



**Australian Government**  
**Anti-Dumping Commission**

Application for the publication of  
dumping and/or  
countervailing duty notices  
steel framed shelving units  
exported from China

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APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

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**DECLARATION**

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:

Name:

Position:

Company:

ABN:

Date:

**PLEASE SEE ATTACHED SIGNING PAGE – ‘PUBLIC VERSION SIGNING PAGE’**

## IMPORTANT INFORMATION

### 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, servant, 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 following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

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:** 1300 884 159

**Fax:** 1300 882 506

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Other information is available from the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit [www.aigroup.com.au/traderemedies](http://www.aigroup.com.au/traderemedies) or telephone (03) 9867 0267.

### Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an

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investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ( $P^1, P^2, \dots, P^n$ ) to evaluate industry trends and to correlate injury with dumped imports. The labels  $P^1 \dots P^n$  are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company

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	records and obtain copies of documents relating to the manufacture and sale of the goods.
<b>Appendices</b>	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u> ).
<b>Provision of data</b>	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none"><li>• The data should be submitted on a media format compatible with Microsoft Windows.</li><li>• Microsoft Excel, or an Excel compatible format, is required.</li><li>• If the data cannot be presented electronically please contact the Commission's client support section for advice.</li></ul>
<b>Lodgement of the application</b>	This application, together with the supporting evidence, should be lodged with: <p>The National Manager - Operations Anti-Dumping Commission Customs House 1010 Latrobe St Docklands VIC 3008</p> or Sent by facsimile to <b>1300 882 506</b>
<b>Public Record</b>	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 <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a> .  At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> 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, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

# PART A

## INJURY

### TO AN AUSTRALIAN INDUSTRY

#### **IMPORTANT**

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 1300 884 159  
**Fax:** 1300 882 506  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

**A-1 Identity and communication.**

Please nominate a person in your company for contact about the application:

Contact: [REDACTED]  
Company: Summit Select Pty Ltd  
Position: Executive Director  
Address: Suite 54, Jones Bay Wharf  
26-32 Pirrama Road  
Pyrmont NSW 2009

**Manufacturing Facilities**

100-102 Kirkham Road West  
Keysborough  
VIC 3173

Telephone: 02 9552 5500  
Fax: 02 9552 5599  
ABN: 21 003 928 354

**A-2 Company information.**

1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.

Summit Select Pty Ltd (referred to as Summit) is an Australian owned manufacturer and distributor of high quality pre-packaged shelving systems and garden products. Summit has been in business for 35 years. Summit has a trading division named Stormor Shelving Australia. Stormor manufactures and distributes Handy Angle (Slotted Angle) and Hookflex and distributes other custom made commercial shelving and storage products.

Summit Select Pty Ltd (formerly Summit Storage Products Pty Ltd) is owned by Summit Storage Products Pty Ltd (formerly Summit Holdings NSW Pty Ltd). Both companies changed their business names in January 2015. Summit Storage Products Pty Ltd is a holding company and does not trade with customers.

Refer confidential attachment A-2.1

Summit Storage Products Pty Ltd is owned by Ramico (Australia) Pty Ltd (referred to as Ramico), an Australian private investment company, registered in 2004. Ramico also owns Bing Technologies Pty Ltd, an Australian owned company that enables customers to produce mail from any computer and have it delivered as normal mail. Ramico provides accounting services to all the companies within our group.

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Refer confidential attachment A-2.2.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Refer confidential attachment A-2.3.

4. If your company is a subsidiary of another company list the major shareholders of that company.

Refer confidential attachment A-2.3



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5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Refer confidential attachment A-2.3

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

Refer confidential attachment A-2.3

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

Ramico (Australia) Pty Ltd charges Summit Select Pty Ltd [REDACTED] per annum for accounting and management services.

Corinthian Engineering Pty Ltd charges Summit Select Pty Ltd [REDACTED] per annum for IT services.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Neither, Ramico nor Summit has a relationship with an exporter or importer of the goods subject of this application.

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Summit Select Pty Ltd and all the other parent companies are not classified as 'large' under Australian Corporations Law and therefore are not required to prepare annual reports. The Accounting data we have provided has been reviewed by Deloitte Private Pty Ltd who prepare and lodge our company Tax Returns. Refer to Section A6 (below) for accounting data.

For relevant brochures please see confidential attachments A-2.9.1 and A-2.9.2.

10. Provide details of any relevant industry association.

Australian Industry Group.

**A-3 The imported and locally produced goods.**

1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The goods the subject of this application are unassembled steel framed shelving or workbench units with 2,3,4,5 or 6 shelves; the frame of which is either partially or totally:

- coated with paint or powder coated;
- galvanised; or
- made from colour bonded steel.

Typically, the shelves of the units are made of medium density fibreboard (MDF), particle board, melamine or steel, however other materials may be used.

Usually, the units are pre-packed for sale in a kit form, containing all or the majority of the components required to assemble the finished unit.

Goods excluded from the application are:

- wall mounted bracket and strip shelving;
- plastic shelving;
- predominantly melamine and timber shelving units used for home furnishing;
- industrial shelving;
- slotted angle shelving;
- shelving units with wire shelves; and
- custom-made shelving units (designed and made specifically for a specified project application).

2. What is the tariff classification and statistical code of the imported goods?

The goods are classified within the following subheadings of the Australian Customs Tariff:

<b>Description</b>	<b>Tariff Classification</b>	<b>Statistical Code</b>
Metal furniture of a kind used on offices	9403.10.00	40
Other metal furniture	9403.20.00	19

3. Fully describe your product(s) that are 'like' to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

The Australian industry for pre-packaged shelving manufactures two types of shelving product Nut'N'Bolt and Hammer Lok.

**Nut'N'Bolt** shelving is a lightweight galvanised steel shelving system with a uniquely concealed safety bracing providing added strength and stability. All the shelves are fully adjustable to accommodate different sized articles. Plastic feet are provided with all models.

Locally made product is: SUSG502 Summit Galv 100KG 4 SHELF

Comparable to SUSG502 Summit Galv 100kg 4 shelf are the following imported products:

- Handy Storage 4 shelf galvanised unit, size 1370 x 710 x 305 mm
- Geelong 4 Tier Galvanised Shelf 60kg, 1337 x 728 x 316 mm
- Repco (own Mechpro brand), 4 shelf unit, 3170 x 710 x 300
- SCA shelf unit, 50 kg per shelf, 1370 x 710 x 300

**HAMMER LOK®** is a registered trademark of Summit and refers to simple tap together assembly shelving. This type of shelving is commonly referred to as boltless shelving.

Each unit is constructed using a galvanised steel frame and medium density fibreboard (MDF) shelves. All units come complete with plastic floor protectors.

Locally made products are:

HL S306 HAMMER LOK 300KG 4 SHELF (1500 x 800 x 300)

HL S402 HAMMER LOK 500KG 5 SHELF (1800 x 900 x 600)

HL S405 HAMMER LOK 500KG 5 SHELF (1800 x 900 x 400)

HL S407 HAMMER LOK 300KG 6 SHELF (2100 x 1140 x 400)

HL S412 HAMMER LOK 500KG 5 SHELF (2100 x 1200 x 600)

HL SB414 HAMMER LOK 500KG 3 SHELF SUPER BENCH (900 x 1140 x 550)

Comparable to HL S306 Hammer Lok 300kg 4 shelf is imported:

- Romak boltless 4 shelf unit, 1500 x 810 x 310
- Geelong slot fix 4 shelf unit, 1500 x 800 x 300

Comparable to HL S405 Hammer Lok 500kg 5 shelf is imported:

- Romak boltless 5 shelf unit, 1830 x 900 x 400
- Geelong slot fix 5 shelf unit, 1800 x 900 x 400



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Comparable to HL S407 Hammer Lok 300 kg 6 shelf is imported:

- Romak Qiq Fix boltless 6 shelf unit, 2090 x 1200 x 410

Comparable to HL S412 Hammer Lok 500 kg 5 shelf is imported:

- Romak boltless 5 shelf unit, 1830 x 1200 x 540

Comparable to HL SB414 Hammer Lok 500kg 3 shelf super bench is imported:

- Geelong Shelfmate 3 shelf Workbench 250kg, 910 x 1115 x 560
- SCA 3 Shelf workbench, 1150 x 560 x 910

The goods produced by the Australian industry are either identical to the goods exported to Australia or have characteristics closely resembling those goods.

See confidential attachment A-3.3 for examples of competitor shelving range exported from China.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

The steel framed storage shelves in kit form manufactured by the domestic industry are identical to, or very closely resemble, the shelves imported from China in the following ways:

- physical likeness

Both the imported goods and the goods produced by the Australian industry are in kit form consisting of shelves, legs and beams. The shelving kits are produced in common shelving unit sizes and per-shelf weight capacities. Typical sizes for widths (of the frames) are 700mm to 1200mm.

The Nut'N'Bolt style imported shelving units are identical to the Summit Nut'N'Bolt units. However the imported product has recently changed to have all component edges folded for extra safety during assembly. Summit currently fold the shelf edges but can adjust its production lines to fold all component edges, however with low volume of sales Summit cannot justify the capital expenditure cost.

- commercial likeness

Both the imported and the Australian industry goods are sold at home improvement stores, retailers, department stores, office supply stores and online retailers. The imported and the Australian industry goods compete on price.

- functional likeness

There is no difference in the use of the imported and the Australian industry goods. Shelving is used for domestic and 'light' commercial purposes.



- production likeness

### Nut'N'Bolt Shelving

Steel coil is processed to form various parts of the shelving unit. Each of these components together with plastic feet, nuts and bolts and assembly instructions are then placed in the appropriate numbers in a carton, which is palletised and shrink-wrapped.

The imported Nut 'N' Bolt shelving production processes are similar or the same as Summit's production processes in that all imported steel components are formed from steel coil.

### Boltless

The term 'boltless' refers to steel shelving in which the horizontal (beams) and vertical (legs) supports forming the frames are assembled primarily without the use of nuts and bolts or screws.

The beams and legs supports for boltless shelving are assembled by methods such as, but not limited to, fitting a rivet, punched or cut tab or other similar connector on the beam into a hole, slot or similar receptacle on the leg. The shelf sits on or fits into the beams.

Boltless steel shelving may be commonly described as rivet, slot and tab, slot fix as well as other trade names. All boltless shelving serves the same functionality regardless of the variances in the production method used.

The imported boltless shelving is a combination of rivet and slot fix. Summit's production method for HAMMER LOK® shelving is slot fix.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product?

The ANZSIC code is 2512.

6. Provide a summary and a diagram of your production process.

The steel shelving kits are fully manufactured in Australia using Australian and imported raw materials. Summit buys imported Hot Dip Zinc Coated Steel Coils (referred to as steel) which is used in its production process for both bolted and boltless steel shelving units.

MDF shelves and other products are purchased from Australian producers. Summit completes the work necessary to prepare kit-form shelving assemblies ready for sale.

**There are four major steps in the manufacture of Nut 'N' Bolt shelving:**

**Step 1: Manufacture Nut 'N' Bolt Legs**

Summit have a manufacturing line for the production of legs for the Nut 'N' Bolt shelving unit. The leg line can produce legs of different lengths. A coil of steel is loaded onto a de-coiler which feeds the steel into a dye press which pierces and cuts to length the leg. The leg is then moved along rollers and is formed into a right angle in the Roll Former. An automated stacking unit at the end of the line picks up and stacks eight legs ready for the operator to store in a stillage. A forklift moves the stillage of legs to the end of the shelf line where they are packed with other components into a cardboard carton.

**Step 2: Manufacture Nut 'N' Bolt Corner Bracing Brackets**

Summit manufactures the corner brackets on a dye press that forms and presses holes into the steel. A coil of steel is loaded onto a de-coiler, the press punches and pierces six brackets, an arm pushes the brackets along a conveyor, then the operator tapes the six brackets together and they are stored. The brackets are moved to the end of the shelf line to be packed into a cardboard carton.

**Step 3: Manufacture of Nut 'N' Bolt Steel Shelves**

The Steel Shelves are manufactured on the Shelf line. A coil of steel is loaded onto a de-coiler which feeds the steel onto the line rollers. In the first stage of production the steel has the required holes pierced and is cut to length in a dye press. The steel is then feed along rollers to the roll former where the two longer lengths of the shelf are formed and rolled for safety purposes. The last stage of production is when the steel shelf goes through the forming press where the remaining ends of the shelf are formed. A conveyor system pushes the shelf towards the operator at the end of the line who packs the required number of shelves into the cardboard carton with the manufactured legs and corner brackets. Purchased nut and bolt packs and plastic feet are also put into the carton. The assembly instructions are printed on the back on cardboard carton which is sealed by the operator with a glue gun.

**Step 4: Packing and Storage**

An air cylinder pushes the sealed shelving unit down and under several rollers. The rollers put pressure on the shelving unit until the glue is set. The unit is then pushed along a conveyor to a pallet where the units are stacked. The pallet is then taken by a forklift driver to be shrink wrapped and stored in racking ready for sale. Summit make stock of these units which are warehoused in volumes that relate to our sales history.



**There are four major steps in the manufacture of HAMMER LOK® (Boltless) shelving:**

**Step 1: Manufacture HAMMER LOK® legs**

Summit has a leg line that manufactures HAMMER LOK® legs in various lengths which are dependent on the dimensions of the finished shelving unit. A coil of steel is loaded onto a de-coiler and hydraulically pushed along steel rollers to a dye press that punches and counter sinks holes into the steel. The steel is then pushed along rollers into the roll former which forms the leg and finally the leg is cut to length by the last dye press on the line. A conveyor system moves the legs to an automated stacking unit at the end of line which picks up and stacks the legs in the quantity required for each shelving unit. The operator stores the stacks of legs in a stillage. A forklift moves the stillage of legs to the packing station.

**Step 2: Manufacture HAMMER LOK® beams**

Summit's beam line produces HAMMER LOK® beams of various lengths determined by dimensions of each shelving unit. The coil of steel is loaded onto a de-coiler and a straightening feeder pushes the steel into a dye press on the line which pierces required holes and tabs and cuts to length the beam. The beam is fed along a conveyor into a roll formers which forms the edges of the beam. The operator stacks the beams in the required quantities for each shelving unit and places the stacks in a stillage for storage. A forklift moves the stillage of beams to the packing station when the components of the shelving units are being packed into cardboard cartons.

**Step 3: Manufacture leg joiners**

The leg joiners are manufactured on the same dye press as the Nut 'N' Bolt corner brackets. However the dye, bed and control panel need to be changed over. A coil of steel is loaded onto the de-coiler and the dye press pierces and punches the steel to produce the leg joiner. The leg joiners are pushed along a conveyor into large tubs for storage. The tubs of leg joiners are moved to the packing station when the components of the shelving units are being packed into cardboard cartons.

**Step 4: Packing and Storage**

The majority of components for each shelving unit are placed on and around the packing station. The exception is the purchased pre-cut MDF shelves, these shelves are pushed along steel rollers in packs. An automated system lifts the shelves from the pack to the operator who packs them in a cardboard box with the other components. The assembly instructions are printed on the back of the carton which is sealed by the operator with a glue gun. An air cylinder pushes the sealed shelving unit

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down and under several rollers. The rollers put pressure on the shelving unit until the glue is set. The unit is then

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pushed along a conveyor to a pallet where the units are stacked. The pallet is then taken by a forklift driver to be shrink wrapped and stored in racking ready for sale. Summit make stock of these units which are warehoused in volumes that relate to our sales history.

The Commission should note that the machinery involved in these production processes is designed to run large volumes of commodity pre-packaged shelving units. Summit's standard costs are based on production of large volumes. The machinery is not designed to make one off custom made shelving.

7. If your product is manufactured from both Australian and imported inputs:
- describe the use of the imported inputs; and
  - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

The imported input is Hot Dip Zinc Coated Steel Coils (referred to as steel). Summit use these coils of steel to manufacture the steel legs and beams and other components such as braces and leg joiners which form part of the shelving unit.

In Australia Summit form and profile these components which when assembled form the frame of the shelving unit and provide the structural integrity of the shelving separate from the inclusion of any shelves.

All the parts of the shelving units are collated and packaged into cartons in Australia.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Not applicable.

9. Supply a list of the names and contact details of all other Australian producers of the product.

Summit Select is not aware of any other Australian producers of steel shelving units subject to this application.

Summit is aware of manufacturers of made-to-order (custom made) shelving units, but these are not the goods subject to the application.

Summit produces pre-packaged shelving units in bulk for the Australian domestic market, not custom made shelving for the commercial market. The shelving units are manufactured in pre-defined sizes which have been determined by market research and sales data.

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There are, of course many manufacturers and/or suppliers of shelving in Australia who sell many different types and styles of shelving to those manufactured by Summit.

There are a number of different shelving systems available on the Australian market. Some of these are:

1. Wall mounted bracket and strip shelving – Summit does not consider that this type of shelving impacts in any significant way on the sale of free-standing Nut 'N' Bolt and Hammer Lok shelving systems.
2. Plastic shelving – Summit knows that most plastic shelving is imported. There is one small manufacturer of plastic shelving in WA. Plastic shelving is generally much lower in weight carrying capacity and is not particularly competitive in price when compared with steel shelving.
3. Melamine and Timber shelving – of a type normally sold by the likes of Ikea and Freedom Furniture. This is not a utility shelving and is for furnishing the home. These shelving units are more expensive than Summits Nut 'N' Bolt and not as large or as strong as their heavy duty Hammer Lok shelving. Summits shelving is generally intended to be used as utility storage. Therefore, there is virtually no competition between the product lines.
4. Pallet Racking – this shelving is commonly referred as Dexion shelving in the Australian market. The products supplied in this segment of the shelving market are far more expensive than those supplied by Summit and are targeted almost entirely to industrial/commercial not to retail. Summit believe some of their products can be substituted for this type of shelving simply because Summits products can do an adequate job at far less cost.

However, we do not perceive the Dexion type products as competing with the Summit products in any way because of the large price differential and target markets.

5. Slotted Angle – there are various types of slotted angle (steel strips with holes punched in them with a right angle bend down the middle) Summit Select have a division of our business (Stormor Shelving Australia) who manufactures and sells slotted angle in Australia which is branded Handy Angle. This product is also imported mainly from China.

Although this product may be assembled to make shelving units, it is rarely sold through retailers and in kit form. It is mostly sold as a custom made shelving solution to commercial consumers. To the best of our knowledge, the market share for this product is not significant, although some substitution may occur.

**A-4 The Australian market.**

1. Describe the end uses of both your product and the imported goods.

The Australian manufactured product and the imported goods have the same end use, namely they are used for home and light commercial storage.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

The Australian market for steel shelving is supplied by the domestic industry and imports, mainly from China. There is no advantage for manufacturers against the importers re supply to retailers as long as importers order their products effectively.

The Australian market for pre-packaged steel shelving is predominantly served by sales through the major hardware stores like Bunnings Warehouse, Masters Home Improvement, Mitre 10 and chain stores such as Repco, Super Cheap Auto and Stratco. Other sales are generated through online sales, office supply stores and department/home improvement stores like Kmart, Target and Big W. Some of the retailer groups mentioned import steel shelving themselves in container lots from China.

There is little seasonal fluctuation in demand for steel shelving kits, other than that generated by promotional activity. Promotional activity often features the shelving units with the highest sales volumes. These units are those which are like goods to Summit's SUSG502, HLS306 and HLS405. Retailers offer commodity based pricing in promotional catalogues, on line and in national newspapers on a regular basis.

The imported and Australian products compete on the price of the complete shelving unit. It is important to note that steel pricing and the AUD generally move together ie if the AUD value drops against the USD then the price of steel per tonne reduced by the same percentage.

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3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no commercially significant substitutes.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Refer confidential appendix A1.

5. Complete appendix A2 (Australian market).

Refer confidential appendix A2.

As there is no specific tariff code/statistical key for the goods the subject of this application the Australian industry has estimated the market based on its sales volume in 2005/06, prior to the commencement of imports from China.

Summit has concluded that the tariffs under which steel shelving is classified is so broad that any source data from the Australian Bureau of Statistics would not properly represent reasonable data. Summit can establish that it had at least 95% of the pre-packaged steel shelving market in Australia in 2005/2006 which excludes any custom and made to order shelving. Therefore Summit have provided the data in confidential appendix 2 as reasonable sourced data for the basis of its market share.

The images in confidential attachment A-4.5 demonstrates that major Australian retailers are importing their pre-packaged shelving units from China.

In place of no evidence that the demand for steel shelving in the Australian market has reduced over the past 5 years Summit has estimated a steady market. Summit notes that, if anything the market may have increased in line with the current Australian population and regardless of any increase in the market the trend in the decline of Summit's business would be the same or worse than demonstrated in confidential appendix 2.

Confidential appendix 2 data has also been split to demonstrate the different decline in the Nut 'N' Bolt and Boltless (Hammer Lok) market segments of the Australian market.

6. Use the data from appendix A2 (Australian market) to complete this table:

Summit have also included additional tables which split the Australian shelving market into Boltless and Nut & Bolt. These tables show the specific decline in Summit's sales in each of these market segments and highlights the greater loss of market share in Nut & Bolt units.

*Indexed table of sales quantities – Like Goods (Units)*

Financial Years	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2009/2010	100	100	100	100	100	100	100
2010/2011	47		47	107		107	100
2011/2012	51		51	107		107	100
2012/2013	41		41	108		108	100
2013/2014	24		24	110		110	100
2014/2015	22		22	110		110	100

*Indexed table of sales quantities – Boltless Shelving (Units)*

Financial Years	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2009/2010	100	100	100	100	100	100	100
2010/2011	50		50	119		107	100
2011/2012	28		28	126		111	100
2012/2013	15		15	131		108	100
2013/2014	25		25	128		110	100
2014/2015	17		17	131		110	100

*Indexed table of sales quantities – Nut and Bolt (Units)*

Financial Years	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2009/2010	100	100	100	100	100	100	100
2010/2011	37		37	107		107	100
2011/2012	73		73	103		103	100
2012/2013	31		31	108		108	100
2013/2014	14		14	110		110	100
2014/2015	6		6	111		111	100

**A-5 Applicant's sales.**

1. Complete appendix A3 (sales turnover).

Refer confidential appendix A3.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities (Units)*

Quantity (units)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>All products</b>						
Australian market	100	155	147	141	84	79
Export market	100	4	4	2	1	2
<b>Total</b>	100	153	145	139	83	78
<b>Like goods</b>						
Australian market	100	47	51	24	24	22
Export market	100					
<b>Total</b>	100	47	51	24	24	22

The above table is based on units sold. For all products, this is a combination of various goods such as garden products, shelving units, etc. For this reason, the indexation of all products based on volume (units) is not an accurate method to indicate company performance.

*Indexed table of Applicant's sales values*

Value (AUD \$)	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>All products</b>						
Australian market	100	100	99	82	89	86
Export market	100	17	17	9	6	12
<b>Total</b>	100	96	95	79	85	83
<b>Like goods</b>						
Australian market	100	54	41	41	24	24
Export market	100					
<b>Total</b>	100	54	41	41	24	24



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3. Complete appendix A5 (sales of other production) if you have made any:
- internal transfers; or
  - domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Refer confidential appendix A5. – Not applicable

4. Complete appendix A4 (domestic sales).

Refer confidential appendix A4.

All domestic sales values included in all appendixes are net of agreed volume rebates in trading terms with Summit customers.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Not applicable.

6. Attach a copy of distributor or agency agreements/contracts.

Not applicable.

7. Provide copies of any price lists.

Not applicable. Summit's prices are dictated by the retail prices in the Australian market. Bunnings' price often drives the market price of individual products ie the Handy Storage 4 shelf galvanised unit, size 1370 x 710 x 305 mm.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).

The sales amounts shown in confidential appendix 4 are net of volume rebates. Volume rebates are given in line with the Trading Agreements between Summit and their customers and are a condition of trade with large retailers. These Trading Agreements are renegotiated on a need basis and often the terms are in place for several years.

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The retailer is invoiced for the gross price of the product however when the retailer makes a payment for the product to Summit they pay the invoice value less the volume rebate. Summit financial sales data is always reported net of volumes rebates.

Refer confidential attachment A-5.8.1 and A-5.8.2

- If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

All credits are reported in confidential appendix A.4 (domestic sales).

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Refer confidential attachment A-5.9.

### **A-6 General accounting/administration information.**

1. Specify your accounting period.

1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

Suite 54 Jones Bay Wharf  
26-32 Pirrama Road  
Pymont NSW 2009

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;  
Refer confidential attachment A-6.3.1.
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Audited financial statements are not applicable to Summit Select Pty

Ltd

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as it is currently classified as 'small' under Corporations Law.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

*These documents should relate to:*

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Refer confidential attachments A-6.4.1 to A-6.4.8

Please note that in [REDACTED] the Summit Group changed the name of two companies within the group.

Refer confidential attachment A-6.4.9.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Our accounting practices are in accordance with Australia's generally accepted accounting principles.

6. Describe your accounting methodology, where applicable, for:

- The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Accrual Basis Accounting:

Revenue is recognised when revenue is realised or realisable and is earned usually when goods are sold. The Revenue recorded in Summit's Management Accounts is nett of any discounts, rebates, sales returns and warranty claims.

- provisions for bad or doubtful debts;

Bad Debts are approved by a Meeting of Directors annually at financial year end after all possible methods of recouping the debt has been exhausted.



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- the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

Accrued expenses are recorded (or accrued) in the month incurred and allocated to the cost of goods.

- costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;

Costing of finished goods and raw materials is based on the appropriate unit of measure, commonly the purchased unit of measure. However Summit purchases steel in tonnes but converts the steel to kilograms when it is receipted into Summit's manufacturing system.

All raw materials are valued at purchase price and are automatically issued from stock through bills of materials in the Manufacturing system. All manufactured products are valued from the Bill of Material (BOM) Summit uses a Standard costing method where current costs are used to value finished goods.

The cost of direct labour is allocated to each product based on manufacturing man minutes. All indirect costs are included in an overhead rate. The overhead rate is applied to each manufactured product based on the time to produce each unit.

- the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);

Standard Costing method where once we purchase goods at the new rate we value all at the current cost.

- valuation methods for scrap, by-products, or joint products;

Summit do not value scrap. Scrap material once identified is disposed of immediately. We do get some recovery from our steel scrap which we offset against the loss of the rejected steel in the accounts on a monthly basis.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Goods are rejected in the Manufacturing system on a daily basis and disposed of immediately. Any scrap value ie steel is offset against the rejected value of the goods on a monthly basis in the Management Accounts.

- valuation and revaluation of fixed assets;

All fixed assets are valued at cost. Summit do not revalue fixed assets.



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- average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;

Summit use recommended effective life from the Australian Tax Guide. Most manufacturing equipment has an effective life of 10 years from date of purchase.

- treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and

Summit recognise actual foreign exchange gains and losses on a monthly basis in the Management Accounts.

- restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.

Summit treat these expenses in line with Australian Accounting Standards

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

Not applicable.

### **A-7 Cost information**

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Refer confidential appendices A6.1.

### **A-8 Injury**

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped imports commenced.

Material injury has been caused by goods the subject of this application from September 2006 when the dumping measures were lifted on steel shelving



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imported from China. Attached is a graph which illustrates the decline (refer

confidential attachment A-8.1) For the purpose of this application injury data has been presented from 1 July 2010.

Summit's profit on shelving products declined dramatically in 2010/11 as exports from China increased market share due to prices that undercut Summit's selling prices. It is Summit's assessment that material injury from exports in 2010/11 have caused further increased levels of injury from 2011 to date.

Summit also experienced further loss of market share to exported steel shelving products from China when anti-dumping measures were imposed on steel exports from China. It is apparent that the dumped steel that was being exported to Australia is now being used to make steel manufactured products (such as steel shelving units) which are being exported to Australia.

- Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production. P<sup>n</sup> is the most recent period.

***Index of production – Like goods (units)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	108	87	51	46

***Index of production - Hammer Lok (units)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	54	89	58	64

***Index of production - Nut and Bolt (units)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	198	84	39	17

\*Production data based on confidential data from label A of confidential appendix A6 (CTMS TOTAL – Indices BQ column)

Production of Hammer Lok units has declined 36% since 2010/11.

Nut and Bolt 2014/15 production levels dropped by 83% compared to 2010/11 production.

***Index of cost variations – Like goods (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	68	97	99	119

***Index of cost variations - Hammer Lok – (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	102	97	91	98

***Index of cost variations - Nut and Bolt – (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	84	92	99	96

\*Cost Variations based upon data from label J of confidential appendix A6 CTMS TOTAL

The above indexes do not clearly reflect the changes to CTMS for each individual shelving unit manufactured by Summit. Appendix 6.1 label J details the change to the CTMS for each individual shelving unit. Summit has worked hard to control costs to remain competitive in the Australian market.

***Index of price variations – Like goods (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	70	88	87	96

***Index of price variations - Hammer Lok – (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	112	88	80	77

***Index of price variations - Nut and Bolt – (per unit)***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	82	83	89	85

\*Price Variations based upon data from label L of confidential appendix A6 CTMS TOTAL

Summit's price variations for Hammer Lok and Nut and Bolt have dropped by 23% and 15% respectively over the last 5 years.

The retail prices of certain models of Boltless shelving (ie. HLS306 equivalent) has reduced by 42% (refer confidential attachment A-9-2.1). Summit has not been able to reduce our price to meet the new retail price as our cost to make and sell has remained the same.

Summit attributes the reduction in the retail price to lower pricing offered by the importers of the dumped steel shelving units from China.

***Index of profit variations – Like Goods - per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	311	(592)	(825)	(1775)

***Index of profit variations - Hammer Lok – per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	2,099	(1,562)	(2,068)	(3,841)

***Index of profit variations - Nut and Bolt – per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	96	26	17	11

\*Profit variations based upon label N of confidential appendix A6 CTMS TOTAL.

The large profit reductions reflected in the tables above are directly related to

the increase of imported shelving units from China.

Summit worked very hard to maintain production costs and reduced these costs by approx. 6% on average from 2010 to 2015. However retail price undercutting in the Australian market reduced the retail prices to a point where Summit were unable to maintain profitability, sales volumes and market share.

***Index of profitability variations – Like Goods - % per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	357	(698)	(972)	(1,866)

***Index of profitability variations - Hammer Lok - % per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	1,866	(1,781)	(2,597)	(4,960)

***Index of profitability variations - Nut and Bolt – % per unit***

F/Year	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	73	(10)	(6)	(22)

\*Profitability variations based upon label O of confidential appendix A6 CTMS TOTAL.

Summit's profitability variations were similarly impacted by the effect of the imported shelving units from China which reduced Summit's share of the Australian Market by an additional 35% between 2009 and 2015 (refer confidential appendix A2).

3. Complete appendix A7 (other injury factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

***Index of Revenue variations of like goods (\$)***

F/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	54	41	41	24	24

Revenue variations are based upon revenue of like goods from confidential appendix A7.

Summit's revenue of like goods has decreased by 76% between 2010 and 2015. This decline in revenue is mainly due to Summit's lost sales to export shelving units from China (refer confidential attachment A-8.1) Summit's revenue reduction also reflects the lower retail price of like goods in the Australian market offered by the dumped exports of steel shelving (refer confidential attachment A-9.2.1)

***Index of Employment numbers of like goods (number)***

F/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	50	45	45	20	13

Employment numbers are from confidential Appendix A7.

Summit's employment numbers for the production of like goods have reduced in line with production volumes of like goods resulting in the loss of Australian jobs.

***Index of Capacity Utilisation – Actual Like Goods as % of Capacity***

F/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	47	51	41	24	22

***Index of Capacity Utilisation - Actual Hammer Lok Production as % of Capacity***

F/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	57	31	51	33	37

***Index of Capacity Utilisation - Actual Nut & Bolt Production as % of Capacity***

F/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Index*	100	37	73	31	14	6

Capacity utilisation is based upon production of like goods from confidential appendix A7.

Hammer Lok production in 2010 equalled [REDACTED] of Summit's production capacity. It reduced to [REDACTED] of Summit's production capacity in 2015.

Nut & Bolt has declined even further than Hammer Lok. Production of Nut & Bolt units in 2014/15 was only [REDACTED] of Summit's production capacity.

#### **A-9 Link between injury and dumped imports.**

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your annual sales volume and market share.

Confidential appendix A2 clearly demonstrates that since 2008/09 the imported pre-packaged shelving units have increased from [REDACTED] of the Australian market to [REDACTED] in 2014/15. The overall market size has not changed significantly; the significant change is that the Australian market is now dominated by imported pre-packaged shelving units. Summit has been unable to find any evidence that custom made to order shelving has caused any significant injury to the pre-packaged shelving unit market in Australia.

The increase in imports from China commenced when the previous Anti-Dumping duties on certain steel shelving kits exported from China expired on 26 September 2006, refer attachment A-9.1 Australian Customs Dumping Notice No. 2006/40. Since the expiry of the anti-dumping measures Summit has worked hard to maintain competitive pricing and has often lost profit margins trying to maintain some market share in Australia to no avail.

Confidential appendix A2 highlights that Summit's loss of market share and sales was caused by the increase in dumped steel shelving exported from China over the past 5 years (refer confidential attachment A-8.1).

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

The influence of dumped exports of shelving units on Summit's prices, profit and profitability from 2010/11 to date has been substantial. The following table summarises the decline between 2010/11 and 2014/15



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% Change	Sales Units	Unit Prices	Unit Profit	Profitability
Like Goods	(54)	(4)	(1,875)	(1,966)
Boltless	(36)	(23)	(3,941)	(5,060)
Nut & Bolt	(83)	(15)	(89)	(122)

Data confidential appendix A.6 CTMS TOTAL

Confidential Attachment A-9.2.1 documents examples of retail pricing of competitor shelving. Using our knowledge of trading with resellers we have worked back from the resellers current retail prices in Australia to an estimated cost to the importer for the imported shelving.

Confidential Attachment A9-2.1 shows that the importer price for a Nut & Bolt shelving unit to retailers in Australia is [REDACTED] lower than Summit's average selling price to retailers. The Nut & Bolt units are made completely from steel and considering steel is a commodity product on the world-wide market. It is Summit's view that the estimated importer price to retailers clearly establishes that Summit's injury is linked to the dumped imports.

Summit has approached Australian retail buyers over the past 5 years with our most competitive pricing and reduced profit margins in order to minimise the erosion of its market share. Examples of email to demonstrate Summit's correspondence with retail buyers is attached (see Confidential Attachment 9-2.2) Summit attempts to regain market share have been unsuccessful and consequently its share of the Australian market has decreased from [REDACTED] in 2006 to [REDACTED] in 2015 (see confidential Appendix A2) This reduction in market share forced Summit to down size its manufacturing facilities and eventually close down our Perth manufacturing site in December 2013 which led to further loss of profits.

Confidential appendix B1 also demonstrates that the net effect of the estimated Chinese dumped export price is that Summit cannot sell in the Australian market at a competitive price. The few sales we have do not support our manufacturing facility and the reduced production volumes increase our real costs and reduce our overall profitability further.

Summit therefore considers that the evidence available supports a strong correlation between the increasing import volumes of dumped exports of steel shelving units from China and the rapid deterioration in Summit's selling price, margin over cost, and erosion of profit and profitability.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Summit has been unable to regain market share as the declining imported prices of steel shelving to retailers are often lower than Summit's cost to manufacture in Australia (see Confidential Attachment 9-2-1). This also prevents Summit from passing on any cost increases experienced from 2011 to 2015 via increased selling prices. Confidential Attachment 9-2-1 summarises the CTM from appendix A6.1 and clearly shows that Summit's costs have increased from 2011 to 2015 while the Australian retail prices to resellers have decreased dramatically over the same period.

The increase in the volume of imported shelving units from China from 2011 to 2015 has restricted Summit's need to raise selling prices in response to increases in costs.

As a result, Summit have experienced material injury from the imported steel shelving units that are sold in the Australian market at dumped prices.

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at confidential appendix A7 (other economic factors). If factors other than those listed at confidential appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Summit has shown that it has experienced injury that has affected various factors to an Australian Industry in Section A-8-2, these include underutilisation of production capacity, reduced employee numbers and reduced revenues

Confidential Appendix A6.1 shows that Summit has also experienced reductions in profitability which has made the owners of the company reluctant to re-invest in the business. The reduction in employee wages reflects the reduction in employee numbers detailed in confidential appendix A7 and has resulted in lost jobs for Australian Industry

Please refer to confidential appendix A7 for supporting information for each of these indicators.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

The dumped imported shelving prices sold to retailers in the Australian market have undercut Summit's average selling prices significantly and have caused large reductions to Summit's market share and sales volumes. This has resulted in Summit experiencing substantial loss of profits over the past 5 years with profitability reducing dramatically in 2013/14 and 2014/15 (refer confidential appendix 6.1)

The data prepared for this application clearly shows that exported steel shelving from China has increased significantly over the past 5 years. There is no evidence that the demand for steel shelving in the Australian market has reduced over the past 5 years if anything it may have increased in line with the current Australian population. It is therefore evident that Summit's Australian loss of market share has caused material injury to the industry. Summit remains the only Australian manufacturer of the like products.

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

Summit is of the opinion that the current Anti-Dumping duties on galvanised steel in response to the application lodged by BlueScope Steel Limited have caused injury to the Australian steel shelving industry. The dumping duties had an immediate and direct impact increasing the input price of galvanised steel for downstream users such as Summit. However the pricing of downstream goods such as steel shelving manufactured in China and exported to Australia was unaffected by the duties imposed on imports of galvanised steel. It could also be the case that because China's export sales of galvanised steel coils have decreased that the steel manufacturers in China are selling the excess steel to shelving manufacturers in China at a subsidised price.

It is important to note that the imported and Australian products compete on price of the complete unit. The price of steel and the AUD generally move together ie if the AUD value drops against the USD then the price of steel per tonne reduced by the same percentage.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at [appendix A2](#) (Australian market), [appendix A6](#) (cost to make and sell), and [appendix A7](#) (other economic factors) to support your analysis.

It is Summit's assessment that the retail pricing of steel shelving units produced in China are artificially low and are unsuitable for normal value purposes under s.269TAC(1) of the Act. It is also Summit's opinion these prices are the effect of subsidies given to steel manufacturers in China. The current Anti-Dumping and countervailing duties relating to the BlueScope Steel Limited application have resulted in a large decline in imported galvanized steel into Australia. The decline in galvanized steel imports has added to Summit's decline in domestic sales volumes as the dumped galvanized steel that was being imported into Australia is now being manufactured into dumped finished products ie. exports of steel shelving from China.

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The increase in dumped steel shelving units has been at the expense of Summit's sales volumes in Australia. Summit submits that manufactures/exporters of steel shelving in China are not recovering the fully absorbed cost to make and sell and/or receiving subsidies from the Government of China as was the case proven by BlueScope Steel Limited.

This application demonstrates that Summit has experienced material injury from dumped exports over the past five years in the form of retail price depression, loss of sales volumes, loss of market share and reduced profits and profitability. Other economic indicators shown in appendix A7 have increased Summit's injury in the form of reduced revenues, loss of employees and under-utilisation of production capacities.

Summit's injury from exported steel shelving from China has been material over the last five years and can be attributed to dumping (with margins of up to 89%) is both significant and material and we forecast that this trend will continue and force Summit to close its remaining manufacturing facility in Australia.

Summit is seeking the imposition of anti-dumping measures against exports of steel shelving units from China that have caused material injury to the Australian industry. Summit further requests that the Anti-Dumping Commission commence a formal investigation into the allegations contained in this application, to ensure that material injury to the Australian industry is not permanent.

# PART B

## DUMPING

### **IMPORTANT**

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 1300 884 159  
**Fax:** 1300 882 506  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

**B-1 Source of exports.**

1. Identify the country(ies) of export of the dumped goods.

China.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

China is the country of origin of the imported goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

China is treated as a market economy.

4. Where possible, provide the names, addresses and contact details of:
  - producers of the goods exported to Australia;
  - exporters to Australia; and
  - importers in Australia.

**Producers/Exporters**

Zhongshan Geelong Manufacturing Co Ltd  
No. 6 Taichang Road  
Xiaolan Industrial Area Xiaolan  
Zhongshan, Guangdong, China

Tel: +86 760 2382 0777  
E-mail: [info@geelongsales.com.cn](mailto:info@geelongsales.com.cn)

The applicant does not have details for the other producers and exporters of the goods exported to Australia.

**Importers**

Geelong Sales Co Pty Ltd  
34 Ryrie Street  
Geelong VIC 3220

Tel: +61 3 5225 4400  
E-mail: [gsc@geelongsales.com.au](mailto:gsc@geelongsales.com.au)  
[www.geelongsales.com.au](http://www.geelongsales.com.au)

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Sales Force National Pty Ltd  
19 Zilla Crt  
Dandenong VIC 3175

Tel: 1300 734 714

Romak Hardware Distributors (Australia) Pty Ltd  
177-187 Atlantic Drive  
Keysborough VIC 3173

Tel: +61 3 9795 6789  
www.romak.com.au

The applicant does not have details on the other importers of the goods exported to Australia.

5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Import volumes from China exceed 3% of all imports.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

Import volumes from China exceed 4% of all imports.

## B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

See confidential appendix B1.

ABS import data was not used as there is no tariff item/statistical code specific to the goods the subject of this application.

2. Specify the terms and conditions of the sale, where known.

Terms and conditions are not known.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

The Australian industry has calculated an export price based on the Australian selling price of the imported goods.

Summit has used its trading knowledge to work back from the Australian resellers current retail prices to an estimated cost to the importer ex China. Notes on confidential appendix B1 detail the basis of Summit's estimated Deductive Export Price.

The difference between shipping shelving units hand-loaded and palletised is simply that an increased volume of shelving units can fit into a container that is hand-loaded when compared to a container where the shelving units are loaded on pallets.

The result is often a cheaper shipping cost for each shelving unit that is in a hand-loaded container however the unpacking of the container in Australia will take more man hours.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Evidence of price at first point of resale are attached. Refer confidential attachment B-2.4 and appendix B1.

### **B-3 Selling price (normal value) in the exporter's domestic market.**

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

Summit submits that domestic selling prices in the Chinese market are not suitable for use in determining normal values for two reasons:



- a) it is likely that there will be insufficient volume of domestic sales of like goods in the ordinary course of trade (OCOT) by Chinese exporters of the goods; and
- b) even if there are sufficient volumes of domestic sales in OCOT by Chinese exporters, a market situation exists in the Chinese domestic market that renders all domestic sales of like goods unsuitable for determining normal value under s.269TAC(1) of the Act.

These claims are addressed below.

**a) Insufficient volume of domestic sales**

At the time of the previous investigation into steel shelving units from China, the then Australian Customs Service was 'unable to establish that a domestic market exists for the goods in China' (refer Section 7.3 and Attachment B-3.1 *Trade Measures Report No 31*).

Summit is not aware of any major shifts in the domestic Chinese market that would have seen a marked increase in domestic sales of like goods and development of a domestic market since the findings of *Trade Measures Report No 31*.

While researching this application, Summit has again found very little evidence of domestic sales in China of like goods to the goods subject to this application. The only evidence found of like goods was in a *B & Q*<sup>1</sup> store which had 1 shelving unit for sale. Please see Attachments B-3.2.1 to B-3.2.4 which shows photographic evidence of the unit and its retail price in RMB.

In light of the above, it is Summit's view that there are insufficient volumes of domestic sales made in the OCOT in China for normal values to be based on the selling price.

Normal values should instead be determined in line with s.269TAC(2)(c) based on cost to make and sell those goods plus profit, after taking into account that certain costs used in the manufacture of those products in China are not reasonably reflective of competitive market costs for the purposes of Regulation 43 of the *Customs (international Obligations) Regulation 2015* (the Regulations).<sup>2</sup>

<sup>1</sup> B&Q is a DIY and Garden Centre retailer which is part of the Kingfisher Group headquartered in the UK.,

<sup>2</sup> See Section B-4 for further discussion in relation to the claims of reasonably competitive market costs in China

## **b) Particular market situation**

### Introduction

Summit submits that, even if sufficient volumes of domestic sales of like goods exist on the Chinese domestic market, a particular market situation exists in the domestic market that renders those sales unsuitable for calculation of normal values under s.269TAC(1).

This claim is based on the fact that any selling prices of like goods in China are distorted due to the influence of Government of China (GOC) in the Chinese iron and steel industry that influences the cost of key steel raw material inputs used in the manufacture of steel shelving units.

### Impacted steel raw materials

As discussed in Section A-3.6, Summit uses hot dip zinc coated steel coils in its production process for both boltless and bolted steel shelving units.

Summit advises the imported steel shelving units the subject of this application will either be manufactured using:

- Hot dip zinc coated steel coils (such as that used by Summit); or
- hot rolled coil steel.

Components from hot rolled coil steel would be those that are subsequently painted or powder-coated.

It is for this reason that Summit submits that the Commission should investigate both types of steel raw materials.

### Legislation and policy

In determining normal values, the Commission is required to take account of s.269TAC(2)(a) that establishes circumstances where domestic selling prices may not be suitable for determining normal values under s.269TAC(1).

S.269TAC(2)(a) states one such circumstance as:

*“...because of the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1)”*

The *Dumping and Subsidy Manual* (the Manual) states, as Section 7.3, that:

*In considering whether sales are not suitable for use in determining a normal value under s. 269TAC(1) because of the situation in the market of the country of export the Commission may have regard to factors such as:*

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- *whether the prices are artificially low; or*
- *whether there are other conditions in the market which render sales in that market not suitable for use in determining prices under s. 269TAC(1).*

*Government influence on prices or costs could be one cause of “artificially low pricing”. Government influence means influence from any level of government.*

GOC influence on steel raw material prices – not competitive market costs

The Commission and its predecessors have conducted numerous investigations into Chinese steel products that have involved examination of the Chinese iron and steel industry as a whole and the specific steel products subject to those investigations.

These include the following investigations:

<b>Commodity</b>	<b>Investigation No</b>
Hollow Structural Sections	177
Zinc Coated (Galvanised) Steel & Aluminium Coated Steel	190a and 190b
Hot Rolled Plate Steel	198
Deep Drawn Stainless Steel Sinks	238
Steel Reinforcing Bar	300 <sup>3</sup>

In each of these investigations, it was found<sup>4</sup> that the GOC had exerted numerous influences on the Chinese iron and steel industry, which have substantially distorted competitive market conditions in the iron and steel industry in China.

These influences have included extensive:

- GOC directives, subsidy programs and involvement in strategic enterprises; and
- taxation arrangements, including value add taxes and export rebates.

In each of the above-named investigations, excluding the investigation into deep drawn stainless steel sinks, the Commission (or its predecessors) found that:

- the influences of the GOC in the domestic iron and steel sector have created a market situation in the domestic Chinese market of the investigated good; and
- consequently, normal values cannot be ascertained under s.269TAC(1).

<sup>3</sup> Currently only at Statement of Essential Facts stage – preliminary findings made in that statement.

<sup>4</sup> Only preliminary findings have been made in the case of steel reinforcing bar in *Statement of Essential Fact 300* – final findings not yet released

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In the case of deep drawn stainless steel sinks, significant GOC interventions were identified that predominantly impacted the steel raw materials for those goods, but it was determined that this did not render domestic selling prices of those goods unsuitable for s.269TAC(1) normal values.

Summit also notes that in August 2015 the United States of America Department of Commerce Final Determination that boltless steel shelving from China was sold in the United States at less than fair value and subsidized by the government of China, refer Attachment B-3.3.

Summit submits that:

- the extensive GOC influence in the Chinese iron and steel sector is ongoing – noting that the preliminary findings in the steel reinforcing bar in *Statement of Essential Facts 300* (SEF 300) relate to the recent investigation period of 1 July 2014 to 30 June 2015;
- these influences are likely to have significantly impacted the cost of hot rolled coil and galvanised steel incurred by Chinese manufacturers of steel shelving units; and
- this impact has in turn influenced domestic selling prices of steel shelving units such that those prices are not suitable for determining s.269TAC(1) normal values (i.e. a market situation has resulted).

### *Specific claims - galvanised steel*

As noted above, in Investigation 190a, the Commission has already established that significant GOC influences have impacted the domestic market for galvanised steel, such that a market situation resulted in China in relation to that product, which itself is a major raw material for steel shelving units.

These findings were made in *Final Report 190* (REP 190) which concludes:

*Customs and Border Protection's assessment and analysis of the available information indicates that prices of galvanised steel and aluminium zinc coated in the Chinese market are not substantially the same as they would have been without the influences by the GOC. Customs and Border Protection considers that GOC influences in the Chinese iron and steel industry have created a 'market situation' in the domestic galvanised steel and aluminium zinc coated markets, such that sales of galvanised steel and aluminium zinc coated steel in China are not suitable for determining normal value under s.269TAC(1) of the Customs Act.<sup>5</sup>*

As mentioned previously, the Commission has again recently found that significant GOC intervention in the iron and steel industry that was the cause of this market situation is ongoing (see SEF 300).

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<sup>5</sup> See Appendix 1 or REP 190

Consequently, Summit Select considers that this market situation is ongoing (noting that the findings of Rep 190 are current) and that the Chinese domestic prices of galvanised steel continue to not be substantially the same as they would have been without the GOC influences that created a market situation for that raw material.

To demonstrate the current impact of GOC influences on the domestic prices of galvanised steel, Summit submits the below comparison of steel pricing data sourced from MEPS International Ltd (MEPS), a reputable independent supplier of steel market data and information ([www.meps.co.uk](http://www.meps.co.uk)).

The below table charts MEPS' reported hot-dipped galvanised steel (i.e. galvanised steel) prices recorded for:

- China;
- Asian average (comprising of Japan, Taiwan, South Korea); and
- World average (comprising of Asian, European Union and North American averages).

### MEPS GALVANISED STEEL PRICING COMPARISON - CHINA, ASIA AVERAGE AND WORLD AVERAGE

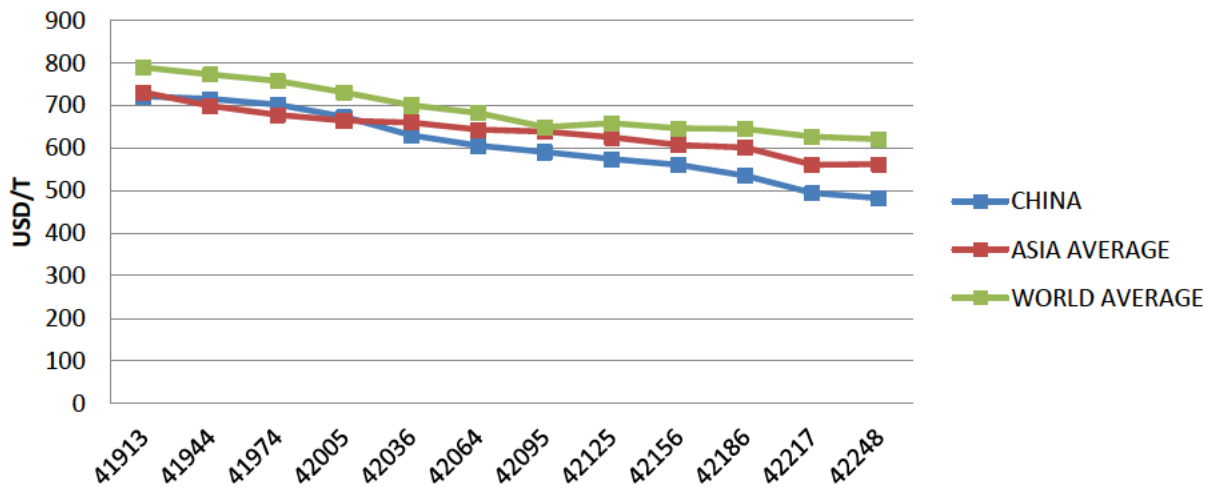


Table B-3.1.1 – MEPS hot dipped galvanised pricing comparison

Refer to Confidential Attachment B-3.4 for the relevant MEPS International data and analysis.

The above chart demonstrates that, during the period October 2014 – September 2015:

- the Chinese price of galvanised steel was at all times significantly below the world average price; and

- in all but three months, the Chinese galvanised steel price was below the Asian average price (based on Japanese, Taiwanese and South Korean prices, which are considered to reflect reasonably competitive markets in the Asian region for that product).

Summit thereby considers reasonable grounds exist to demonstrate that Chinese prices of galvanised steel have been influenced by the GOC's interventions in the domestic iron and steel industry.

*Specific claims - hot rolled coil steel*

To date, the Commission has not separately investigated Chinese hot rolled coil steel (the other major steel raw material for Chinese steel shelving units) and hence has not made determinations as to whether a market situation is present in the domestic hot rolled coil steel market (unlike the galvanised steel market).

However, as noted previously, the Commission has, on several occasions, made findings of significant GOC influence in the domestic iron and steel industry that has impacted that industry as a whole. This includes impacting the hot rolled coil industry and market.

Further, Summit notes the following:

- hot rolled coil steel is the major raw material for hollow structural sections (HSS);
- the GOC has exerted extensive influence on the Chinese iron and steel industry, which are likely to have materially distorted that industry and affected the supply of HRC and other products;
- a market situation has resulted in the Chinese HSS market as a result;
- the cost of hot rolled coil in China do not reasonably represent competitive market costs (for the purposes of Regulation 43 of the Regulations (previously Regulation 190 of the *Customs Regulations 1926*); and
- a countervailable subsidy existed through the provision of hot rolled coil and other raw materials (narrow strip) by public bodies (GOC-owned enterprises) at less than adequate remuneration.

In addition, as discussed above, the Commission's investigation into hot rolled plate steel (Investigation 198) from China found a particular market situation in relation to that product, due to GOC influences in the iron and steel industry that had impacted the manufacture of that product and its raw materials.

Summit notes that Chinese manufacturers of hot rolled plate steel are also commonly manufacturers of hot rolled coil steel (noting that some thicknesses of hot rolled plate steel are in fact manufactured from hot rolled coil steel<sup>6</sup>). This information is confirmed by the product ranges advertised by major Chinese steel manufacturers such as:

- Anshan Iron and Steel Group Corporation (Ansteel) - <http://en.ansteelgroup.com/cpzs/zdcp/>
- Baosteel - [http://www.baosteel.com/group\\_en/contents/2908/40085.html](http://www.baosteel.com/group_en/contents/2908/40085.html)
- Hebei Iron and Steel Company (HISC) - <http://hebtqf.com/index.php?id=118>

In relation to price comparisons based on available MEPS data, Summit notes that the MEPS Asian average and world average prices include Chinese prices in that average, which would distort a pricing comparison between Chinese and those average prices. In any case, Summit has submitted this comparison in the below table.

### MEPS HOT ROLLED COIL STEEL PRICING COMPARISON - CHINA, ASIA AVERAGE AND WORLD AVERAGE

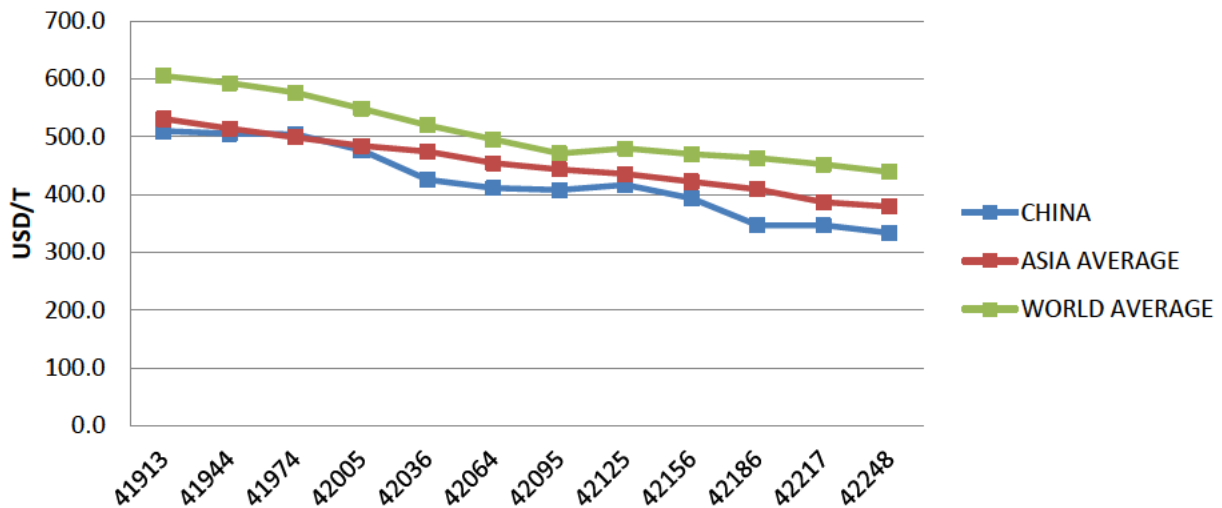


Table B-3.1.2 – MEPS hot rolled coil pricing comparison

As with galvanised steel, the above comparison demonstrates that Chinese hot rolled coil prices during the period October 2014 – September 2016 were at all times below the MEPS world average (which includes Chinese prices). The Chinese prices were below the MEPS Asian average price for the whole period

<sup>6</sup> Refer to Appendix 1 of Final Report 198 for discussion

excluding the month of December 2014.

Summit thereby considers reasonable grounds exist to demonstrate that Chinese prices of hot rolled coil steel have been influenced by the GOC's interventions in the domestic iron and steel industry.

Significance of raw materials in cost to manufacture and market situation

Steel raw materials are the major cost of manufacture of both boltless and bolted shelving units, and represent a significant proportion of the overall cost to make those goods. Refer to Summit's submitted Appendix 6.1.

Noting the significance of the cost of steel raw materials in the cost to make steel shelving units, Summit considers it likely that the selling prices of steel shelving units on the domestic Chinese market have been distorted, and a market situation has resulted.

1. Specify the terms and conditions of the sale, where known.

Summit has constructed a selling price. Refer to Section B-4.1 below.

2. Provide supporting documentary evidence.

Refer to Section B-4.1 below.

3. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

B & Q

305 Huangpu Middle Ave, Tianhe, Guangzhou, Guangdong, China

**B-4 Estimate of normal value using another method.**

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);

OR

- the selling price of like goods from the country of export to a third country.



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1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Given the above claims at Section B-3, Summit considers that normal values cannot be ascertained under s.269TAC(1). Instead, Summit submits that constructed normal values based on cost to make and sell and profit should be adopted to determine normal values.

Confidential appendix B2 contains Summit's calculations of a reasonable normal value for steel shelving units in China.

Summit has calculated normal values for the following 3 models of galvanised shelving:

- Boltless 4 shelf;
- Boltless 5 shelf; and
- Nut and Bolt 4 shelf.

As Summit was unable to source specific cost data from Chinese storage shelving manufacturers Summit has calculated Chinese normal values based on the following best available information:

- Summit's raw material costs;
- Summit's manufacturing, selling and administrative expenses adjusted to reflect cost differences in China; and
- a reasonable profit indicative of what a Chinese manufacturer could have achieved.

The galvanised steel used in Summit's production of steel shelving units is supplied from Malaysia.

As indicated at Section B-3.1 above, Summit contends that the selling prices (and input costs) in China are artificially low and influenced by the GOC. Specifically, raw material galvanised steel and hot rolled coil steel in China are the subject of GOC influence due to a range of policies and government actions that influence prevailing prices of those raw materials.

Consequently, the applicants submit that prices for galvanised steel and hot rolled coil steel in the Chinese market (which would be incurred by Chinese exporters of the goods) are not reasonably reflective of competitive market costs for those products, for the purposes of Regulation 43 of the Regulations.

The applicants further contend that it is therefore not reasonable to adopt the costs incurred by Chinese steel shelving unit manufacturers for those raw materials in calculating normal values under s.269TAC(2)(c) and instead to adopt a reasonably competitive market substitute for those raw materials.

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For the purposes of the normal value calculations in this application, Summit has therefore adopted its own raw material costs for galvanised steel as recorded in its own cost to make those goods (see Appendix 6.1). This cost is for galvanised steel imported from Malaysia by Summit.

Summit contends it is reasonable to use these costs for the purposes of this application as:

- the Malaysia galvanised steel price reflects a price from a reasonably
- competitive regional market; and
- the price recorded in Summit's accounts reflects the correct grade, gauge and other characteristics of the galvanised steel used in the production of the goods.

As mentioned above, Summit was unable to source cost data for Chinese storage shelving manufacturers. Recognising that manufacturing costs (labour and overhead) are cheaper in China than Australia, Summit based the manufacturing costs on its own manufacturing costs and reduced them by 35%. This figure is supported by an analysis of manufacturing costs for the Top 25 Export Economies<sup>7</sup> that shows that the manufacturing costs in Australia are approximately 34% higher than those in China.

With regard to estimating selling, general and administration (SG&A) costs Summit considers it reasonable to apply the same methodology as above for estimating the manufacturing expenses. Accordingly Summit has calculated SGA costs based on Summit's expenses and reduced them by 35%.

Similarly, as Summit was unable to source profit data for storage shelving manufacturers in China, Summit has calculated an amount for profit based on the National Bureau of Statistics of China Key Financial Indicators of Industrial Enterprises for the manufacture of fabricated metal products.

Refer Attachment B-4.1.

## 2. Provide supporting documentary evidence.

Confidential attachment B-4.2

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<sup>7</sup>

**B-5 Adjustments.**

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

No differences known.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

**B-6 Dumping margin.**

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

<b>Palletised</b>	N&B 4 shelf	Boltless 4 shelf	Boltless 5 shelf
Deductive Export Price	\$ 5.90	\$16.19	\$32.85
Constructed Normal Value	\$12.60	\$30.74	\$41.99
Dumping Margin	\$ 6.70	\$14.55	\$9.15

<b>Handloaded</b>	N&B 4 shelf	Boltless 4 shelf
Deductive Export Price	\$ 6.07	\$16.77
Constructed Normal Value	\$12.60	\$30.74
Dumping Margin	\$ 6.53	\$13.97

2. Show dumping margins as a percentage of the export price.

Palletised	N&B 4 Shelf	Boltless 4 shelf	Boltless 5 shelf
Dumping Margin %	113%	90%	28%

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Handloaded	N&B 4 shelf	Boltless 4 shelf
Dumping Margin %	108%	83%

# PART C

## SUPPLEMENTARY SECTION

### **IMPORTANT**

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 1300 884 159  
**Fax:** 1300 882 506  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
  - (i) the nature and title of the subsidy;
  - (ii) the government agency responsible for administering the subsidy;
  - (iii) the recipients of the subsidy; and
  - (iv) the amount of the subsidy.

Summit submits that reasonable grounds exist to establish that steel shelving units from China have been in receipt of 28 countervailable subsidies, and that the total subsidisation amount is above negligible.

27 of these 28 programs have been recently found to be countervailable subsidies by the United States Department of Commerce (USDOC) in its investigation into *Boltless Steel Shelving Units Prepackaged for Sale from China*. This investigation was into boltless steel shelving units, which are a direct sub-set of the goods subject to this application. See below discussion of USDOC programs.

The other countervailable subsidy alleged in this application is the provision of galvanised steel for less than adequate remuneration (Program 28).

This program was not investigated by the USDOC as the goods subject to the USDOC investigation were made exclusively from hot rolled coil steel and not galvanised steel. The USDOC found a countervailable subsidy exists in relation to the provision of hot rolled coil steel in China (Program 26).

The goods subject to this application are made from both hot rolled coil steel and/or galvanised steel, depending on the model.

Summit submits that a similar subsidy exists to Program 26 in relation to galvanised steel as well. See below for further discussion.

Summit considers the received programs fall into the following three categories:

- (i) Taxation exemption/reduction;
- (ii) Grants; and
- (iii) Raw materials/energy inputs at less than adequate remuneration.



**a) Is there a countervailable subsidy?**

USDOC

The USDOC has recently concluded its countervailing duty Investigation of *Boltless Steel Shelving Units Prepackaged for Sale from China*. The final decision memorandum for that investigation forms Attachment B-3.2 (dated August 14, 2015).

As a result of its investigation, the USDOC found that the following subsidy programs had been received by Chinese manufacturers of boltless steel shelving units received the following programs, and that those programs were countervailable:

*(i) Taxation exemption/reduction programs*

1. "Two Free/Three Half" Program for Foreign-Invested Enterprises (FIEs)
2. Income Tax Reductions for Export Oriented FIEs
3. Income Tax Benefits for FIEs based on Geographic Location
4. Local Income Tax Exemption and Reduction Programs for Productive FIEs
5. Income Tax Reduction for High or New Technology Enterprises
6. Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law
7. Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies
8. Import Tariff and Value-Added Tax (VAT) Reductions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
9. VAT Refunds for FIEs Purchasing Domestically Produced Equipment
10. Tax Rebates Based on Location in Shiqiao Town Industrial Cluster Zone
11. Income Tax Credits on Purchases of Domestically-Produced Equipment by Domestically Owned Companies
12. VAT Refunds for FIEs Purchasing Domestically Produced Equipment

*(ii) Grant programs*

13. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and World Top Brands
14. Special Fund for Energy Savings Technology Reform
15. International Market Exploration (SME) Fund
16. Export Assistance/Outward Expansion Grants in Guangdong Province
17. Guangdong Province Funds to Support the Adoption of E-Commerce by Foreign Trade Enterprises
18. Technology to Improve Trade Research and Development Fund
19. Rental/Purchase Assistance in Ningbo Municipality Yinzhou District Southern Commercial Zone



20. Exhibition Subsidy
21. Foreign Trade Bureau Award
22. Export Credit Insurance Subsidy
23. Export Subsidy for High-tech Merchandise
24. Clean Energy Measure Subsidy
25. Innovative Growth Grant

(iii) *Raw materials/energy inputs at less than adequate remuneration.*

26. Provision of Hot Rolled Coil Steel for Less Than Adequate Remuneration
27. Provision of Electricity for Less Than Adequate Remuneration

The products subject to the USDOC's investigation (i.e. 'boltless steel shelving units prepackaged for sale, with or without deck') are a sub-set of the scope of the goods subject to this application.

The applicant understands that, like Summit, Chinese manufacturers of boltless steel shelving units also manufacture bolted units, covering the entire scope of the goods subject to this application.

Summit Select consider it likely that Chinese exporters of the boltless units to the United States investigated by the USDOC are also likely to have exported the goods subject to this application to Australia.

Further, based on the USDOC's findings, Summit considers it is reasonable to conclude that those exporters that are not exporters to the United States but that do export to Australia are likely to be eligible for, and avail themselves, of the same programs as those other manufacturers, meaning that goods exported to Australia are likely to have received those programs.

Summit considers reasonable grounds exist to establish that the above-listed subsidy programs exist and are countervailable subsidies that have been received by Chinese exporters of the goods subject to this application, and that these programs have conferred benefit on those goods.

Program 28: Provision of galvanised steel for less than adequate remuneration

In addition to the above-listed programs, Summit submits that an additional countervailable subsidy program exists to those investigated by the USDOC (or a variation of the *Provision of Hot Rolled Coil Steel for Less Than Adequate Remuneration* (Program 26 as listed above)), specifically:

- Provision of galvanised steel for Less Than Adequate Remuneration

As with the above-listed Program 26, Summit alleges that, under this program, a benefit in respect of exported shelving units is conferred by galvanised steel being provided by the GOC (through state-invested enterprises (SIEs)) at an amount

reflecting less than adequate remuneration, having regard to prevailing market conditions in China.

*Financial contribution through provision of goods that confers a benefit*

At Sections B-3 and B-4 above, Summit has demonstrated that galvanised steel in China is subject to significant GOC interventions that impact the selling prices of that product in China, creating a particular market situation in relation to steel shelving units and also rendering the costs incurred by steel shelving unit manufacturers in purchasing those materials not reasonably reflective of competitive market costs.

It is therefore reasonable to find that purchases of galvanised steel in China by steel shelving unit manufacturers is at less than adequate remuneration, conferring a benefit on those manufacturers equal to the difference between adequate remuneration for those materials and the supply price. This would directly benefit the goods exported to Australia through the reduced production costs of those goods, noting that galvanised steel is the major cost component of steel shelving units made from galvanised steel.

*By a public body*

Galvanised steel in China is manufactured and supplied by numerous steel companies, the majority of which are wholly or partially state-owned (making them SIEs). See links reproduced in Section B-3.1 above for Ansteel, Baosteel and HISC which demonstrate that these companies manufacture and supply galvanised steel – all of these companies are large Chinese SIEs.

The USDOC’s findings in the *Boltless Steel Shelving Units Prepackaged for Sale from China* are that Chinese SIEs that supply hot rolled coil are public bodies, specifically that:

*...majority SOEs (SIEs) in the PRC possess, exercise, or are vested with governmental authority.*

In addition, the Commission has itself found that Chinese steel manufacturing-SIEs are public bodies for the purposes of several investigations, including:

<b>Commodity</b>	<b>Investigation No</b>
HSS	177
Hot Rolled Plate Steel	198
Deep Drawn Stainless Steel Sinks	238

In the HSS case these findings related to suppliers of hot rolled coil steel, which is supplied by SIEs that also supply galvanised steel (see B-3.1).

Summit therefore considers it reasonable to assert that Chinese SIE suppliers of galvanised steel are public bodies.

Noting the prevalence of steel public bodies (SIEs) in China, and the fact that boltless shelving unit manufacturers that export to China have been established as having purchased hot rolled coil from SIEs (many of which also supply galvanised steel), Summit considers it is likely that Chinese manufacturers of steel shelving units that export those goods to Australia are purchasing galvanised steel from SIEs, thereby receiving a subsidy through that purchase.

### *Specificity*

As provided for in s. 269TAAC(4)(a), the Parliamentary Secretary may determine that a subsidy is specific, having regard to the fact that the subsidy program benefits a limited number of particular enterprises.

Given that galvanised steel is a key input in the manufacture of downstream products (including steel shelving units) and only enterprises engaged in the manufacture of these products would benefit from the provision of the input by the GOC at less than adequate remuneration, the subsidy is specific.

### Recent applications by Australian industry members

Summit Select notes that numerous other alleged countervailable subsidies have been applied against the following recent applications:

- Steel reinforcing bar exported from the People's Republic of China; and
- Rod in coils exported from the People's Republic of China.

In response to these applications, the Commission has initiated investigations into numerous countervailable subsidy programs.

Summit considers it reasonable that some of these subsidy programs would have benefitted Chinese exporters of steel shelving units to Australia, and requests the Commission consider those programs as well.

### **b) Amount of subsidisation**

Noting the nature and volume of subsidy programs available, Summit submits that the cumulative value of the identified subsidy programs that afford benefits to Chinese manufacturers of steel shelving units is above negligible levels.

## C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
  1. the rate of increase of dumped/subsidised imports;
  2. changes to the available capacity of the exporter(s);
  3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
  4. inventories of the product to be investigated; or
  5. any other relevant factor(s).
2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

## C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission’s client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.
2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.
4. Provide information to establish **either**:
  - a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**
  - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

#### C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.
2. Nominate a comparable market economy to establish selling prices.
3. Explain the basis for selection of the comparable market economy country.
4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

#### C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.
2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.
3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.
4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.



**C-6 Aggregation of Volumes of dumped goods**

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	<b>Quantity</b>	<b>%</b>	<b>Value</b>	<b>%</b>
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
<b>Total</b>				

\* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

## APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value