



Responses to questions received following release of the interim report and the 10 September webinar

Fabricated structural steel safeguards inquiry

1. Which external agency will provide an independent review of the PC analysis, and will this be published?

- We have organised for Jonathan Hambur to review the analysis we have done in the ABS DataLab. Mr Hambur is the Deputy Head of the Economic Research at the Reserve Bank of Australia and has experience analysing business performance using data from the Business Longitudinal Analysis Data Environment (BLADE). Mr Hambur's review will be performed in his individual capacity as a technical expert, not on behalf of the RBA.
- Mr Hambur's review will be published on the PC website with the final report.

2. When using BLADE data to investigate injury, how were businesses which import fabricated structural steel identified?

- The detailed merchandise trade data used by the PC identifies the importing business, which can be matched to members of the domestic industry. This then allows the volume of in-scope products that were imported by these businesses to be calculated. If members of the domestic industry bought imported FSS products from an intermediary that is not captured in this data.
- The PC did not exclude members of the domestic industry who have imported FSS themselves. The data suggests that direct imports of FSS by members of the domestic industry account for in the order of 2–3% of total FSS imports.
- Please note that this is done based on anonymised data in the DataLab environment, and the PC is unable to access information which would identify specific businesses.

3. In undertaking financial analysis used to investigate injury, how were the costs, sales, turnover and profit resulting from different types of activities identified?

- The data on cost of sales, turnover and so on was not disaggregated based on activity, as the PC has not been able to identify a reliable, comprehensive information source for this. Businesses were included on the basis that they are ASI members or were directly identified in the course of the inquiry (for example, they met with the PC).
- Submissions from fabricators provided information on how their revenue and other business indicators have changed over time (and this is reflected in table 4.1 of the interim report) but this information did not support disaggregation of business activity. A number of domestic fabricators provided information on the share of their revenue exposed to direct import competition and the median response was 80% (see p. 16 of the interim report).
- We welcome any suggestions on possible data sources or methodologies that could be used to contribute to better understanding the contributions of various activities to the performance of identified FSS firms.

4. *How did you decide that your method to estimate domestic input steel costs to estimate domestic FSS production was relevant and generated representative results?*

- A safeguard investigation requires data on domestic production, but this data is not readily available for Australia. Possible approaches for estimating the tonnage of domestic FSS production and the rationale for the selection of the of the approach used are set out on p. 73 of the interim report.
- For the approach used, we multiplied cost of sales by a figure for the share of cost of sales spent on input steel (which we based on data from 4 fabricators) and then divided that by the average price per tonne of input steel (sourced from key industry participants) and then adjusted for wastage/offcuts (7.5%, which was based on estimates from a number of fabricators and inquiry participants directly engaged with). This is detailed on pp. 73–75 of the interim report.