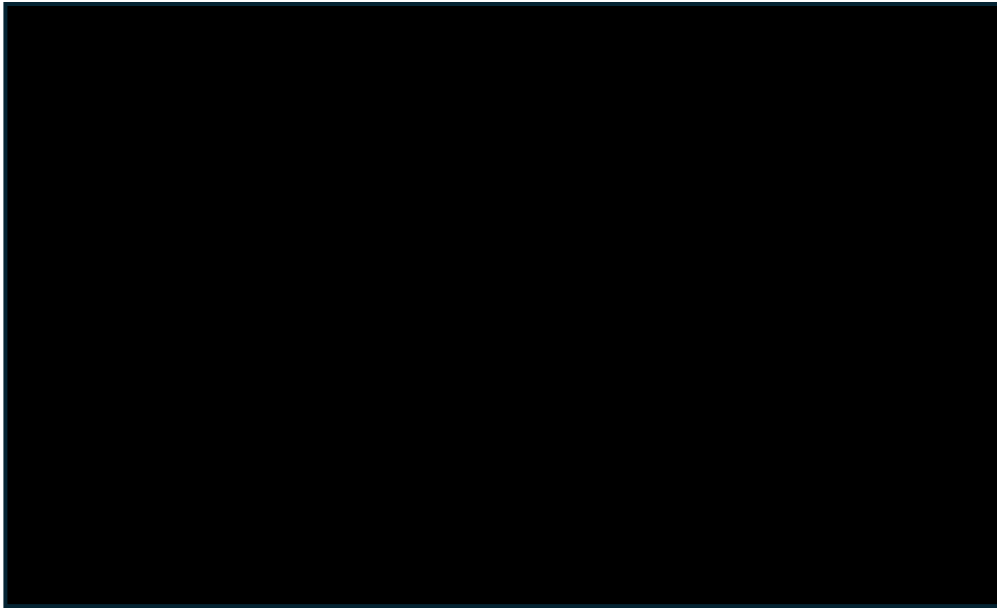
Given the substitutability of the domestic like goods and subject imports, and price-based competition for HSS in Australia, if the measures expire, subject goods would be likely to undersell domestic like goods in order to gain share. This pricing behaviour is consistent with producers operating under conditions of excess capacity, where maintaining production volumes necessitates increased export sales at competitive, and often reduced, prices. In turn, this would likely depress and suppress domestic like goods prices to a significant degree. With subject exporters no longer bound by the measures, price injury consistent with that observed in the original investigation period would be likely to continue or recur.

Orrcon submits that its current levels of price depression and suppression are materially affected by the ongoing presence of dumped and subsidised subject-country exports to Australia:



Confidential Chart 2.3.1: Orrcon HSS price depression and suppression, indexed, years ending March 2023 - 2026⁸³

⁸³ Confidential Appendix A6.1.



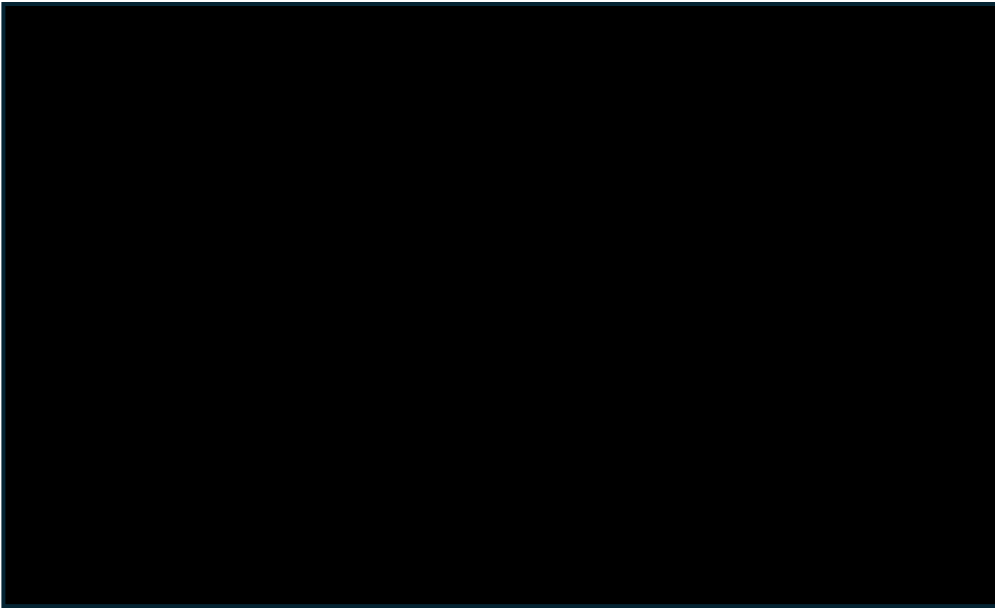
Confidential Chart 2.3.2: Orrcon HSS price depression and suppression, actual, years ending March 2023 - 2026⁸⁴

Confidential Attachment 2.2 provides details of Orrcon's IPP mechanism by which it competes against subject-country HSS prices. On a monthly basis, Orrcon collates and reviews all available subject-country import offers, along with other relevant commercial factors, in order to set customer prices. The monthly IPP base rate import price has declined, translating to lower realised selling prices for HSS, which is depicted annually above. These trends are consistent with subject-exporter underselling arising from the need to place excess production into export markets. Any removal or lessening of the existing measures would be likely to cause further price depression, widen the price suppression gap and result in greater injury than is already the case.

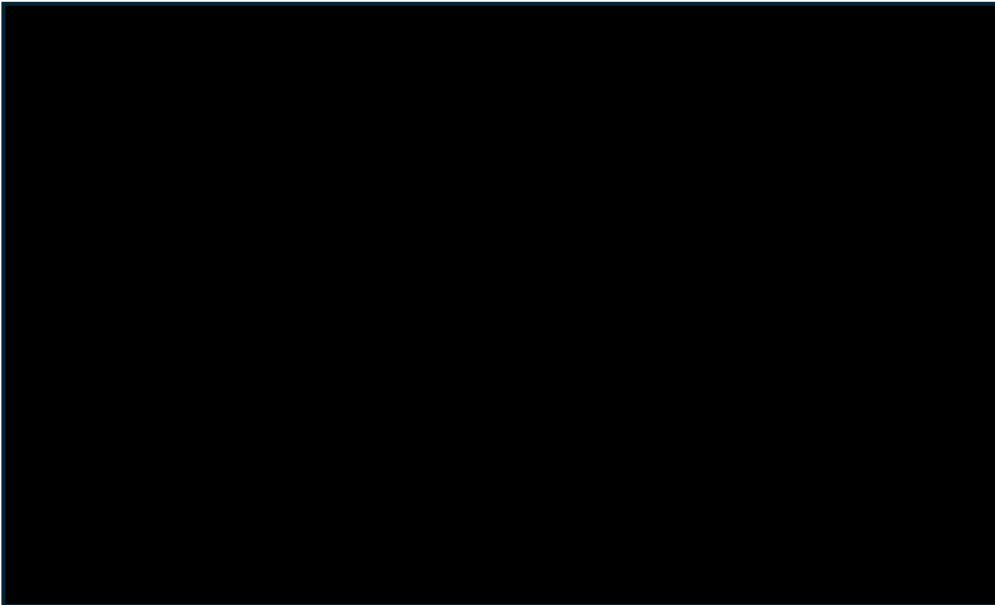
Orrcon's profit levels have declined through the period of the existing measures as a consequence of sustained price competition from imports originating in excess-capacity steel-producing economies, and have been materially affected by the ongoing presence of dumped and subsidised imports. Confidential Charts 2.3.3 to 2.3.4 below highlight the influence of the dumped import prices on the Australian industry's unit gain/(loss) and profitability. Subject-country export prices have declined, contributing to a material decline in Orrcon's unit gain sales position:

⁸⁴ Confidential Appendix A6.1.

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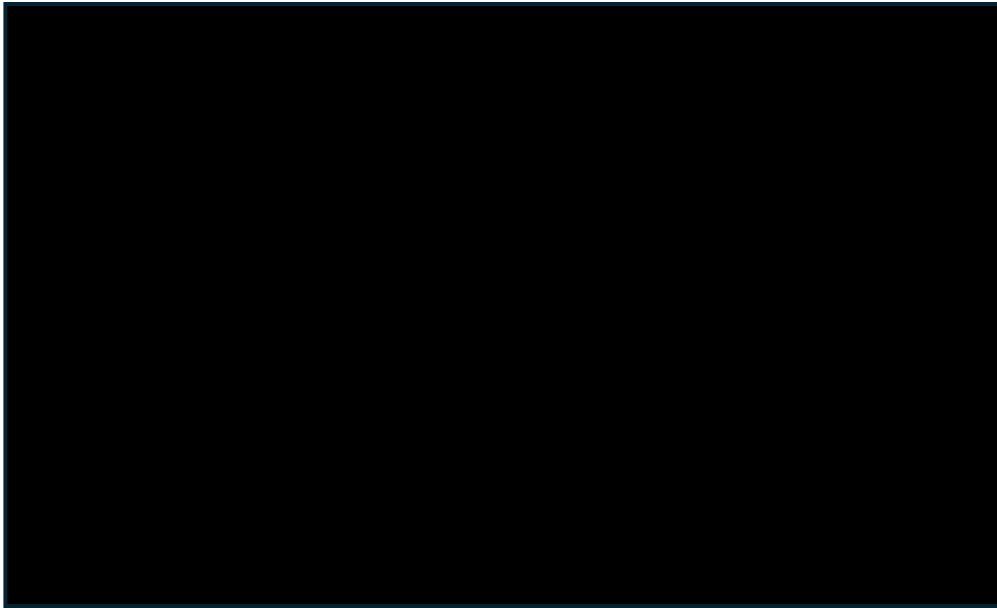
Confidential Chart 2.3.3: Orrcon HSS unit gain/(loss) and profitability, indexed, years ending March 2023 - 2026⁸⁵



Confidential Chart 2.3.4: Orrcon HSS annual profitability, actual, years ending March 2023 - 2026⁸⁶

⁸⁵ Confidential Appendix A2/A6.1.

⁸⁶ Confidential Appendix A6.1.



Confidential Chart 2.3.5: Orrcon HSS quarterly profitability, actual, years ending March 2023 - 2026⁸⁷

The evidence indicates that further price undercutting from the subject countries would be likely to occur if the measures expire, given the continuing presence of excess capacity and the resulting incentive for exporters to increase sales volumes in export destinations, and would be likely to increase the material injury already experienced by the Australian industry.

3. Conclusion

In its continuation assessment, the Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped, (and in the case of China, subsidised) and injurious subject country HSS exports will continue. The Commission's recommendations must be based on judgements about future probabilities. Demonstrated commercial behaviors relating to an inquiry period are essential pointers in determining what would be more likely or less likely to happen in that future.

This application demonstrates that the likely impact of subject country HSS imports on the Australian industry would be significant if the measures were discontinued. Should the discipline of the measures be removed, subject producers would be likely to export significantly higher volumes of the subject goods to Australia than is already the case. This reflects the structural conditions in the subject countries, including excess capacity, reliance on exports, and downward pressure on prices, which together create a strong incentive to increase export sales at competitive prices. Those unfairly traded imports would be likely to take further sales from the Australian industry and depress and/or suppress Australian prices. These developments would be likely to cause the Australian industry's output, sales, market share, profits, productivity, return on investments, and capacity utilisation to decline, and would be likely to have further negative effects on employment, wages, growth, and investment. Accordingly, the expiry of the measures would be likely to lead to a continuation or recurrence of material injury.

Orrcon has detailed in this application that the expiry of the measures on HSS will likely lead to a continuation and further recurrence of the material injury that the measures are intended to prevent. Orrcon is seeking the Commissioner to commence an investigation into the continuation of the anti-dumping measures and recommend to the Minister that the measures not be allowed to expire on 3 July 2027.

⁸⁷ Confidential Appendix A6.1.