



Fabricated Structural Steel Safeguards

Transcript of proceedings

Public hearing – Day 2

Thursday 14 May 2026

Catherine de Fontenay, Commissioner

Barry Sterland, Commissioner

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PROCEEDINGS COMMENCED 10:00 AM AEST.

Introductory remarks

Barry Sterland: Good morning. Welcome to the public hearings for the Productivity Commission inquiry into fabricated structural steel safeguards this Wednesday. My name is Barry Sterland, I'm one of the Commissioners on the inquiry and Catherine de Fontenay is the other Commissioner on the inquiry.

I'd like to begin by acknowledging the traditional custodians of the land on which we meet today, and I would also pay my respects to elders past and present.

Before I say a bit about the inquiry, just a few essential housekeeping instructions. These hearings are being recorded for transcription purposes. Please stay on mute unless you are called on to speak. And if you don't want to be on video, can you turn off the camera. I'm going to make some broad process and timing points, but just beforehand I thought because they take 5 minutes up for the EU delegation, I want to give you the half hour, so if you're happy, we'll extend your segment beyond the sort of allotted time, is that OK, Joanna? Thanks, we'll just start from whenever I finish that, if that's OK.

With the process and the timing of this inquiry, the inquiry started for us when we received our terms of reference from the Australian Government in January. We released a call for submissions in February and have since received 55 submissions and 21 confidential submissions. We've also received confidential attachments for 16 of those 55 published submissions. We've contacted everyone who provided confidential material and asked that they reconsider its confidential status or provide a non-confidential version of the material that we can publish on our website and which will enhance our ability to rely on this evidence in our inquiry.

In addition to receiving submissions, we have met with a range of organisations and individuals with an interest in the inquiry.

Following the hearings we're now holding, we will be working towards completing our interim report by 23 September as outlined in our terms of reference. There will be an opportunity to provide submissions after the release of the interim report. The final report will be submitted to the Australian Government no later than 23 November. Participants and those who have registered their interest in the inquiry will be advised of the final report's release by government, which may be up to 25 parliamentary sitting days after it is provided to government.

We're grateful to everyone who's taken the time to meet us and provide submissions and join us for today's public hearings. The purpose of these hearings is to give people an opportunity to elaborate on their own submission, engage with the submissions of others and share their views on this inquiry in a public forum.

We like to conduct all hearings in a relatively informal manner, but I remind participants that a full transcript is being taken. The transcript will be made available to participants and will be available on the Commission's website soon after the hearings finish. We cannot take comments from the floor during the day, but at the end of the day there will be an opportunity for anyone who wishes to do so to speak. Under the Productivity Commission Act, people appearing as witnesses are required to not provide false or misleading responses, and are required to answer the questions asked. If you believe this would require that you reveal commercially sensitive or otherwise confidential information we can organise for you to respond in private at another time.

Participants should be aware that any media representatives present may be using social media and other internet mechanisms to convey information online in real time, including the participants' remarks. If any media representatives are present, please let our team know by sending a message in the chat indicating your name and affiliation. You also need to observe some rules if you're attending from the media, which we've written in the chat.

The witnesses will be invited to make some opening remarks of no more than 5 minutes. Keeping the opening remarks brief will allow us the opportunity to discuss matters in participants' submissions in greater detail. At the conclusion of today's scheduled participants, I'll ask if anyone would like to speak. You can send a message in

the chat during the day to indicate if you want to speak at the end of the day. You will also be able to raise your hand at the end of the day using the MS Teams raise hand function. People who have not already spoken will be prioritised in that part of the day, but anyone can indicate their interest in speaking.

If anyone wants to respond to evidence given today, but they do not get a chance today, they can email it to our inquiry team and it will be published alongside the transcript of these hearings. Details about this can be found in the chat session. So the team just entered some details there.

Delegation of the European Union to Australia

Barry Sterland: I would now like to welcome the EU delegation, represented by Joanna Poczowska and Margaux Williams. As I indicated before, Joanna and Margaux, we will sort of roughly go for half an hour from now, so we'll take it to about 10:36, please, once your video and microphone are on, please state your name and organisation for the transcript and you're then welcome to make an opening statement of no more than 5 minutes, please, before we ask you some questions. Over to you, Joanna or Margaux.

Joanna Poczowska: Good morning, Commissioners. I hope you can hear me well. My name is Joanna Poczowska. I'm the Head of Trade and Economic Section of the Delegation of the European Union to Australia. I'm representing the European Commission Directorate General for Trade and Economic Security. As you can imagine, given the time difference with Brussels, my colleagues from the headquarters were unable to participate in the hearing and asked me to speak on their behalf. I would like to thank the Australian authorities for the opportunity to present our views in this investigation.

Following the analysis of the information available, the European Commission submitted its written comments on the 10th of April 2026. We would nevertheless like to take this opportunity to highlight a number of concerns regarding both the procedural and substantive aspects of the case in light of the requirements of the WTO Agreement on Safeguards. As currently constituted, the investigation raises serious questions as to its consistency with those requirements.

My first point concerns procedural deficiencies. The non-confidential application became available more than 2 months after the initiation of the investigation. This delay has limited the ability of interested parties to fully understand and respond to the claims at an early stage. We would therefore underline the importance of ensuring full transparency and timely access to essential information. It is recalled that transparency and due process are fundamental obligations under the WTO Safeguards Agreement.

My second point concerns failure to define the period of investigation. The application appeared to lack a clearly defined and consistent period of investigation. Different time frames are used for imports and injury analysis, and the data on record ends in 2024, despite the initiation taking place in 2026. This raises questions as to whether the analysis adequately reflects recent market developments.

Number 3 is about failure to demonstrate increased imports. The evidence provided does not appear to include a comprehensive analysis of the evolution of imports over the relevant periods. The claim relies on a simple endpoint comparison, 2020 to 2024, without examining the trends over time. This falls short of the evidentiary standards required under WTO rules.

Number 4 is about the failure to demonstrate serious injury. Key economic indicators point to a stable and in some cases improving situation of domestic industry with significant increases in profitability, sales and employment. Diverging performance among Australian producers suggest internal competitive dynamics, not injury caused by imports. These elements would appear to warrant further careful examination when assessing whether the threshold of serious injury is met.

And the final fifth point relates to failure to demonstrate causal link. At this stage, the application does not provide a sufficiently reasoned and evidence-based analysis demonstrating a causal link between imports and an alleged injury. Nor does it adequately assess the role of other factors.

In conclusion, the European Commission trusts that the concerns we have raised will be given due consideration in the course of this investigation. We respectfully submit that the current investigation appears to rely on data that is, in our view, incomplete and outdated. Additionally, we have highlighted concerns regarding the consistency of the methodology applied, as well as the level of substantiation provided for certain key claims. And these are not minor technicalities, rather foundational elements that underpin the integrity of the investigation. Given these observations, the European Commission must emphasise that, without prejudice to the work of the Productivity Commission, the investigation as presently structured raises questions regarding its alignment with the substantive and procedural requirements of the WTO Agreement on Safeguards.

In the light of the deficiencies identified, the European Commission respectfully submits that the safeguards application lacks the necessary legal and evidentiary basis under the WTO law. We believe that proceedings under these circumstances would risk inconsistency with the applicable WTO rules and the obligations incumbent upon all members. For these reasons, we urge the investigating authority to carefully reconsider the continuation of this measure. The European Commission remains of the view that termination of the proceedings would be the most appropriate course of action in light of the concerns raised. I stand ready to clarify any points made today and if necessary to convey further questions to the European Commission for its consideration and further written inputs. Thank you.

Barry Sterland: Thank you Ms Poczowska. I thought it would be worthwhile me addressing the procedural questions first up, given the emphasis on that, and provide some background about how the PC processes work and how we think that meets the concerns of the EU over process when the whole investigation is taken together.

We've been asked by the Australian Government to conduct inquiries. We don't initiate the safeguard inquiry ourselves. We are the authorised entity involved there. The notice of initiation that was sent to the WTO was not prepared by the PC and the industry information underpinning that was published later is just that, the industry's submission. Our terms of reference are what we're taking. We've not made any findings whatsoever in relation to this investigation, neither the factual elements nor any of the judgement and assessment elements. We're still at the early stages of the investigation. I can assure you we will examine the evidence ourselves on any of the matters under investigation, the period of investigation, the import trends, injury, causation, and the like.

Our investigation process includes multiple opportunities for interested parties to make submissions, comment on the evidence put forward by the parties, including through written submissions, and indeed, at these public hearings. We'll release a draft report in September that will set out all of our reasoning and evidence that will be assessed and we will do that under our Act, [and we will] invite interested parties to comment on this draft report before we make final recommendations about definitive measures.

So with that background, I just wonder if you've got any further observations to make about the process the PC's undertaking and other than that would be happy to move on to the issues of substance that you're raising in response to the evidence that some of the industry have put forward separately.

Joanna Poczowska: Thank you so much for these clarifications. I have no additional comments to make at this stage. We will convey this clarification to Brussels. Thank you.

Catherine de Fontenay: Probably just one additional clarification, Ms Poczowska. The notice of initiation to the WTO did include a link to our terms of reference, which indicated the exact 10-digit HTISC codes that are under consideration and also the process that we would be undertaking.

Barry Sterland: OK, so I think one of the first, apart from the process issues, the first issue you raised besides that was the sort of appropriate period of investigation. As I said we're using this process and others to think about that, but also very cognizant of WTO precedents and the like. It would be good to get your view on appropriate periods and how we should consider trends, both you know longer term, medium term and nearer term data.

Joanna Poczowska: Thank you. When we when we look at the application that was filed in November 2025, the questions for us were specifically related to the periods of import increase over the calendar year 2022 to

2024 in both absolute and relative terms, while the alleged serious injury was presented over a different period, namely calendar years 2022 to 2025, or alternatively 2022-23 to 2024-25. And that's why we raised this issue of legal deficiencies. Now you're asking about suggestions of a possible period and timeline to analyse data. I'm happy to convey this message to our colleagues and we can submit written input on that.

Barry Sterland: And just to reiterate my comments that we will have access to direct data of whatever the most recent sort of observations and we'll do our analysis on that and we will be thinking of various time frames and running through the reasoning for how we think about any of those.

Catherine de Fontenay: Thank you. So you mentioned that the ASI submission includes information about increased imports over the period 2022 to 2024. We'd be interested in the EU's view about what level of imports increase would constitute a recent, sudden, sharp and significant increase in imports. Is there a percentage threshold that you consider reasonable or is there a particular length of time that you consider to be sudden and sharp?

Joanna Poczowska: Thank you so much. On the specific volumes of what we would consider, I will need to get back to our colleagues in Brussels and happy to provide written answers on that. Our concern with regard to this application was the fact that actually it does not include any data on import volumes as such and we consider that this was essential information that was missing. But again, I'm happy to come back on that.

Catherine de Fontenay: Thank you very much. So we are looking at the raw import data and we appreciate the submission from the EU and from other parties highlighting that volume is an essential indicator in the WTO proceedings. So we will be carefully looking at the volume data as well as value data.

Barry Sterland: Is it worth just drawing attention to the specific tariff codes in our terms of reference and noting that the 10-digit level in Australia can be, you know... it's matching that up with how you look at any export data from the EU or other countries. There are some specific exclusions from the 6-digit codes. All the details are in there, but it'd just be worth, as you think about this, making sure that your comments are in relation to our terms of reference and how we should measure that.

Now on unforeseen developments, I think you make some comments in your submission about that. Some of the submissions have argued that trade measures in a range of countries, including the EU and others may have had an impact on imports to Australia. Can you tell us anything about any relevant steel trade measures in the EU and the extent to which these may count as an unforeseen development that's resulted in an increase in imports and just bearing... drawing in some of the evidence that's been presented at these hearings about the combination of factors being relevant, a long standing overcapacity, some developments in key domestic markets of exporting countries and the combination of trade measures. But given you're from Europe and others have made this link, we wouldn't mind hearing any observations about trade measures in Europe.

Joanna Poczowska: Thank you. Thank you so much for this question. Maybe if you allow me just to comment on the previous clarification that you made. Indeed, we have seen the various codes referring to specific steel products and this is something my colleagues took into account when looking at your exports to Australia. However, we will remind them and make that specific point. So thank you for this clarification.

Regarding unforeseen developments, I will again leave it for my Brussels colleagues to provide maybe more detailed written comments on that. But as you would be aware, we have launched, back in October, we started looking at the steel industry in the European Union, where we presented the proposal to protect the EU steel industry from unfair impact of global overcapacity that you have mentioned as well, which is a vital step towards long-term viability of this crucial industry. And this is a proposal that is going to replace the current steel safeguards measure that we have in place in the European Union and which is set to expire by 26 June 2026, so next month. And there are currently ongoing discussions in particular with our trading partners, in particular within the WTO that are fully in line with GATT Article XXVIII, in this regard. I will stop here and I will relay further comments from my colleagues from Brussels.

Barry Sterland: In those comments, we'd be interested in the extent to which measures, either direct trade measures or other import, quality assurance or something, have affected fabricated steel exports to the EU.

There's been a comment in at least one submission about the way, I think it might be the witness this afternoon, on the way fabricated steel is regulated at the border. So it'd be just interesting to get the EU's observations about anything specific on fabricated structural steel.

Joanna Poczowska: Could you please clarify, you mentioned it was raised in one of the submissions. Would it be possible for you to clarify in which submission was it raised?

Barry Sterland: While Catherine's asking [the next question], I'll have a quick look.

Joanna Poczowska: OK, thank you. Happy to follow up also in writing afterwards. Thank you.

Catherine de Fontenay: Ms Poczowska, you mentioned the safeguard that is being replaced by this measure in the EU. My understanding is that safeguard is a 25% duty above a certain quota. If the EU has undertaken any analysis of the impact on prices of that safeguard action, we would be very grateful, as the proposed form of a tariff put forward by the Australian Steel Institute is a tariff above a quota, so we would be grateful for any information that you can provide on that matter.

Ms Poczowska, could I clarify, you mentioned that the evidence that you had seen did not indicate serious injury. Can I just confirm that you were referring to the specific details in the ASI application? Is that correct? And not to other information on the fabricated steel industry?

Joanna Poczowska: That is correct. We refer to the information available in the application.

Catherine de Fontenay: Thank you very much. So you've raised concerns about the particular details of that evidence, whether it shows injury and also some have raised concerns about the confidential nature of some of the information. We would just like to stress that the PC does recognise the importance of procedural fairness and transparency. I'd just like to remind all participants to these hearings that where confidential information cannot be meaningfully summarised in a public document or independently corroborated, the PC is unlikely to give it significant weight and may decide not to rely on it. We have been grateful for the perspectives that we have received in confidential submissions, but in terms of data, this will primarily be relying on public data.

Barry Sterland: Just if I can come back to Joanna, the submission I'm referring to is the witness that's speaking a bit later in the morning, Steel Builder Australia, their submission number 42, on our website has at the end a broader comment on quality. It's not about safeguard measures, it's about how quality of fabricated steel is monitored. And there's just some specific comments about EU measures there that it'd be worth any references to help us understand that.

Catherine de Fontenay: If the Productivity Commission finds that safeguard measures can be applied, we will also need to form a view as to whether those measures would be in the public interest. That view would be in the form of advice to the government, rather than a government position, but we would be providing advice as to whether the safeguard measure would be in the public interest. So we'd be interested in the EU's views on what matters we should consider when deciding whether measures would be in the public interest. And how the European Commission has approached these questions in the past. So if you have views you'd like to provide, or if you'd like to take that question on notice.

Joanna Poczowska: Thank you. I will take that question back to our expert. Thank you.

Barry Sterland: OK. We had additional time if we needed it, but we don't need to use it. But just before we stop this part of the hearing, just any extra comments that you would like to make in response to anything you've heard today?

Joanna Poczowska: I would like to thank you for the opportunity to be able to present our views. And I have actually a practical question. I will be following up with colleagues and happy to send you written replies. Is there a specific deadline? What are the next steps in terms of publication of this transcript. Is there anything else we need to take into account?

Barry Sterland: Let's get back to you. How about we send some advice if we've got something in the chat, we'll put it today. We indicated that if people were reacting to other people today, we could publish it with the transcript, but this a little bit different, it's a factual question that we understand might take a bit longer.

Catherine de Fontenay: I think, yeah, we'll get back to you on whether there's a deadline for that additional information.

Barry Sterland: I would think it will be a matter of weeks, just to give us opportunity to properly consider it, a couple of weeks. So it's not the same deadline I mentioned at the start, but it's more to enable us to consider this properly as we put together the interim report. And we'll send maybe a message out to the people that appeared at the hearings because there's a few other stakeholders that have also said they will come back to us. So we'll provide some advice in writing in the next day or two.

Joanna Poczowska: OK, that's perfect. Thank you very much.

Barry Sterland: Thank you, Ms Poczowska. Thank you for your time. We appreciate your engagement with the inquiry and we will pause now and recommence at 10:45.

Joanna Poczowska: Thank you, bye-bye.

China Chamber of Commerce of Metals, Minerals and Chemical Importers and Exporters

Barry Sterland: I would now like to welcome Charles Zhan and Yunjin Lee from Moulis Legal on behalf of the China Chamber of Commerce of Metals, Minerals and Chemical Importers and Exporters. Once your video and microphone are on, please state your name and organisation for the transcript and you're then welcome to make an opening statement of no more than 5 minutes, please, before we ask you some questions.

Charles Zhan: Thank you, Commissioners. Charles Zhan and Yunjin Lee from Moulis Legal. We appear today on behalf of the China Chamber of Commerce of Metals, Minerals and Chemical Importers and Exporters. We appreciate the opportunity to present the views of the Chamber before the Commission.

In our written submission to the Commission, it is acknowledged that the fabricated structural steel imports from China have been a consistent, reliable and significant source of supply for meeting Australia's demands in infrastructure, mining, resources, and general commercial building projects. This is not a recent or sudden phenomenon. This has been the case for well over a decade.

In the interest of time, we will not attempt to go through all the points already raised in our recent submission. We believe that the Commission is already very well briefed on the legal framework applicable to safeguard inquiries. The Commission is also well supported in terms of administrative precedence and knowledge built up from previous inquiries conducted by the Commission. Nevertheless, we wish to highlight several points for the Commission's consideration in this opening statement.

Firstly, a safeguard measure is a legal instrument governed by international and Australian laws. It is not a policy instrument that can simply be deployed to promote domestic production or as a surrogate for any local content rules. There are other policy and regulatory tools that can be used to meet those demands. These are the fundamental points to make because in our view, the main complaint before the Commission is not one about the kind of sudden, unexpected, and sharp increase in imports causing serious injury to the domestic industry. Instead, as we have heard again and again from other witnesses in this inquiry, the Commission is asked to impose trade barriers because the complainants are unhappy with Australia being an open market. Because other countries have put up protectionist trade measures, they will say, so too should Australia. In other words, Australia should join this race to the bottom.

Claims have been made in this inquiry that import quotas and an astronomical level of tariff should be imposed because it is reasonable to do so. This kind of claim may reflect the popular demand in the current policy environment. However, it is not one based on relevant legal test, nor does it address the relevant legal test. The

legal test requires robust assessment of evidence, comprehensive analysis of economic factors and data, legal conditions to be met, and for any proposed measure to be examined against a public interest test. The evidence before the Commission does not justify safeguards. The public interest does not support safeguards either.

Our recent submission to the Commission has identified several difficulties with the evidence on record. To begin with, the product under investigation and domestic industry for like product are not properly defined. They are vague and broad. This creates several folds of difficulties in the assessment of import trends and injury and causation claims. As an example, yesterday the Commission was told that most ASI members in the broadly defined FSS industry can make some of the goods that are the subject of this inquiry. This means that they may or may not be producers of like product. The Commission was informed that because of the catch-all nature of some codes, they may or may not include the kind of fabricated structural steel products for which the safeguard measure has been requested.

Another example, the Commission has been presented with conflicting accounts of large increase in imports and the timing of such increase. This includes a reference to 2021 in Australia's notification to the WTO. The evidence from yesterday's hearing where the Commission was informed that the increase may have occurred either between 2022 and 2024, or post-2024 or after June 2025. None of these are supported by verifiable evidence. By contrast, the Chamber has presented evidence from official trade data, which shows that the kind of recent enough, sharp enough, sudden enough and significant enough surge in imports simply did not occur.

On injury, the Commission has been presented with extremely selective and limited level of information with respect to six producers with mixed performance. Having comprehensive, reliable and representative evidence on the domestic industry performance is critical. What the Commission is required to consider is an extraordinary emergency global trade measure. This is Australia versus the world, not China. And if a measure is imposed, Australia will come under pressure to give additional concession in compensation for the impact of the safeguards measure on trade. And if concession is not given, affected trading partners can take their own countermeasures. As such, safeguard measures will have a negative ripple effect that must not be taken lightly.

To wrap up, we're not here to lecture anyone about the proposition that Australian domestic fabrication industry is facing real challenges. However, the Commission has been presented with several key factors that have impacted domestic fabrication industry in recent times, which are not caused by imports. These are: normal market corrections as the impact of the government stimulus cools down; a permanent shift in the market and industry towards design and modular technology that favours well-established large-scale global supply chains and provides both quality and cost solution to Australian construction projects; upstream supply side constraints and the price pressure, including production disruption at Whyalla, the timing of which correspond with the timing of domestic industry's injury claims. And more generally, a key factor affecting domestic industry is that everything is just becoming more expensive for the industry in Australia. Safeguard measures are neither warranted nor suitable for fixing these issues.

The kind of trade barrier and trade restriction requested by ASI may create yet another stimulus and profit windfall for the sector over the next four years. And in time to make pipeline projects for the Brisbane Olympic and other construction projects more expensive. But the industry will face the same problems again at the end of the cycle.

To conclude, we submit that evidence before the Commission does not meet the conditions required for imposing safeguard measures.

Barry Sterland: Thank you, Mr Zhan. It would be worth me starting, like I did I think this morning with the EU, just by addressing some of the process issues, you might have listened, but really just to emphasise that we will make our own judgments on the basis of all the data that we can get access to, including through hearings and stakeholders, but access to official data. So just want to assure you that we will be drawing on an objective analysis of all the evidence on the table about all the matters that we spoke about.

I just wonder whether it's worth starting off on the substance of the issues. The product under investigation, I think that's a point raised in your submission and you mentioned it again then, including some of the evidence

yesterday. So as you know, our terms of reference lists a series of tariff codes. We're interested in your views about whether those tariff codes should be grouped or analysed separately or what would be some of the principles for aggregating some of those. As you know, there's no hard and fast rules on this. So, more thinking, what are some of the factors it would take into account? Substitutability on the supply side – you mentioned yesterday there were different bits of evidence provided on that, many fabricators can make a wide variety of goods. So really just asking if you have any further comments on that product definition. We will investigate this and make judgments based on reasoning, but just any further factors that might help provide your view about how we should think about that.

Charles Zhan: Thank you. Thank you very much, Commissioner Sterland. Very well noted, all of your comments and we understand that this is ultimately an investigation and inquiry to be conducted by the Commission.

So just on the product issue, without sounding too unhelpful, I think what we are seeing is a scope that's problematic in its own technical way. I think you will probably hear more from participants from the actual industry, probably after us, who also made the point that the product has been essentially defined as a process, not a product itself. You mentioned tariff lines, but when we look at it, they are actually not tariff lines, they're statistical lines. The tariff lines stop at 6 or 8 digits. We're here dealing with the 10-digit HTISC codes, not even tariff lines. So, no, that will be a problem. We don't think the evidence will support it, but ultimately, if you do consider any safeguard measures, our understanding is that, and if any tariffs imposed, then they'll have to be made at the tariff line level, which currently don't have that, I guess, ability to really do that at the detailed 10-digit code level. So on that basis, I think you're probably stuck with the FSS, if you like, as a whole under those two tariff lines. The 10-digit codes themselves, our understanding is they do not really help you to segregate the type of product because some of them are really catch-all codes, that could be really anything that people don't know how to classify. So I don't envy your commission's position, but it is a real difficulty.

Catherine de Fontenay: So you do not view the substitutability that is happening within these fabricators as relevant to the issue? So if the same fabricators are making products that would fall under multiple ones of these 10-digit codes, you don't view that as relevant?

Charles Zhan: Well, it will be relevant for your injury analysis and it will be relevant for, I guess, assessing the trend of imports. Well, I guess, assessing trend imports, you face the question of whether you do that at a specific level or a group level. And then, when you do the injury analysis, you will have to deal with that issue again. You know, if a fabricator that produces something within a particular code, but not other things, I think you'll have to work out whether the injury being presented is with respect to the like product or something broader and how that causal link between imports and its operation or that particular part of the operation – that's something you will have to consider.

Barry Sterland: So I think that causal issue we might return to that a little bit later, but thank you for that. On the issue of unforeseen developments, you make a few comments in the submission about that. You heard some evidence yesterday. I think you made comments that overcapacity has been present for some time and then some comments yesterday were about the overcapacity coming together with measures and developments in exporting countries to produce a combination that is unforeseen. Just wondering if you wanted to react to that.

Charles Zhan: Yes, we have made our comments on those issues already. I think just in terms of overcapacity, I think that's really well and truly rebutted by everyone involved, including against ASI yesterday, and because, you know, we come down to this proposition that there is a very, I guess it's just popular thing to say, oh, there's overcapacity globally, but now how does that apply to this product we're dealing with? And the answer is 'not so much', because, as it's well recognized, it's a bespoke product. It's not popping out sausages, I think that was the expression used. So, the overcapacity at a crude steel level has very little relevance. You can try to stretch that to any imaginable product. I think yesterday, even EVs were mentioned. You can't draw that connection that easily. It's ultimately building construction projects. You don't just produce a fabricated steel modular, sit there waiting for another construction to come up to use it. So, I think the utility of the argument is very limited.

In any case, it's been something that people have been crying [about] for well over a decade. I think you mentioned submission 42 – it could be another submission, from Crofts Steel – which reminds everyone this is the issue that goes all the way back to the early 2000s, start of WTO, when the US safeguard inquiry was under scrutiny.

So again, I think our position is probably well documented on that point and I think, again, the witness after us did a very good job in tracing through the trade remedy measures around the globe and how that has very limited impact to Australia or the product itself. So, again, we don't really think that's something that's not either unforeseen or unforeseen development that with particular applicability to the product concerned.

Catherine de Fontenay: Thank you, Mr Zhan. We understand that the fabricated structural steel industry in China is relatively capital intensive and so there could be relatively large installed capacity and we would welcome any data that the Chamber of Commerce wishes to supply on installed capacity and the use of that capacity over the last 5-10 years.

I'd like to shift to the issue of increased imports. As you noted, some of these analyses of import data are yielding different numbers and we are undertaking our own analysis. But you made the claim that the pattern you're observing in the data is not a sudden enough or sharp enough increase in imports. So could you please state specifically what would be a sudden enough and sharp enough increase in imports?

Charles Zhan: Yes, sure. Thank you for the question. Well, you raise an important point about data and I think we will remind the Commission that we have presented information. I think you asked similar information from other parties yesterday. We have provided from the export perspective, the China export data to Australia, which also demonstrated there has been no surge in exports from China to Australia. And that's consistent with our view about the ABS data.

In terms of what's a sharp increase, what's a sharp enough, I think there's no straightforward or specific measure to that. A few WTO cases probably look at that. It's something you have to look at over a number of years, historically, what's the overall trend, in relative and absolute terms, how does the movement in imports behave? And the other issue you have to consider is whether that's something that's just reflective of a market flow. For example, there is just a strong demand in market, which required more supply from both imports and domestic. So, I think our position is, we tend to agree with the position that was expressed in several WTO dispute jurisprudence that there's not a black and white benchmark for what is a sharp enough or significant enough surge. But again, I'll come back to the point that we just don't see any surge at all.

Catherine de Fontenay: Well you're showing an increase in imports in some of these categories and then you have at least in your data a spike in 2022. Have you investigated what the cause of that spike is and do you also see a spike in values or is it just in measured tonnes? Is it just in a few shipments? Is it a mismeasurement?

Charles Zhan: Yes, so the 2022 spike, that comes from the raw data from ABS. We have made inquiries with ABS because in our view, that was probably a data entry error. And that's also why we went to the Chinese export data, because everyone places a huge amount of significance to China and we agree that China has consistently represented a substantial market share in the import market. So we look at the Chinese exports to Australia under those two tariff lines, which shows in quantity terms, which shows very consistent level of export over the 5 years. So that would probably suggest the 2022 spike from the ABS data is affected by some mistake. We asked ABS what's their view on these. I think the feedback in simple terms is that they do check their data every now and then and try to make a correction where things look like a very obvious irregularity. I think there are some difficulties with especially ... come down to tariff lines or statistical codes that's more of a catch-all in nature. It's hard for them to make judgments on whether or not the data entry itself is incorrect. But I think when you look at the value, there is no spike in value in 2022. And the general trend is also relatively consistent with the export data from China. That's of assistance to your understanding of the trend. So, those data combined, when you look at in a combined way, we think the spike in 2022 was incorrect in volume terms.

Barry Sterland: And we'll make our own parallel enquiries to the ABS, just as part of our evidence gathering. Thanks for that and we are doing that. Just on the import, the Chinese data that you presented, that lines up with the codes in our inquiry?

Charles Zhan: I think we mentioned earlier, so those are for 73081000 at 8-digit level and 73089000 at 8-digit level. So it's a little bit broader than the 10 HTISC codes that you have, because the terms of reference were as I claim excluded, I think was 4 HTISC codes under 730890. So, it's a slightly bigger set of data, if you like, and that's because the Chinese customs data simply does not go down to the same level of statistics that ABS uses.

Catherine de Fontenay: Thank you. We'd like to talk about some of the other factors that you raised as a potential cause of injury. So as you noted, different participants have identified different timelines for injury and we will be making our own determination, but you raise the disruption at the Whyalla steelworks which occurred in March 2024 to May 2024. So does that timing line up with the claims of injury that you've heard thus far in the proceedings? A number of people have identified periods that are earlier than this Whyalla disruption.

Charles Zhan: We believe so. I think yesterday there were views expressed that the impact was really starting to be felt after 2024, and 2024-2025. I think you have also been given evidence in submission terms from, was it InfraBuild or One Steel, I think they put in two separate submissions, anyway I think they also expressed the view that using their own hot rolled structural steel output or supply as evidence to show, well, you know, we have supplied less in those periods and that's an indication of injury. But what we're pointing out is, that's exactly the period when they basically stopped production.

Catherine de Fontenay: Thank you. And then you raised the issue of the shift to modular construction. So that is a topic where we would welcome some additional information from the Chamber of Commerce. So if there are particular changes in the techniques used in construction that facilitate or impede the use of, say, break bulk import fabricated steel or containerized fabricated structural steel, that would be helpful.

Barry Sterland: So you can take that back and as we said to the EU delegation we will provide advice on the ideal timing for any of that supplementary information. You also talk about other causes of injury, self-inflicted injury is the term used, investing in capacity ahead of time and lack of capability and the like. Have you got any other sources of evidence on those elements, the causation issue?

Charles Zhan: I think that's an observation that we make based on information that's already now available to the Commission. The newly added capacity, that's a factor that I think ASI presented. Also, that goes against this notion that there's an overcapacity issue, because clearly people think there's not enough capacity. The timing itself could be problematic.

The other one was on the supply side pressure, and I think, again, that's a view that was presented very thoroughly yesterday and you'll probably hear more later from the industry directly that when you have, I guess, trade measures imposed on upstream products that creates a chain effect through the entire supply chain, reflected in higher cost.

Catherine de Fontenay: But those tariffs are not currently imposed. And the ASI submission emphasised that there had been a wave of investment in 2022-2023. So are you pointing to specific evidence of under investment?

Charles Zhan: No, I think, well, in terms of investment, I was referring to the investment that was made in 2022 and 2024, and then I think the point that we made was there was investment made to expand capacity, but then the market cooled down and the government stimulus sort of cooled down. There's correction. So that itself created more injury than otherwise would have, I guess, or created injury. In terms of the measures, we're talking about upstream product on, you know, that's the anti-dumping measures, for example, and actions brought up by BlueScope and InfraBuild and OneSteel. That creates that cost increase from the raw material level that the fabricator will have to deal with. It's something that I guess the impact would be heightened if a domestic fabricator is somehow, I guess committed to or tied to a supply arrangement where they have to make a commitment to buy certain percentage of their supply from domestic sources in order to qualify for favourable pricing or consistent supply. That means they would have no choice but to pass down that cost to their own customer and when the market is saying no, then they will feel the impact.

Barry Sterland: Thank you so much for your time. We've come to the end of our time. There's a few information requests which are up to you to decide to respond to. We will send information about that, but we really

appreciate your engagement throughout this inquiry and just to indicate to the next witness, we'll be recommencing at 11:30. So thanks very much to both of you.

Steel Builder Australia

Barry Sterland: We will resume our hearings and I would like to welcome Arthur Visedo and Logan Kavandan from Steel Builder Australia, representing that organisation. Once your video and microphone are on, please state your name and organisation for the transcript. And you're then welcome to make an opening statement, no more than 5 minutes, please, before we ask some questions.

Arthur Visedo: Thank you very much. Arthur, CEO of Steel Builder Australia and Logan, COO. Thank you, Chair and Commissioners, for the opportunity to appear today on behalf of Steel Builder Australia. Steel Builder Australia is an Australian-owned structural steel engineering, project management and installation business. We operate within the import channel ourselves. Including through our AS/NZS 5131 CC3 accredited fabrication facility in Vietnam. We're not here seeking that the status quo for imports remains the same. However, we do not believe that a blanket indiscriminate tariff on all imports is the answer. Rather, the key is to identify why certain imports may have a significantly lower price than Australian produced goods and address that issue. The answer is that Australia has a compliance enforcement problem. That problem is currently being mischaracterised as a trade volume problem.

Since 2020, for safety reasons, Australia has required structural steel used in almost all buildings to comply with AS/NZS 5131. Compliance is not optional. Steel Builder complies with this and so does the Australian industry. However, the bulk of imported goods do not comply. Avoiding the cost of compliance with AS/NZS 5131 is a key factor impacting the fabricated steel market. Rather than applying tariffs, our position is that Australia can improve the position of the Australian industry by enforcing compliance with AS/NZS 5131. At the centre of this inquiry is a distinction that matters. Compliant imports and non-compliant imports are not equivalent products. Increasing tariffs on all imports will simply price compliant imports out of the market and leave only the cheapest non-compliant imports. The core issue is that Australia currently does not enforce the mandatory compliance requirements through the import pathway.

To the extent that compliance with the standard is enforced, it is an ad hoc manner once goods have entered Australia. The consequence is that compliant domestic fabricators and compliant offshore operators such as ourselves are competing against imported product that avoids compliance obligations already embedded within Australian law. Non-compliant product is not cheaper because of an oversupply of steel or an increase in global protectionist measures. It is cheaper because it bypasses certification, quality assurance systems, welding supervision, traceability, obligations and testing regimes that compliant fabricators already carry.

That is not a competitive pressure, it is a regulatory arbitrage. The risk of non-compliant trading are not theoretical. The Kew Rec Centre collapse became a visible and public example of what compliance failure looks like downstream. Kardinia Park raised serious questions about certification integrity throughout the supply chain. These events did not happen because the standard was inadequate. They happened because the standard was not being enforced.

These concerns have also been raised before. Senate inquiry processes and broader regulatory reviews have repeatedly identified enforcement gaps, self-certification risks and the absence of effective compliance verification for imported structural steel. This a known problem.

The question before the Commission is whether safeguards will address this issue in a way, and relatedly, are the conditions for the impositions of safeguards met if the primary cause of low price imports is non-compliance with a mandatory standard? Our submission is that a conventional safeguard tariff would not close the compliance gap. It would widen it.

A compliant imported product subject to a safeguard tariff still remains more expensive than a non-compliant imported product, avoiding compliance costs altogether. The arbitrage persists, but at a higher cost to the

Australian economy, downstream construction costs rise, housing and infrastructure delivery is impaired, and the underlying distortion is left untouched.

Our primary recommendation is an enforcement mechanism requiring imported fabricated steel to demonstrate compliance with AS/NZS 5131 as a condition of Australian border entry. This does not require significant new legislation. The standard already exists through the NCC. It simply enforces at the border the same obligations already imposed at the point of use.

This approach has direct international precedent. The European Union faced comparable pressures, overcapacity, pricing distortion, concerns about non-compliant fabricated steel entering the market and responded primarily through a compliance-first framework, mandatory CE marking under EN 1090, enforced at the border and throughout market entry. In many respects, Australia already has the equivalent framework through AS/NZS 5131. The difference is not the standard, the difference is enforcement.

We also note Australia is structurally dependent on imported fabricated steel. Infrastructure Australia's pipeline data indicates that forward demand materially exceeds domestic deliverable capacity over the next five years. Imports are not simply displacing domestic production. They are filling a structural supply gap the local market cannot currently satisfy at scale. A blanket tariff applied to compliant and non-compliant imports alike would impose significant costs on housing infrastructure delivery while leaving the gap, which would be filled by non-compliant product, our position rests on 3 principles...

Barry Sterland: Can we can we finish up in the next 30 seconds?

Arthur Visedo: Yep. Our position rests on three principles: that compliance standards embedded in Australian law should be enforced consistently regardless of country of origin, that trade policy should target the actual source of the distortion rather than imposing broad economic costs and compliance supply chains in downstream construction sectors, and that the Australian long-term infrastructure and housing objectives require both a viable domestic steel industry and a functional, safe and compliant import channel operating on genuinely level terms. Thank you.

Barry Sterland: Thanks. Thank you for that introduction. We want to return to those issues of compliance and quality and really recognise the effort you've put into thinking about that. I want to start though, because you're an industry participant with the sort of evidence base that we've got to look into in the first half, so we'll spend the first half just asking you some questions about your observations of industry trends, because that's the primary thing we have to do first is understand imports, domestic injury and all that sort of stuff. And then, just to assure you, we'll come back to talking about this and its relevance to several of these elements. So just to understand, does your company do any domestic fabrication or does it have domestic fabrication sources as well as imports as well as the integrated business that you've outlined?

Arthur Visedo: Can I start by defining the market, so you have an understanding of what happens? So, obviously, we're a delivery partner for construction companies, and we have early contractor involvement, where we develop designs, we develop an expedited value-added model to deliver efficient, productive solutions that meet the budgetary requirements for project feasibility. Now, the actual steel component, because builders and developers want to de-risk their profile to have economic activity, right? So the model is, we'll give you a design, draft, supply, install model in the whole thing. So the actual steel product in the contract in the marketplace only makes up circa 30% of the value within the total contract price. Now, you've got smart design that can reduce price. You've got efficient installation, so you might have installation techniques that reduce labour costs on site in Australia that facilitate expedited timelines, etc, that add to that. You have economies of scale, so you might have \$50 million worth of local bolts that you need to buy and you go out for tender and you use your market leverage on purchasing, and economies of scale, pricing structure. These are all the levers that can be pulled. The actual market isn't, oh, we're just gonna buy X amount of product and sell it in the market. The market is looking for an all-encompassing solution-based approach, where they want smart design, they want compliant design, they want compliant product, they want bolts, smart installation techniques, etc. And then there's the

local resources as far as boiler making on site, etc. that encompass that as well. So, 70 odd percent of our contract price is all local, but local value-add items.

Barry Sterland: And you've got a joint venture with a Vietnamese firm that supplies fabrication. But do you also, and this is not a normative comment, I'm just getting the facts, do you sometimes source locally, if that's appropriate, as part of that?

Arthur Visedo: Yeah, we do. If we do a 10,000 tonne project and, you know, 20 tonne is fast-to-market, etc., and that the lead times and the provision and the resources to push that out, right, it doesn't suit our model, right, and all the timing of a project. So we would engage with local partners, et cetera, to supply that aspect, et cetera, and those short-to-market lead-time items.

Barry Sterland: So I just wanted to maybe then just, given that you know that industry well, get your observation of the last you know several years what you're seeing in terms of imported product and domestic product in the industry as a whole. I'm not asking for we've got, the various elements in your submission. But just more to our broad first part of our terms of reference, which is to assess that import trend, just what your observations are about what's happened in the domestic industry recently and then I want to get back to that quality side of it, just to understand how that might have played into that.

Arthur Visedo: Yep. So I think my observation of the construction sector is one that is very much aligned with price, right? So it's a price ...

Catherine de Fontenay: Sorry, you've gone on mute.

Barry Sterland: OK, hearing you now.

Arthur Visedo: Is that all right? Yep. So the construction sector is one that is very heavily driven by price, right? The whole reason you had the Kew Rec Centre collapse was you had non-compliant product that was driven by cheap price. A builder went on a procure strategy for the cheapest price in the global market without any real compliance focus, you ended up with a [audio cut out].

Catherine de Fontenay: We've lost you again.

Barry Sterland: Just lost your sound.

Catherine de Fontenay: I think you need to sit closer to the computer.

Arthur Visedo: Oh, there, can you hear me now? Yeah, so it was a buy and procure model that didn't meet the Australian standard. You ended up having a substantial collapse that if it had happened in operational circumstances or during the day would have killed people. And that's the market itself where you have a lot of builders, et cetera, that drive price. They want price.

Catherine de Fontenay: Okie Doke, could you give us an idea, so you mentioned that those noncompliant overseas products are substantially cheaper. So what kind of price am I talking per tonne for fabricators in Australia versus your product that is compliant from Vietnam versus those non-compliant products? What kind of price per tonne would I be talking?

Arthur Visedo: Just on the portion that we have, we have circa a 10 to 15% competitive advantage on the actual 30% item, right? That's where we are.

Catherine de Fontenay: So that means you're 10 to 15% cheaper than the other than domestic producers?

Arthur Visedo: Ten to 15 on the 30% input, right? So it's less than that, it's three to five on the input. We then have economies of scale with our suppliers locally that we leverage upon that also give us another competitive advantage as well. So we would get the best rigging installation pricing going around because of our volume. We get the best, you know, HD bolts and bolting supply price, fundamental economies of scale when it comes down to volume. So, items like that.

Catherine de Fontenay: And how would that price compare to the non-compliant import fabricated product?

Arthur Visedo: I can give you an example. So even though we've got smart design, so we've got the ability to design raw material out. We have great installation pricing and local content as far as bolting and all that. We went in at a project at 1% gross margin, so not even covering overhead. And we couldn't compete; we lost it. Notwithstanding, as part of our partnership group, we also service Asia, right? So we understand what the Asian market is doing. The Asian market is fabricating under an ASTM regime, right? And it's a fast-paced volume regime without the quality checks. So if you're looking at a production facility, when you look at the Australian standard, there are whole points along the fabrication process that slow your tonnage rate, your unit tonnage rate output, right? Now, if you don't have to abide by any of that and you can just make and throw it in, your cost per unit comes down substantially and you just press the market. So, for example, one of our factories that we have in Vietnam supplies a local market, right? That local market factory is circa \$300 US a tonne cheaper than our Australian factory, right? Because the compliance regime is behind it. It's substantive.

Barry Sterland: Now I wouldn't mind, I'd like to come back to the policy elements and just noting they're a little bit outside our terms of reference, but they are relevant. What is directly in our terms of reference is obviously the factors that might be causing injury. So I'm just wondering, has that compliance issue always been the case? Is there something about recent years that's brought it more to the fore? Is more non-compliant product coming in and if so, why? So that's going to the question of, we will investigate whether there's an increase in imports in the data, but I'm just interested in your view about that interaction. What's changed? Is it just more imports put pressure on an existing compliance regime or [unclear].

Arthur Visedo: Well, from 2020, the government mandated AS 4100 in the National Construction Code, right, which then required everyone to abide by AS/NZS 5131. So you saw massive investment from all local fabricators to gain compliance, right, and slow the productivity rate in line with the compliance regime. What you didn't do was you didn't make everyone else compliant. So you've added a cost burden to the local industry and let everyone else just flood the market with whatever they want.

Catherine de Fontenay: So Arthur, just on this question of quality, we have had a chat with Standards Australia and we'll continue to take a look at it. So there are specific rules for projects that are under the National Construction Code. But that's not every project, right? So the National Construction Code would relate to residential housing and commercial buildings. But things like what are the parts of the market that are not under the NCC and how big is that? Because one of the challenges is in terms of a suggestion about enforcement at the border is that if steel is coming in for different applications, you have to know what application it's coming in for to know what standard to apply. So what share of the total fabricated structural steel market is for projects that are under the National Construction Code?

Barry Sterland: And can I just supplement in the same answer? Are you saying that the National Construction Code standard is not being properly enforced at project level which we understood was what it should be. So there is a regulatory regime that should be enforcing this. Are you saying that's not?

Arthur Visedo: It's not being enforced. Yeah, it is not being enforced. And there's no one really carrying the stick until you have a catastrophic event. So you're leaving a legacy in the construction industry, right, for our children, right, where it's the same as, you know, the cladding incident, asbestos, you know, like it's a retrospective, oh no, it's proliferated through the markets too late, what are we going to do, and you have these catastrophic events. And we're starting to see those catastrophic events with certain major highlighted projects. And that's the tip of the iceberg when you look at the factors that we know, and some construction companies have gone broke because of it, which is evident, natural market forces. Eventually you get caught, you get a failure, they are held liable, but that's a retrospective kind of market outcome. We're not enforcing it from the beginning, at the gate and stopping it from coming in, like we are with asbestos.

Catherine de Fontenay: And so back to that question about what share of steel that's coming in is for projects that are under the National Construction Code.

Arthur Visedo: I'd say majority of it. So you'd have a large portion would be under the National Construction Code because it relates to all structures. And I think the Productivity Commission has a real challenge as well, right? Because you're looking at ABS data that comes in. You can't differentiate between non-compliant and compliant. Furthermore, the definition of 7308.90.00 includes plates, rods, angles, shapes, sections, tubes and the like prepared for use in structures, you know, or [unclear]. All this requires that, you know, like essentially, you're allowing an opportunity through this code, right, for people to circumvent the tariff regime, right? They can drill a hole and put a raw product in and run it under that code, right, and not pay the tariff. So BlueScope are affected, all the other mainstream, you know, raw producers of steel are actually affected because certain unscrupulous people can run through that tariff code because the definition isn't clear, whilst if you were to impose that it needs to be relevant to a load-bearing structure, etc, you would stop all that circumvention. If you had an AS/NZS 5131 fabrication regime, certification regime, you would stop circumvention. Your data would be more reliable.

Catherine de Fontenay: OK. Thanks for bringing that to our attention. We'll take a look at possible circumvention of the raw steel tariffs through that particular code, but could you give me a few examples of product that would not be subject to the National Construction Code like applications for which it would not be the National Construction Code would not be relevant? So we've heard like sheds in people's backyards, but what else would be?

Arthur Visedo: But even then, like a shed in a backyard would come under CC1, right, under the construction code. So the CC regime from CC1 to CC4 being the most complex structures, it kind of covers everything within that realm, even down to the most basic of shed structures in your backyard, so to speak.

Catherine de Fontenay: OK. And to the best of your knowledge, you're the only factory overseas that is AS/NZS 5131 compliant?

Arthur Visedo: As you had, I think, you know, like Graham testified yesterday, Graham Fry from Technoweld. I think there might be 1 or 2 others out there, but it's not common, so to speak. We're the largest single fabrication facility in Vietnam, of which I think we only found out recently that there was 1 other fabrication facility that's got their accreditation, right? But you've got 50 fabrication facilities there, and out of that, 2, and from the customs data, there's probably 10 that are importing into Australia. So just on that, 80% are non-compliant. And with China, it's the same thing.

Catherine de Fontenay: So you're modelling estimated, I think it was 61% of steel coming in non-compliant. Can you explain how you came to that figure?

Arthur Visedo: Firstly, we took a conservative approach, but I'll let Logan respond to that.

Logan Kavandan: Yeah, thanks. So the 61% figure is an indicative policy estimate derived from ABS trade data cross-reference against known AS/NZS 5131 accredited fabrication facilities globally. The estimate is based on accreditation visibility, not physical inspection of every imported product. It is intended to illustrate the scale of exposure to non-accredited supply chains within the market. I think more importantly, Australia does not currently collect compliance stratified import data, so that lack of visibility is...

Catherine de Fontenay: But Logan, how did you guys? You know, you're aware of what the 5131 facilities are. How did you translate that from knowing about your facility and a couple of others to a figure of 61%?

Logan Kavandan: ABS trade data actually has import fabricated steel across different countries. So those that sit within the realm, we can estimate, so we know how many tonnes we bring in, we can estimate what our other fabrication facilities bring in as a matter of estimate, and then we extrapolate that across the total data set specific to this HS code. So that's the biggest challenge because as I mentioned, or I was about to mention, there's a lack of visibility to precisely define what's compliant and what's non-compliant. So yeah, once a compliance framework exists at the border, then we will be able to generate a much more precise evidence base over time. But this is rather an extrapolation of information that we have, we know intrinsically, and the application over a larger data set.

Barry Sterland: Just want to just move on to the public interest side of this and I think you've made arguments in your presentation and submission about that a quota tariff would affect both compliant, non-compliant, would have impacts downstream. Just wanting to if you could walk us through the analysis you've done on the potential impacts. I think you chose the 25% tariff on FSS, what that would do to the construction burden and the mix between, this compliance issue. You could just quickly talk about that.

Logan Kavandan: Yep, Arthur, you want me to go ahead? So I think that there's a couple of scenarios. So it's defined and articulated in the paper. And so what we see the impact would be from a cost perspective, cost, you know, increase perspective across the construction industry. But just to simplify and so that's cost rising, so we've basically articulated something to the tune of \$350 million cost impact to the entire construction industry. But as a matter to simplify how this works, it's not just a matter of cost rising, but a deferment of projects, right? And we are starting to experience that given uncertainties within the global economic conditions. Now, for a simple example, if you have \$100 million structure and typically, or \$100 million project, in typical fashion, 8 to 10% of that is the structural steel component. So let's take, I don't know, let's take \$10 million as an example, or \$8 million, or call it 10 for ease of calculation. And then we apply the 25% uplift. That basically says that there is a \$2.5 million dollar increase, right? So, it's a \$2.5 million dollar increase across the total project. Now, what's important for us to understand, and through not just primary research or analysis with our builders, we've also triangulated that with information from [unclear: white paper] from the University of Melbourne, Deloitte, KPMG, just to basically understand what the margins are builders typically make. And we understand they make anywhere between 3 to 4%. So if you take \$2.5 million, that's a 2% uplift. You're basically eroding the margin and builders typically tried to run at a weighted average cost of capital of between 8 to 13 percent, let's call that 10 percent. The IRR over a two-year period is next to nothing, is 1 to 2 percent. So they're basically travelling under their WACC, which makes the investment more and more unviable. This then leads to projects being deferred. And in our paper, we basically see every \$1 million spent there's 8 FTEs involved. So if a \$100 million project gets deferred, you're basically displacing 800 FTEs notionally out of work. So cost rising is a matter of the calculations have been provided as to how we arrived with a 25%, the \$350 million outcome increase in cost, but there are other issues that correlate to this increase. The downstream effect is basically contingent on business case approvals. And that is why, as Arthur has mentioned, our business approach is not retail based. No, we are not selling steel by price. We are actually looking at structural gaps within the industry, supporting our builders, understanding where they are, what they need to do to de-risk their position, and then according to the necessary measures or commercial measures to help get business cases through, because 70 to 75% of our entire value chain is Australian-based workers and Australian-based industries.

Barry Sterland: So, just to confirm that, if you had that 25% tariff you're saying that would affect both imported, or domestic FSS would, but that the cost would be spread across the industry?

Logan Kavandan: 100%. There will be costs being incurred and potential deferment of projects. So, we are talking about an imposition of safeguards. Now, there are contracts that have already been signed, fixed cost contracts that needs to be readjusted, then business case needs to be adjusted, and then lending capability may be, you know, may be considered, reconsidered, and potentially removed. So it's not just a simple application of a number, but there are massive downstream effects that need to be considered.

Arthur Visedo: Furthermore, I mean, we're involved in feasibilities, you know, two years before a project, you know, even sees the light of day, right? Working on designs, project costings, deliverable time frames, all of that, like the downstream effect of, you know, because currently with the ambiguity, you can't factor that in. And best case, you know, projects are sitting there with a 3 to 5% contingency rate. You're going to blow a lot of downstream and future work out of the water. They just become unviable.

Barry Sterland: Look, that's been a good conversation. Thanks for your engagement and welcome continued engagement. As I've indicated, there'll be further opportunities for submission. Really, thank you for your time today, stepping outside in the running of a business. That is concluding the scheduled part of today's proceedings. We're just providing each day an opportunity for anyone who wants to speak to do so. So if you can put your hand up or use the function. Thanks Arthur and Logan for your comments.

Arthur Visedo: Can I, can I cover?

Catherine de Fontenay: Yeah, go ahead, Arthur.

Arthur Visedo: I just want to rebut one of the earlier submissions where you were talking with the EU. Just to cover, the European Union and their safeguards, they're all covered under the raw material side of things. Fabricated steel is not covered by their trade safeguards. So instead, the EU regulated fabricated steel through strict mandatory manufacturing and compliance standards.

Barry Sterland: Thank you for that. And I think we asked them to try and provide some more information on that based on your submission, Arthur. They're hopefully coming back with some more up-to-date information.

Arthur Visedo: No worries. Thank you.

Additional comments and closing remarks

Barry Sterland: So anyone seeking to ask a question? Well, thank you. Assuming there's no hands up and I can still see none and we're a minute past the end of the last one, let me wrap up proceedings for today. We will commence again tomorrow, 10 AM tomorrow morning. So I'll adjourn hearings for today and we'll recommence tomorrow and see some of you back then. Thank you.

ADJOURNED 12:03 PM AEST.