



Australian Government
**Department of Industry,
Innovation and Science**

Anti-Dumping Commission

Received

Anti-Dumping Commission 27/8/2021

Application for the
continuation of a dumping
and/or
countervailing notice
or
continuation of an undertaking

**APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901*
FOR THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING
DUTY NOTICE OR CONTINUATION OF AN UNDERTAKING**

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act) that the Minister:

- continue a dumping duty notice, or
- continue a countervailing duty notice, or
- continue the undertaking given under the Act by


(Name of company or organisation)

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:

Name:



Position:

Manager – Trade Affairs

Company:

Orrcon Manufacturing Pty Ltd

ABN:

15 113 998 066

Date

27 August 2021

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '*Instructions and Guidelines for applicants: Application for continuation*' on the Commission's website.

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Fax: (03) 8539 2499

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Required information

1. Provide details of the name, street and postal address, of the applicant seeking the continuation.

The applicant company seeking the continuation of the anti-dumping measures on exports of hollow structural sections ("HSS") from the Republic of China ("China"), the Republic of Korea ("Korea"), Malaysia, and Taiwan is Orrcon Manufacturing Pty Ltd ("Orrcon").

Orrcon is a 100 per cent subsidiary company of BlueScope Limited.

Orrcon's HSS manufacturing site is located at:

Orrcon Manufacturing Pty Ltd
121 Evans Road
Salisbury Queensland 4107

2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

Primary Contact

[REDACTED]

Manager – Trade Affairs

[REDACTED]

Alternative Contact

[REDACTED]

3. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.

The following parties are likely to have an interest in this matter:

Exporters:

China:

- i. Dalian Steelforce Hi-tech Co., Ltd
A-7, Dd 2 Street
Dd Port
Dalian Hi-Tech Industrial Zone
Dalian, Liaoning, China 116600
Tel: 86 411 87549531, 1390
Fax: 86 411 87549537
- ii. Shanghai Metals and Minerals Import & Export Corporation
No. 757 Guangfu Lu
Zhabei Qu
Shanghai China 200070
- iii. Hengshui Jinghua Steel Pipe Co., Ltd
1 Xiangsu East Road
North Ind Base Taocheng District
Hengshui China 05300
Tel: 86 318 6018-112
Fax: 86 318 6018-113
- iv. Huludao City Steel Pipe Industrial Co., Ltd
Beigang Industrial Park
Changjiang Road Huludao,
Liaoning China
Tel: 86 429 2065655
Fax: 86 429 2058809

- v. Qingdao Xiangxing Steel Pipe Co Ltd
No 48, No 204 Road
Chengyang District, Qingdao City
Shandong Province China
Tel: 86 532 8776 1199
Fax: 86 532 8786 1212

- vi. Tianjin Youfa Steel Pipe Co Ltd
Office Location: RM 1502-1509
15F, No.4 Anshun Building
Dafeng Road
(Aqua City) Hongqiao Tianjin City, China 300120
Tel: 86 22 5833 8800-812

Korea:

- i. Kukje Steel Co., Ltd
135 Donggyo-Ro
Mapo-Gu, Seoul 121-842 South Korea
Tel: 82 2 3143 0085
Fax: 82 2 3143 0082

Taiwan:

- i. Shin Yang Steel Co., Ltd
No. 297, Yuliao Road,
Qiaotou District
Kaohsiung City 82544, Taiwan

- ii. Ta Fong Steel Co. Ltd
6, Kung His 2nd Road,
Shen Kang Hsiang
Chang Hua Hsien, Taiwan

- iii. Femco Pipes & Tubings
Address: No.752
Chung Hsiao Rd.,
Chiayi, Taiwan
Tel: 886-5-2766171
Website: <http://d400.femco.com.tw/>

Malaysia:

- i. Alpine Pipe Manufacturing Sdn. Bhd
Lot 6085
Jalan Haji Abdul Manan
5 ½ Mile, Jalan Meru, 41050
Klang Selangor 42200 Malaysia
Tel: 60 3 3392 7678

Importers:

Commercial Metals Pty Ltd
(refer GAM Steel Pty Ltd)
557 Mount Derrimut Road
Derrimut Victoria 3030
Tel: 61 3 8368 1555
www.gamsteel.com.au

Marubeni-Itochu Steel Oceania Pty Ltd
Level 28, 570 Bourke Street
Melbourne Victoria 3000
Tel: 61 3 9242 1500
Email: info@benichu.com.au

Stemcor Australia Pty Ltd
Level 13, 15 Blue Street
North Sydney NSW 2060
Tel: 61 2 9959 3088
Web: www.stemcor.com

ThyssenKrupp Mannex Pty Ltd
Level 4, Tower B
799 Pacific Highway
Chatswood NSW 2067
Tel: (02) 8424 2000

Macsteel International Australia Pty Ltd
Level 1, 40 Burwood Road
Hawthorn Victoria 3122
Tel: 61 3 9805 0400
Email: miaus-info@mitgr.com

Australian Industry:

Liberty Austube Mills Pty Ltd / Infrabuild
Industrial drive
Mayfield NSW 2304
Tel: 1800 281 424
Email: info@austubemills.com

Australian Pipe and Tube
2-4 Independent Way
Ravenhall Victoria 3023
Tel: 61 3 8361 8366
Email: sales@auspipetube.com.au

- 4. The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.**

Please refer Attachment A.

5. The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:

- **tariff classification**
- **the countries or companies**
- **specified date of publication of the measure**

Tariff Classification

The goods the subject of anti-dumping measures are Hollow Structural Sections classified to the following harmonized tariff sub-headings:

- 7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36, and 37);
- 7306.61.00 (statistical codes 21, 22, and 25); and
- 7306.69.00 (statistical code 10).

Circumvention goods the subject of anti-dumping measures are classified to the following tariff sub-headings:

- 7306.50.00 (statistical code 45); and
- 7306.61.00 (statistical code 90).

Countries/companies the subject of the measures

The current anti-dumping measures, in the form of the below referenced Dumping Duty Notice, apply to certain HSS exported to Australia from China, Korea, Malaysia, and Taiwan ("*the Dumping Duty Notice*").

The applicant seeks a continuation of these *Dumping Duty Notices* as they apply to all exporters of the goods exported to Australia from the above-noted countries.

Date of publication of the measures

The relevant *Dumping Duty Notice* is as follows:

- ACDN No. 2012/31, published 3 July 2012.

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:

- preferably, email, using the email address clientsupport@adcommission.gov.au, or
- post to:

The Commissioner of the Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601, or

- facsimile, using the number (03) 8539 2499.

Public Record

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

PUBLIC FILE

**Application for the continuation of a
Dumping and Countervailing Notice**

ADN No. 2021/083

ATTACHMENT A

**Application for Continuation of a Dumping and Countervailing Duty Notice
Hollow Structural Sections exported from the People’s Republic of China, the Republic of Korea,
Malaysia, and Taiwan**

The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.

- i. Will the dumping or subsidisation continue, or recur?
 - Anti-dumping actions by other countries

Overview

According to the World Trade Organisation (“WTO”) *Integrated Trade Intelligence Portal*, a total of thirty six anti-dumping and/or countervailing measures are currently imposed by WTO member countries on HSS from China, Korea, Malaysia and Taiwan, as classified to the six-digit tariff subheadings for 7306.30, 7306.50, 7306.60, and 7306.90.¹

Major Jurisdictions

Anti-Dumping Measures

In the United States (“U.S.”), the following anti-dumping (“AD”) and Countervailing (“CVD”) orders are currently imposed on steel pipe & tube imports from China, Korea, and Taiwan:²

Product	Country	AD Order	CVD Order
Standard Pipe	China	69.2% - 85.55%	29.8% - 620.1%
	Korea	3.2% - 27.3%	N/A
	Taiwan	2.7% - 43.7%	N/A
Large Diameter Welded Pipe	China	132.6%	198.5%
	Korea	9.3% - 27.4%	6.9% - 20.4%
Light Walled Rectangular Tubing	China	27.5% - 255.1%	2.2.5 – 200.6%
	Korea	15.8% - 30.7%	N/A
	Taiwan	18.1% - 40.9%	N/A
Heavy Walled Rectangular Pipe & Tubes	Korea	3.3% - 53.8%	N/A
Oil Country Tubular Goods	China	32.1% - 137.6%	1.5% - 59.3%
	Korea	3.9% - 24.5%	N/A
Line Pipe	China	73.9% - 101.1%	33.4% - 40.1%
	Korea	9.3% - 29.9%	N/A

¹ Confidential Attachment 1 – WTO Integrated Trade Intelligence Portal; HSS trade remedies against China, Korea, Malaysia, and Taiwan (extract made 12/07/2021).

² Confidential Attachment 2 – U.S. Antidumping and Countervailing Duty Deposit Rates on Carbon, Alloy and Stainless-Steel Products; April 20, 2021.

PUBLIC FILE

**Application for the continuation of a
Dumping and Countervailing Notice**

ADN No. 2021/083

Similarly, Canada has in place the following trade remedy measures on imports of HSS and other related steel pipe and tube products from China, Korea, and Taiwan:

Product	Country	AD Duty	CVD Duty
Hollow Structural Sections³	Korea	89%	N/A
Carbon Steel Welded Pipe	China ⁴	179%	5,280 Renminbi per metric tonne
	Korea ⁵	54.2%	N/A
	Taiwan ⁶	29.6%	N/A
Oil Country Tubular Goods	China ⁷	166.9%	2.2 – 616.5 Renminbi per metric tonne
	Taiwan ⁸	37.4%	N/A
	Korea ⁹	37.4%	N/A
Large Line Pipe	China ¹⁰	95%	1.657 Renminbi per metric tonne
Line Pipe	China ¹¹	74.5% - 351%	31.4 – 989.9 Renminbi per metric tonne
	Korea ¹²	4.1% - 88.1%	N/A

Other Trade Defence Mechanisms

In 2018, the U.S. imposed a 25% tariff on a wide range of steel imports, including the subject goods, on national security grounds. None of the countries named in this application are excluded in totality from the measure.

The United States has historically been a large export market for steel pipe and tube products and has been directly impacted by the U.S. Section 232. The effect of the U.S. Section 232 action reducing imports of pipe and tube from the subject countries into the U.S. has been profound, as highlighted by the U.S. Steel Import Monitoring data service 'SIMA'. An extract from SIMA below shows that exports of standard carbon and alloy pipe products have fallen dramatically, from a high of 2.41 million tonnes in CY2017 to just 314 thousand tonnes for the first 5 months of 2021.¹³

³ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/hss-eng.html>.

⁴ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/cswp1-eng.html>.

⁵ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/cswp2-eng.html>.

⁶ Ibid. Certain Taiwanese exporting mills were assigned their own normal values as part of the May 2018 Expiry Review Determination. These certain mills will have their own specific AD margins.

⁷ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/octg1-eng.html>. Certain Chinese exporting mills were assigned their own normal values as part of the May 2018 Expiry Review Determination. These certain mills will have their own specific AD margins. The CVD margins for all other exporters is 4,070 Renminbi per metric tonne.

⁸ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/octg2-eng.html>.

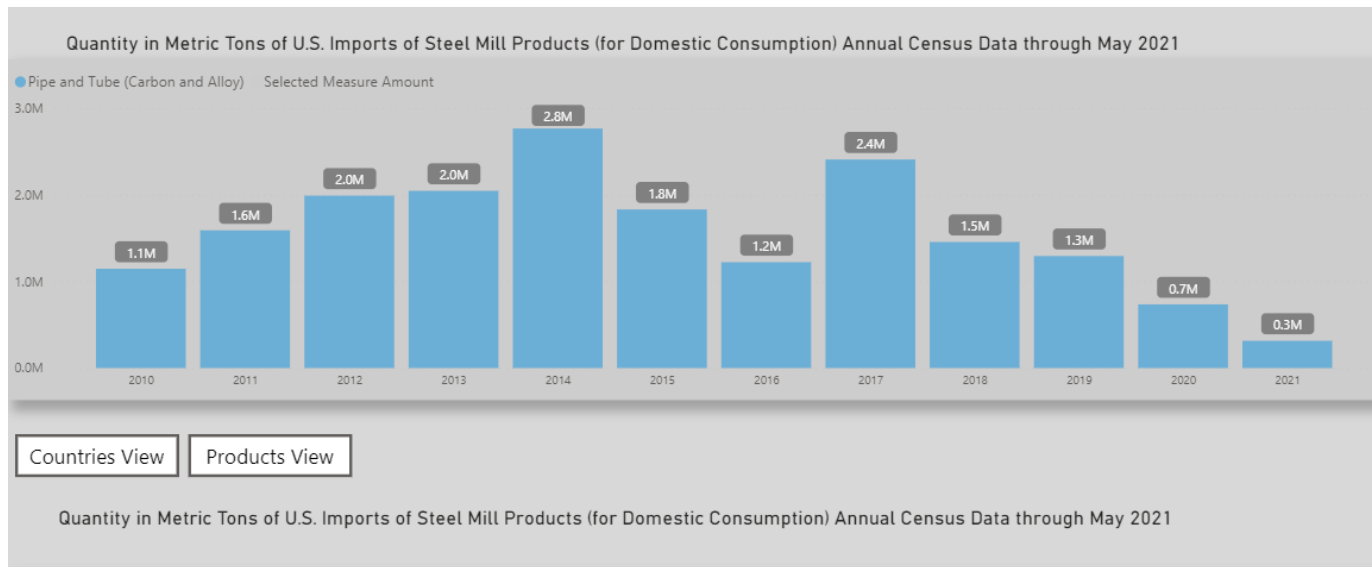
⁹ Ibid.

¹⁰ <https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/lip-eng.html>.

¹¹ <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1407/ad1407-nf-eng.html>.

¹² <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/lp22017/lp22017-nf-eng.html>.

¹³ <https://www.trade.gov/data-visualization/us-steel-import-monitor>



Quantity in Metric Tons of U.S. Imports of Steel Mill Products (for Domestic Consumption) Annual Census Data through May 2021

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Korea	878,343.9	1,244,034.3	1,631,965.3	1,778,957.8	2,409,086.3	1,491,860.4	935,106.5	1,971,469.9	1,023,913.9	905,465.1	590,712.6	282,055.1	15,142,970.9
Taiwan	104,910.5	151,024.6	135,031.9	125,418.0	161,623.7	146,128.2	89,432.9	222,585.4	300,595.4	295,078.3	98,655.6	13,677.3	1,844,161.6
China	154,630.0	185,851.8	196,811.3	136,130.4	188,571.6	186,557.2	190,108.4	207,997.9	121,822.1	73,494.1	44,213.0	18,361.5	1,704,549.3
Malaysia	7,687.0	8,532.8	26,255.5	5,390.0	6,153.5	6,103.6	6,991.7	5,442.6	8,978.1	18,883.9	1,382.5	432.9	102,234.0
Total	1,145,571.4	1,589,443.5	1,990,063.9	2,045,896.1	2,765,435.0	1,830,649.4	1,221,639.5	2,407,495.8	1,455,309.5	1,292,921.3	734,963.7	314,526.7	18,793,915.9

The significant loss of standard pipe export volumes to the U.S. has meant that subject country HSS exporters have excess capacity to export goods to open economies, such as the Australian market.

On 24 June 2021, the European Union (“EU”) extended its safeguard measure on the importation of certain steel products.¹⁴ The measures are imposed on 26 steel products imported into the EU, and will remain in place until June 30, 2024, with quota volumes for the products increasing by 3% year-on-year. Where quota volumes are exceeded, an additional 25% duty is levied.¹⁵

The extended steel safeguard includes those tariff subheadings covering the EU importation of HSS, including assigning specific quota volumes for China and Taiwan. Quota volumes for Korea and Malaysia and included within the ‘Other countries’ category.¹⁶

On 11 June 2021, the United Kingdom’s (“UK”) Trade Remedies Authority (“TRA”) released its final recommendations on the UK steel safeguard measure. The TRA will impose tariff rate quotas on 10 steel product categories until 30 June 2024. These quota volumes will be increased 3% annually. HSS, as *Product Category 21*, is included within the safeguard.¹⁷

Further, the TRA is currently undertaking transitional reviews into 43 existing EU measures to assess whether they are required for the UK market.¹⁸ The Statement of Essential Facts for transitional review TD 0001 for anti-dumping measures on welded tubes and pipes originating in the Republic of Belarus, China, and the Russian Federation has preliminarily concluded that the following margins should remain in place:¹⁹

¹⁴ Non-Confidential Attachment 3 – Commission Implementation Regulation (EU) 2021/129 of 24 June 2021; amending Commission Implementation Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products.

¹⁵ Ibid.

¹⁶ Ibid, p. 35-37.

¹⁷ Non-Confidential Attachment 4 – Statement of Intended Preliminary Decision; Transition Review TF0006 – Safeguard measures on certain steel product. May 19, 2021.

¹⁸ Non-Confidential Attachment 5 – TRA Transitional Reviews (LinkedIn excerpt, July 16, 2021).

¹⁹ Non-Confidential Attachment 6 – Statement of Essential Facts. Case TD0001. Transition review of anti-dumping measures applying to certain welded tubes and pipes of iron or non-alloy steel originating in the Republic of Belarus, the People’s Republic of China, and the Russian Federation. P. 8. See also <https://www.trade-remedies.service.gov.uk/public/cases/>.

Table 1: Intended preliminary decisions

Country	Company	Anti-dumping duty %
Belarus	All companies	38.1
China	All companies	90.6
Russia	All companies except Severstal	Measures revoked
Russia	Severstal	Measures revoked

Non-Confidential Table 1 – TRA Statement of Essential Facts

The above-tabled anti-dumping duty for China will apply for a five-year period from January 30, 2021.

- **Countervailing subsidy programs in China**

A review of the subsidy programs identified in original HSS investigation 177 (2012) as being countervailable reveals that a number of these programs have again been deemed to be countervailable in subsequent HSS trade remedy inquiries. In Review 529, the Commission determined that financial benefits were conferred to HSS producers from China in respect of the goods via countervailable subsidy programs (52 existing programs from earlier inquiries, and 14 new subsidy programs examined as part of the review).²⁰

- **Current normal values in the exporting countries**

In review inquiry 529 (“Review 529”),²¹ the Commission determined that the variable factors had changed from the previous review (Review 419), and imposed the following revised interim dumping (“IDD”) and countervailing duties for China, Korea, Malaysia, and Taiwan:²²

Exporter	Form of measures - IDD	Effective rate of IDD	Rate of ICD
China			
Dalian Steelforce Hi-Tech Co., Ltd.	combination	9.1%	Not applicable
Huludao City Steel Pipe Industrial Co., Ltd.	combination	20.7%	Not applicable
Tianjin Ruitong Iron & Steel Co., Ltd.	combination	8.0%	3.6%
Tianjin Youfa Group of companies	combination	15.6%	3.3%
Uncooperative, non-cooperative and all other exporters	combination	21.3%	45.6%
Korea			
HiSteel Co., Ltd.	floor price	0%	Not applicable
Kukje Steel Co., Ltd.	REVOKED	Not applicable	
Uncooperative and all other exporters	combination	2.8%	
Malaysia			
Alpine Pipe Manufacturing SDN BHD Company	combination	26.3%	Not applicable
Uncooperative and all other exporters	combination	27.2%	
Taiwan			
Shin Yang Steel Co., Ltd.	combination	0.5%	Not applicable
Ta Fong Steel Co., Ltd.	combination	4.3%	
Uncooperative and all other exporters	combination	20.9%	

²⁰ Review 529 Final Determination, p. 150-154.

²¹ Covering an investigation period ending September 2019 – refer <https://www.industry.gov.au/regulations-and-standards/anti-dumping-and-countervailing-system/anti-dumping-commission-archive-cases/529>.

²² Review 529, folio No. 81.

In the determination of new normal values for a likely continuation inquiry period ending 31 March 2021, Orrcon has applied the above IDD rates to known export prices for the period covered by Review 529 to firstly establish prima facie normal values. Orrcon has then indexed these values forward from September 2019 to March 2021 using a composite Hot Rolled Coil (“HRC”) / zinc coated (“galvanised”) steel index derived from home market prices (and their price movements) in Korea and Taiwan.²³ In the absence published HSS home-market selling prices, this methodology depicts accurate normal values based on price movements of the key HRC and galvanised steel feed components:



Confidential Chart 1 – HSS Normal Values; China, Korea, Malaysia, and Taiwan

Orrcon refers the Commission to Confidential Attachment 7 for full details.

- **Whether exports have continued post the imposition of measures, and estimates of export price**

Export Volumes

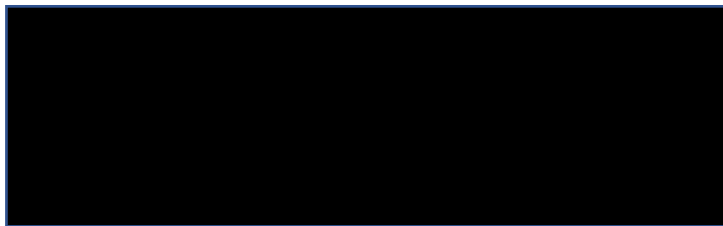
Orrcon has collated the below utilising Australian HSS import data from [confidential data source]. Export statistics from [confidential data source] have been obtained in lieu of Australian Bureau of Statistics import data due to the application of confidentiality and source suppression orders.

²³ Refer Confidential Attachment 7. In Orrcon’s view, this provides an accurate and contemporary methodology in calculating current normal values, and is consistent with the Commission’s price determination approaches where indexing is required (for example, when ascertaining an export price for the purposes of a review under Division 5, where there are no, or a low volume of, exports during the period examined).



Confidential Chart 2 – Australian HSS Imports; 2017/2021

Tabled over the likely continuation period (i.e. April 2020 to March 2021), as compared to the earlier Review 529 inquiry period, exports from the named countries accounted for greater than [XX] per cent of total Australian imports in the past 12 months:²⁴

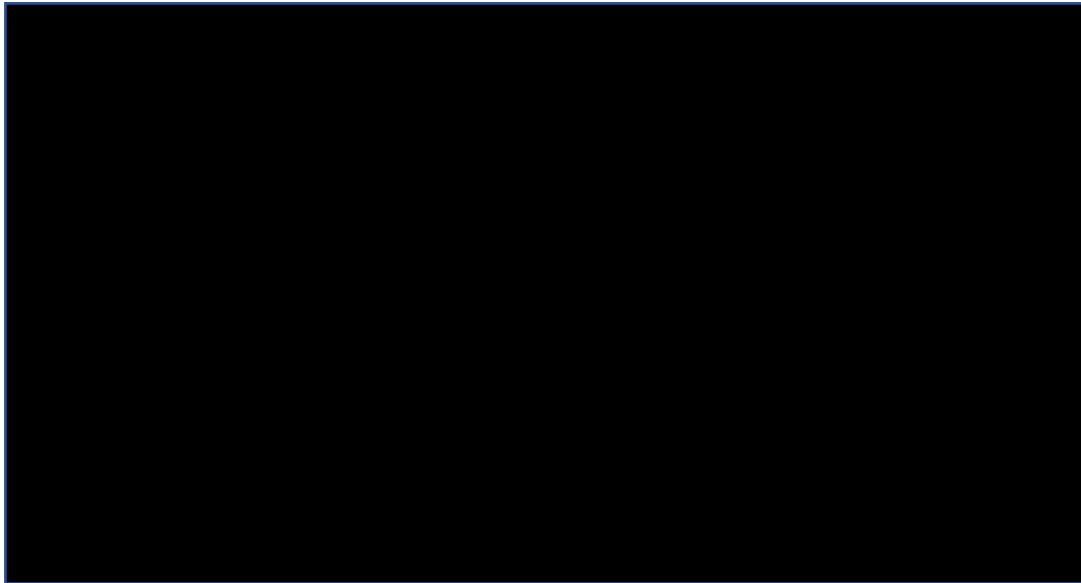


Confidential Table 1 – Australian HSS Imports; Review 529 Compared

Export Prices

A 31 March year-on-year comparison of the price data tabled in Confidential Appendix A2 depicts that quarterly export prices for the named countries primarily increased following Review 419. They then remained flat, with some incremental improvement, through to March 2020 during a period of lower overall Australian HSS import volumes. For the 12 months ending March 2021, prices declined as exporters sought to maintain or increase market share in the increasingly competitive marketplace.

²⁴ Confidential Appendix A2 refers.



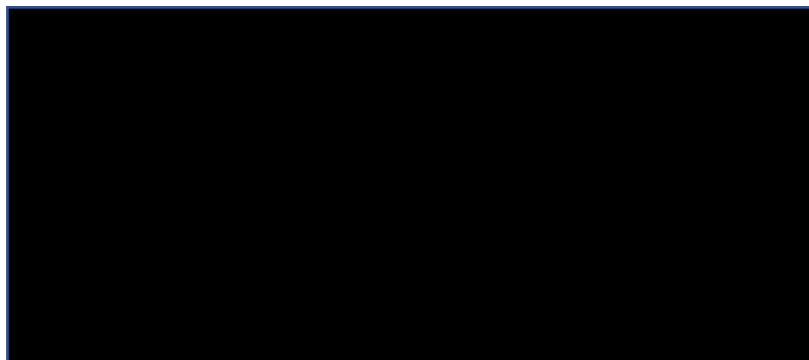
Confidential Chart 2 – Australian HSS Export Prices; 2017/2021

Orrcon refers the Commission to Confidential Appendix A2 for full details.

- **Whether exporters have maintained distribution links in Australia**

Orrcon understands from [*confidential data source*] export data that Chinese, Korean, Malaysian and Taiwanese exporters have maintained distribution links into the Australian market. The continued export activity via these established export pathways presents an opportunity for exporters to quickly increase sales volume of dumped and subsidised HSS if the measures are removed.

From Review 529 and confidential Orrcon market intelligence, Orrcon understands that the main exporter/Australian importer relationships are as follows:



Orrcon also provides at Confidential Attachment 16 [*commercially sensitive Australian market details*]. Orrcon is therefore satisfied that subject goods exporters have maintained distribution links into the Australian HSS market.

- **Whether exporters retain excess capacity for direction to Australia**

Summary

It is evident that HSS exporters in the named countries have ample excess capacity to increase exports of HSS to Australia should the anti-dumping measures be allowed to expire. This excess capacity can be readily redirected through established distribution links which have continued to operate following the imposition of the original measures in July 2012.

Global Capacity Developments

An analysis of excess capacity in the subject goods industry requires consideration of both overcapacity in the industry specifically, and the steel industry more generally. HSS is produced from HRC substrate – a product of primary steel production. Overcapacity in such primary steel production affects the volume of production, price, profitability, and export orientation of the subject goods.

The Organisation of Economic Cooperation and Development (“OECD”) has recently noted that whilst global steel-making capacity (in nominal terms) decreased from 2015 to 2018, latest available information suggests that capacity has been increasing for the first time since 2014.²⁵ In addition, recent steel investment project announcements suggests that global gross steel capacity is currently expanding by 17.3 million tonnes, with a further 26.63 million tonnes in the planning stages.²⁶ Fully implemented, this would add approximately 44 million metric tonnes of new global steel-making capacity within the next three years.²⁷

The Commission’s Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission²⁸ found that ongoing excess capacity is a significant challenge for the global steel industry, particularly in Asia. In relevant part:

“Excess capacity – a problem that afflicts the steel industry – is a significant issue for the sector. The growing gap between global steelmaking capacity and demand has led to deterioration in the financial situation of steelmakers, and raised concerns about the longer-term economic viability and efficiency of the industry”.

The tipping point in global steel excess capacity was recognised by the OECD in April 2016. It noted that excess capacity is the biggest challenge facing the steel industry:

*“Excess steelmaking capacity – a global challenge that continues to grow – is creating significant difficulties for steel producers in advanced, emerging and developing economies alike. Low steel prices, weak profitability, trade disturbances in some jurisdictions, and an escalation of trade actions against steel imports are some of the immediate impacts of excess capacity that are being felt by steel manufacturers around the world. These effects are pronounced due to the weakness of global steel markets and sluggish growth prospects. Alleviating excess capacity would lead to improved and more stable business conditions, and allow the industry to face a number of long-term challenges more effectively”.*²⁹

At the March 2018 OECD Steel Committee meeting, it was further noted that:

*“New investment projects continue to take place around the world and global steelmaking capacity could increase by 2.0% between 2018 and 2020 in the absence of any further closures. Global excess capacity is expected to continue to be a major challenge for the global steel industry—calling for urgent, accelerated actions to reduce it. Economies at the heart of the increase in capacity have an important role in this regard, and those increasing capacity should do so strictly in line with demand to avoid an exacerbation of the problem.”*³⁰

In March 2019, the OECD Steel Committee again “...expressed concerns about the low growth prospects for the

²⁵ Non-Confidential Attachment 8 – *OECD Latest Development in Steel Making Capacity, 2020*. P. 9 (2.1.1 Global Summary).

²⁶ Non-Confidential Attachment 9 – *Extending the EU Safeguard; Key Elements* (February 2021, p. 1).

²⁷ *Ibid.*

²⁸ <https://www.industry.gov.au/data-and-publications/analysis-of-steel-and-aluminium-markets>

²⁹ OECD, High-Level Meeting, Excess Capacity and Structural Adjustment in the Steel Sector: Background Note No. 2: “Capacity Developments in the World Steel Industry” (April 18, 2016) at p. 2.

³⁰ OECD, “Statement by Lieven Top, Chair of the OECD Steel Committee”, 84th Session of the OECD Steel Committee, (5-6 March 2018).

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global economy and global steel markets, noting that decelerating demand growth and virtually unchanged steelmaking capacity result in a persistence of severe excess capacity in the steel sector.”³¹

On 25 November 2019 the South East Asian Iron and Steel Institute (“SEAISI”) highlighted that the ASEAN region is slated to significantly increase its overall steelmaking capacity.³² SEAISI forecasts an alarming increase across the region from the current existing capacity of [XXX] million metric tonnes, to [XXX] million metric tonnes.³³ This will be driven primarily by Chinese investment³⁴, the steel industry of which is not impartial to ignoring the economic and fiscal impacts of unmitigated steel manufacture in the face of stagnant global demand.

HSS Capacity Implications

Orrcon contends that overcapacity in the global steel market generally has an impact on the subject goods specifically. Such global excess capacity leads to excess capacity and low prices for HSS. It is highly likely then that this global oversupply translates to a displacement of export volumes to open markets, making Australia an attractive destination for dumped and injurious excess HSS.

The Commission’s most recent HSS capacity assessments in Continuation review 379 (“Continuation 379”) concluded that:

Country	Continuation 379 Conclusions
China	The Commission is satisfied that due to significant excess capacity and oversupply of the goods, and decreasing domestic demand, if measures are to be removed it would likely lead, to a continuation of, or recurrence of dumping and subsidisation by Chinese exporters. ³⁵
Korea	<i>“The Korean exporters that the Commission are aware of as part of this continuation inquiry have a capacity to produce over 2.3 million tonnes of the goods, which is almost five times the current size of the Australian market for the goods. Most notably, Korea’s overall excess capacity, and recent production volumes of pipe and tube are second only to China.”</i> ³⁶
Malaysia	Malaysian exporters have a capacity to produce 500,000 tonnes of the goods, which is larger than the current size of the Australian market. Malaysian production levels are consistently in excess of the total size of the Australian market for the goods. ³⁷
Taiwan	<i>“The exporters known to the Commission from the continuation inquiry have a capacity to produce 500,000 tonnes of the goods, which is larger than the current size of the Australian market.”</i> ³⁸

Orrcon asserts that the HSS excess capacity for the named countries has not lessened to any extent since the Continuation 379 findings. This excess tube making capacity, over and above domestic demand, has meant that producers have (and will continue) to offload excess production by exporting HSS to Australia at dumped and injurious levels.

³¹ OECD, “Statement by Mr Jai Motwane, Vice Chairman of the OECD Steel Committee”, 86th Session of the OECD Steel Committee, (25-26 March 2019).

³² Confidential Attachment 11.

³³ Ibid.

³⁴ Ibid.

³⁵ Continuation 379 Final Determination, p. 53.

³⁶ Ibid, p. 54.

³⁷ Ibid, p. 58.

³⁸ Ibid, p. 57.

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The current annual capacities of the highest volume exporters of HSS from China, Korea, Malaysia, and Taiwan with established distribution links to Australia are as follows:³⁹

Country	Exporter	2020/21 HSS Production Capacity (MT)
China	Dalian Steelforce Hi-Tech Co., Ltd.	120,000
	Huludao City Steel Pipe Industrial Co., Ltd.	700,000
	Tianjin Ruitong Iron & Steel Co., Ltd.	100,000
	Tianjin Youfa group of companies	880,000
Korea	HiSteel Co., Ltd.	240,000
Malaysia	Alpine Pipe Manufacturing SDN BHD Company	500,000
Taiwan	Shin Yang Steel Co., Ltd.	370,000
	Ta Fong Steel Co., Ltd.	120,000
Total		3,030,000

In Review 529, the Commission estimated that the Australian market for HSS was approximately 500,000 tonnes during the review period. This market size represents only 16% of the capacity of HSS exporters with known and active distribution links to Australia.

This market size percentage further diminishes to 5% when other previously high-volume HSS exporter capacities are included,⁴⁰ namely:

Country	Exporter	Capacity Estimate (MT)
China	Hengshui Jinghua Steel Pipe Co., Ltd.	1,200,000
	Qingdao Xiangxing Steel Pipe Co., Ltd	1,200,000
	Zhejiang Kingland & Pipeline Tech. Co., Ltd	1,780,000
Korea	SeAH Steel Co Ltd	2,400,000
Total		6,580,000

Orrcon submits that, in the absence of effective trade measures, these previously high-volume exporters will return to the Australian market.

ii. Will material injury recur?

▪ **Volume and value of imports, and sources of imports**

As detailed above, the combined volume exported to Australia from the named countries was over [XXX] tonnes during the likely 12-month continuation inquiry period ending March 2021. According to [confidential data source], these exports represent greater than [XX] per cent of total imports.⁴¹

The significant volume of subject goods continuing to be exported from the countries subject to the measures, at the declining prices noted above, demonstrates that should the measures be allowed to expire there exists a high probability that exporters from China, Korea, Malaysia, and Taiwan would seek to further reduce price and further increase export volumes to Australia at materially injurious levels.

³⁹ Estimates compiled from company websites and market intelligence. Refer Confidential Attachment 10.

⁴⁰ Confidential Attachment 10.

⁴¹ Whilst these volumes may include volume exported to Australia by the Korean HSS producer Kukje Steel Co., Ltd (which is no longer subject to the measures), Orrcon submits that total net export volumes from the named countries are still materially significant.

- Sales and market shares of all suppliers

Orrcon has referenced [confidential data source] HSS export statistics in estimating sales volumes, values, and consequent market shares for the both named and non-subject countries in Confidential Appendix A2.

- Performance of the local industry (profits, price trends, investment and employment)

Orrcon's confidential appendices have been submitted with this application, on the basis that the continuation investigation period covers the twelve months ending 31 March 2021.

Appendix A-3 Indexed Table of Orrcon's Sales Quantities

Quantity	2018	2019	2020	2021
All Products				
Australian market	XXX	XXX	XXX	XXX
Export market	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

Like Goods				
Australian market	XXX	XXX	XXX	XXX
Export market	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

Orrcon's domestic sales of HSS improved following the change to exporter variable factors from Review 419 (with the Notice published 6 June, 2018). Throughout 2020/21, during a contracting then improving market, export volumes from the subject countries held their overall proportional market position and continued to undercut the Australian industry.

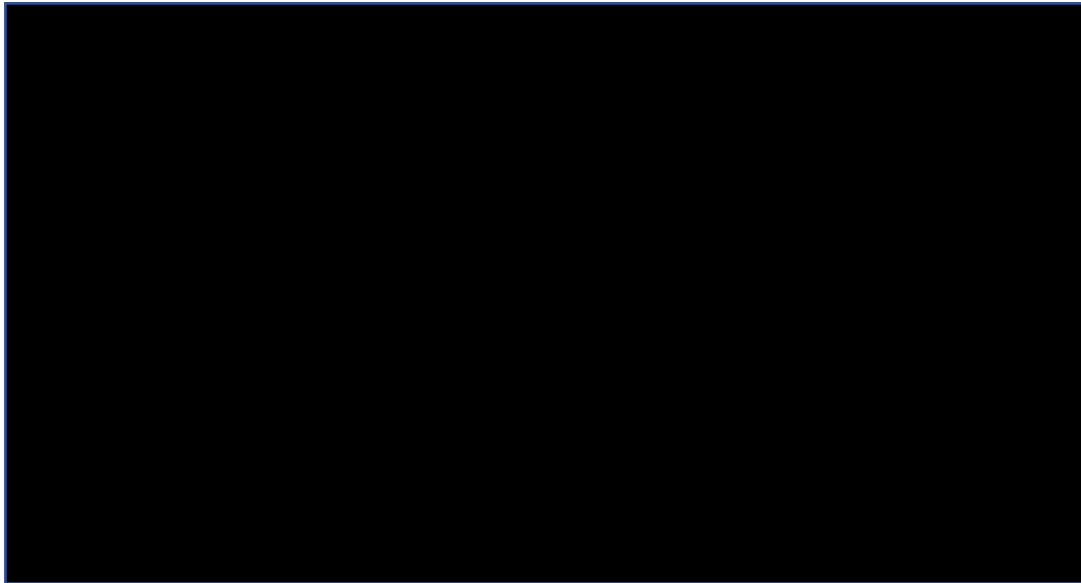
Appendix A-3 Indexed Table of Orrcon's Sales Values

Value	2018	2019	2020	2021
All Products				
Australian market	XXX	XXX	XXX	XXX
Export market	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

Like Goods				
Australian market	XXX	XXX	XXX	XXX
Export market	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

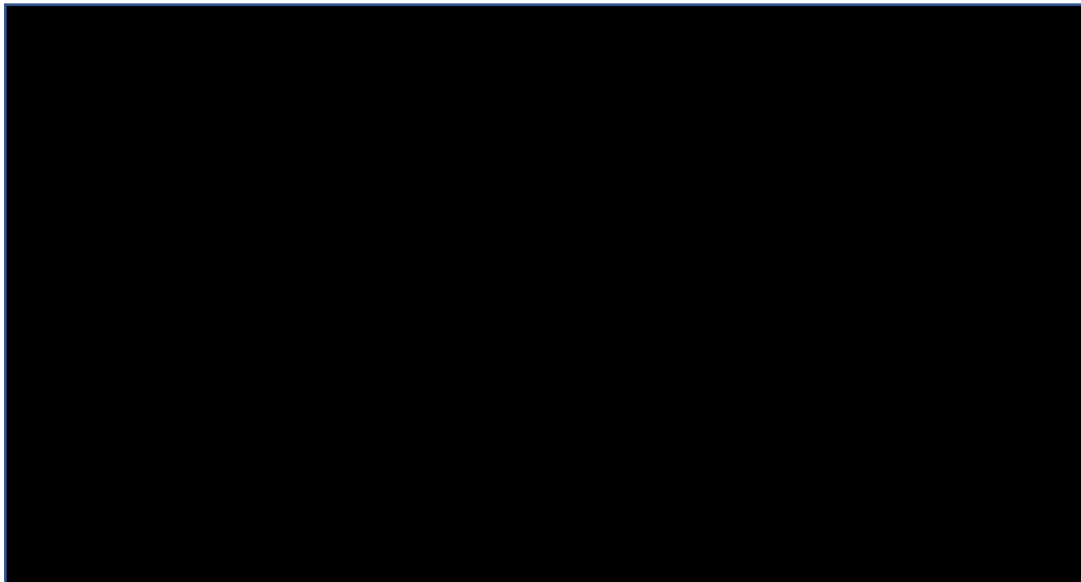
As discussed above, export prices from the named countries primarily increased following Review 419. They then remained flat, with some incremental improvement, through to March 2020 during a period of lower overall Australian HSS import volumes. For the 12 months ending March 2021, prices declined as exporters sought to maintain or increase market share in the increasingly competitive marketplace. Orrcon maintained, then incrementally increased its HSS selling prices, well short however of full recovery of the fully absorbed cost to make and sell.

Appendix A-6.1 Indexed chart of Orrcon's Volume, Price, and Cost



Orrcon highlights the price suppression trend above, as indicated by the margin between prices and costs. The chart depicts a downward movement in unit pricing from 2019 (following the earlier 2018 price improvement), in conjunction with an increase in the unit CTM&S from the same point in time. Orrcon's prices have not kept up with the unit CTM&S, resulting in a reduction in Orrcon's profit margins.

Appendix A-7 Index chart of Other Injury Factors



The ongoing presence of dumped HSS imports at prices that have continued to undercut Australian industry has prevented Orrcon from making meaningful economic headway for the above-tabled other injury factors. It is Orrcon's view that the stagnation (and in some cases, deterioration) in each of the identified 'other' indicators can be readily attributed to imports from the subject countries.

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- **Likelihood of material injury in the absence of anti-dumping measures**

Summary

Orrcon submits that in the event the anti-dumping measures applicable to HSS exports from the subject countries are allowed to expire on 3 July 2022, the Australian industry will suffer, and be threatened with a recurrence of, material injury that the measures are intended to prevent.

Subject Countries Supply

The following factors are relevant to this continuation of measures application:

1. Imports from the subject countries are the primary source of HSS over the last four-year period (2017/18-2020/21), accounting for 57 per cent of total imports in 2020/21;
2. Review 529 confirmed that subject country exports of HSS to Australia in 2018/19 were at dumped levels, with a 13.3 per cent average dumping margin;
3. With anti-dumping measures in place, subject country exports were at dumped and injurious levels over the likely continuation inquiry period; and
4. With specific reference to China, the artificially low input prices (i.e. hot rolled coil steel) provide Chinese exporters with a competitive advantage not available to other suppliers that permits Chinese exporters to undercut selling prices of the Australia industry (as validated in Review 529).

Contemporary Foreign Jurisdictional Considerations

Trade actions and similar measures in other jurisdictions that affect the subject countries are relevant as to the likelihood of dumping and material injury continuing or recurring.

United States – Pipe & Tube Measures Continued

The U.S. International Trade Commission (“ITC”) has made a multitude of affirmative Sunset inquiry determinations in relation to the AD and CVD orders currently imposed on steel pipe & tube imports from China, Korea, and Taiwan noted above. Orrcon provides at Confidential Attachment 12 relevant excerpts from these determinations, and notes the following ITC narrative consistencies across these affirmative findings:

“...subject producers would likely increase their exports to the United States if the countervailing and antidumping duty orders were to be revoked.”; and

“...subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product upon revocation of the orders.”

Orrcon submits that the above is indicative of the likely future outcome should the HSS measures be discontinued on subject country exports to Australia.

Canada – HSS Measures Continued

In the May 2019 Canadian *Expiry Review Determination respecting Certain Hollow Structural Sections Originating in or Exported from South Korea and Turkey*,⁴² the Canada Border Services Agency (“CBSA”) concluded that the

⁴² Canada Border Services Agency; *Certain Hollow Structural Sections Originating in or Exported from South Korea and Turkey*, Statement of Reasons, May 2019.

expiration of measures would likely result in the continuation or resumption of dumping of HSS from South Korea and Turkey.

The CBSA concluded that South Korean HSS producers are highly leveraged to export markets, have a propensity to dump as evidenced by the numerous other anti-dumping measures imposed concerning steel products (including HSS and other steel pipe & tube, by both the CBSA and other jurisdictions), and that expiration of the measures was hence likely to result in the continuation or resumption of dumping.⁴³

In determining whether the expiry of the measures was likely to result in a continuance of, or recurrence of, material injury to Canadian domestic HSS producers, the Canadian International Trade Tribunal (“CITT”) assessed the following:⁴⁴

- international and domestic market conditions;
- likely future import volumes of the dumped goods;
- likely performance of the foreign industry;
- likely price effects of dumped goods (pricing trends and price effect analysis);
- likely impact on the domestic industry; and
- factors other than dumping.

The CITT found that rescission of the anti-dumping order would, in and of itself, likely cause material injury to the domestic industry.⁴⁵

EU & UK – Steel Safeguard Measures Imposed

As noted above, HSS has been included in the recently extended EU safeguard on certain steel products. In affirming the extension, the EU concluded:⁴⁶

“...the Commission found that the Union steel industry, after the first three years of the safeguard measure, still finds itself in a fragile economic situation.

*The Commission also found that imports from the main steel exporting countries have exerted and **still continue exerting very high import pressure** on the Union’s steel market, with **an aggressive and opportunistic pattern of commercial behaviour, that is to say, using any margin to increase market presence.***

*Furthermore, given the prevailing downward trends in worldwide exports and domestic consumption by the main steel exporting countries over the period considered, which were already underway prior to the COVID-19 pandemic, **and in an overall context of significant overcapacity, the Commission then noted that exporters are in need to increase their sales on any possible market to continue operating.***

*The investigation also confirmed that other significant steel markets, including the second largest importing country, the US, continue having **trade restrictions** in place **affecting the ability of exporting countries to sell thereto**, in a general context of continuous decline in steel consumption.*

The investigation further confirmed that the Union market is comparatively more attractive for imports in terms of size and price levels, thereby becoming a market where large volumes of steel could be directed.

⁴³ Ibid, p.30.

⁴⁴ Canadian International Trade Tribunal; Expiry Review No. RR-2018-006, Structural Tubing. Order and reasons issued Wednesday, October 16, 2019.

⁴⁵ Ibid.

⁴⁶ Non-Confidential Attachment 3 – Commission Implementation Regulation (EU) 2021/129 of 24 June 2021; amending Commission Implementation Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products. P. 14.

...at this moment [there is] a high likelihood that very substantial volumes of steel unsold in other parts of the world could end up being directed towards in the Union market.

These additional imports, together with the currently existing ones, would overall lead to a **very serious further deterioration of the economic situation** of the Union industry, and could seriously endanger its viability. It is therefore established that the lapsing of the safeguard measure would result in serious injury to the Union industry caused by increased imports.

The Commission concluded that such increased volumes could undermine significantly any meaningful economic recovery and the efforts being made by the Union steel industry in its process of adjustment to a higher level of imports, which are described in the following section. Therefore, the Commission considered that the safeguard measure continues to be necessary to prevent serious injury.” [emphasis added].

In its conclusion on the likelihood of future serious injury to UK steel producers, the TRA’s safeguard determination noted that:

“...the UK industry remains in a fragile position and could be vulnerable to a future surge in imports”

...

“We have considered whether this serious injury would be likely to recur, taking into account the broad range and large number of different products affected and the proportion of UK industry affected. We also noted that the European Commission’s original investigation in 2018 concluded that there was a threat of serious injury, which safeguard measures were intended to prevent.

Our analysis has indicated that the UK market faced a similar threat of serious injury in 2018, and that for product categories 1, 2, 4, 5, 13, 15, 19, 20, **21**, 25B, and 26 there is a likelihood of serious injury should the goods be no longer subject to the tariff rate quotas.” (**emphasis** added).

To a no lesser extent, the conclusions reached by the EU and UK apply equally to the Australian economic landscape for HSS. In the absence of adequate trade measures, the Australian industry will experience a recurrence of dumping and material injury.

HSS Exports – New Zealand

The prevailing circumstances in the New Zealand HSS market is also a relevant factor in the Commission’s assessment of the likely prospective outcomes should the measures be discontinued. The Commission has recognised the importance of the New Zealand market in Review 529, concluding that it is a market most comparable to Australia in terms of size, domestic production, and trade measures, and that there is a close geographical proximity between Australia and New Zealand and hence shipping costs would be similar.⁴⁷ With the exception of trade measures (discussed below), Orrcon agrees with the Commission’s assessment.

In assessing New Zealand’s imports of HSS, the New Zealand Ministry of Business, Innovation, and Employment in its initiation report concerning the application for anti-dumping duties on certain hollow structural sections from China and Malaysia⁴⁸ concluded that the overall volume and composition of imports was as follows:

⁴⁷ SEF 529, p.71.

⁴⁸ Ministry of Business, Innovation, and Employment – *Initiation Report: Application for Anti-Dumping Duties; Certain Hollow Steel Sections from China and Malaysia* (April 2018). Available at <https://www.mbie.govt.nz/assets/89fc801718/initiation-report-anti-dumping-duties.pdf>

**Table 5.1: NZ Steel estimation of New Zealand import volumes by country
(Financial years, tonnes)**

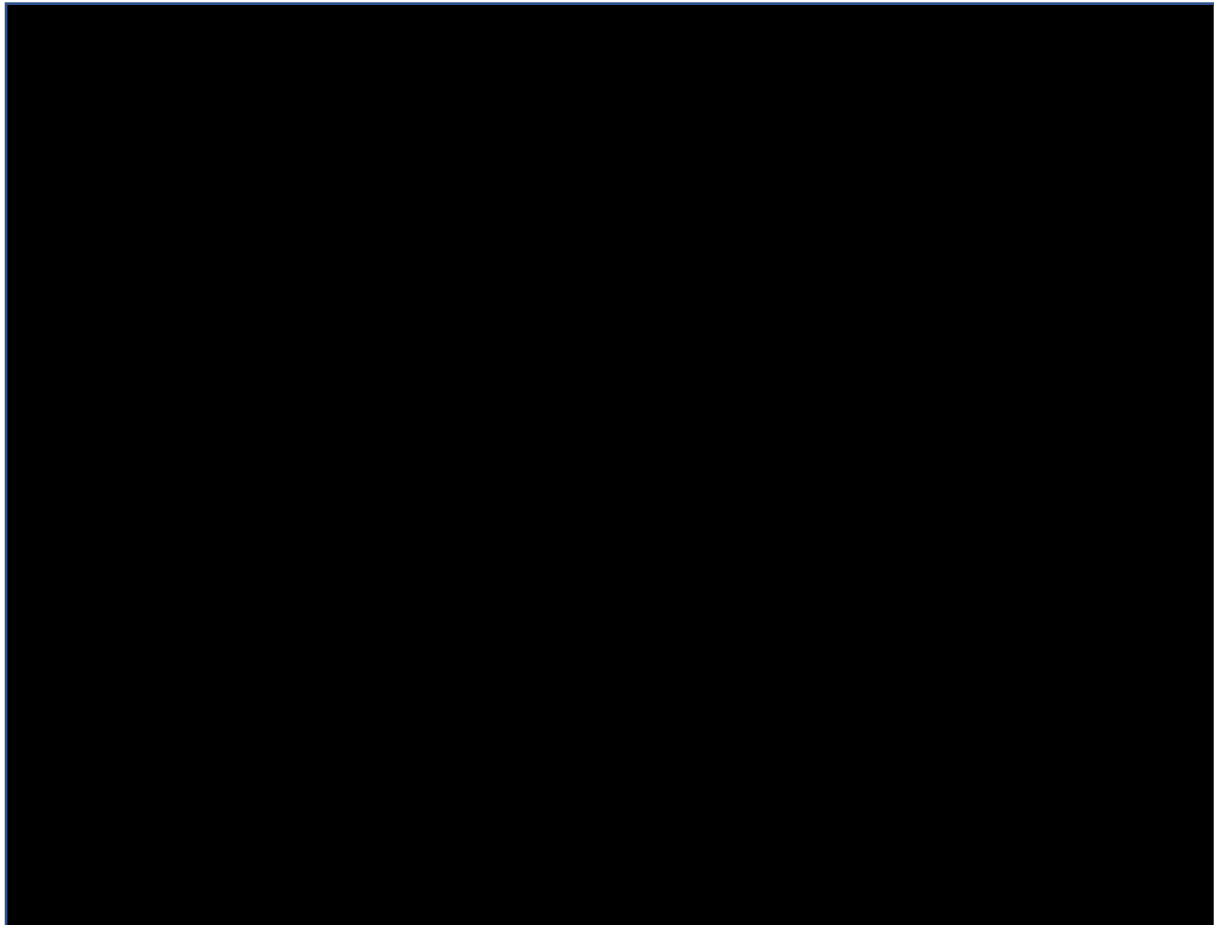
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
China	6912	8657	8146	10739	9987	10979
Malaysia	279	292	359	409	237	703
Other	11440	9209	13762	5287	3744	4245
Total	18631	18158	22267	16435	13968	15927

Non-Confidential Table 2 – New Zealand HSS Import Volumes

Unlike the Australian HSS market where measures have been imposed in seeking to prevent dumping and material injury, absent from the New Zealand market are equivalent measures addressing dumped and injurious imports of HSS from countries such as China and Korea.

Prior to the imposition of HSS measures in Australia in 2012 resulting from investigation No. 177, Orrcon understands that export prices from the subject countries to New Zealand and Australia were comparable. Given Australia and New Zealand share a common structural standard for HSS (AS/NZS1163) and have similar HSS size and coating preferences, this comparability is understandable.

Following the Australian imposition of measures in July 2012, the export prices from the subject countries to Australia and New Zealand diverged, with the absence of measures in New Zealand resulting in the continued reduction of prices at dumped and materially injurious levels. Derived from [confidential data source] data, this can be represented as follows:



⁴⁹ Non-Confidential Attachment 13: BlueScope ASX release, November 2020 ('Segment Performance', bullet point 5).

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“Pipe sales have been returning a negative margin for at least 5 years under considerable pressure from imports.”⁵⁰

By June 2020, per BlueScope’s full year 2020 notes to the consolidated financial statements, the New Zealand pipe & tube business had been closed, and all assets written down by AU\$4.8 million dollars.⁵¹

It stands to reason that if Australian HSS measures are revoked, prices would converge with that of New Zealand’s, resulting in a return to dumping and material injury to the Australian industry. This would consequently apply not-too-dissimilar economic pressures on Australian industry as that recently experienced by New Zealand.

Continuation 379

The pertinent findings from Continuation 379 were that:⁵²

- without measures, import volumes would return to the high levels seen pre-2012;
- selling prices of the imported goods during the continuation inquiry period undercut Australian industry prices;
- dumped imports from certain subject exporters continued during the inquiry period; and
- in the absence of measures, subject exporters would lower prices further to compete with exporters not subject to measures.

Orrcon has evidenced above that it is more probable than not that import volumes would return to higher injurious levels in the absence of effective trade measures (given the accelerating trend exhibited in Confidential Appendix A2), and that Australian selling prices from the subject countries continue to undercut Australian industry. Orrcon has also shown that dumped imports have continued during the likely continuation inquiry period, at weighted average prices that are lower than non-subject imports.

iii. Conclusion

Orrcon contends that should the measures be allowed to expire on HSS exported from China, Korea, Malaysia, and Taiwan in July 2022, it is likely that the Australian industry would experience a recurrence of material injury. This is premised on the fact that:

- imports from the subject countries have continued since the imposition of measures;
- exporters of HSS in China, Korea, Malaysia, and Taiwan have maintained distribution links into the Australian market, and have done so since the imposition of the original measures in July 2012;
- anti-dumping and other similar trade measures applied and/or continued to exporters of pipe and tube from China, Korea, and Taiwan by other jurisdictions will influence the future export orientation of HSS towards destinations where measures do not apply;
- producers in China, Korea, Malaysia, and Taiwan have excess capacity to increase export volumes to Australia;
- prima facie evidence on export prices from the subject countries to New Zealand indicates, in the absence of measures, it is likely that export prices to Australia from China, Korea, Malaysia, and Taiwan will fall;
- following the continuation of measures in June 2017, Orrcon has experienced an improvement in sales volumes; and

⁵⁰ Non-Confidential Attachment 14: Sixty job losses on cards with proposal to close operations at Glenbrook steel plant, May 2020.

⁵¹ Non-Confidential Attachment 15: BlueScope Notes to the Consolidated Financial Statements, June 2020 (Note 14 ‘Carrying value of non-financial assets’). Orrcon speculates, absent this business closure, that the New Zealand pipe & tube manufacturing industry would have otherwise pursued trade remedy measures against dumped and injurious HSS imports from the subject countries.

⁵² Report 379, p. 73.

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- recently sited market offers for HSS from the subject countries have undercut Australian industry selling prices.

Orrcon therefore requests that the Commission commence an investigation into the continuation of anti-dumping measures on HSS exported from China, Korea, Malaysia, and Taiwan in accordance with Division 6A – Continuation of anti-dumping measures. Orrcon is seeking that the dumping and countervailing measures be extended beyond 3 July 2022 for a further five-year period.