



CUSTOMS ACT 1901 PART XVB

TERMINATION REPORT 355

TER 355

**ALLEGED DUMPING AND SUBSIDISATION OF
STEEL SHELVING UNITS EXPORTED FROM THE
PEOPLE'S REPUBLIC OF CHINA**

23 FEBRUARY 2017

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ABBREVIATIONS

ABF	Australian Border Force
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Eastern Deer	Eastern Deer Hardware and Plastics (China) Co., Ltd.
FOB	free on board
GAAP	generally accepted accounting principles
Geelong	Geelong Holdings Limited
the goods	the goods the subject of the application (also referred to as the goods under consideration)
Guanyu Metal	Guangdong Guanyu Metal Products Co., Ltd.
Ningbo	Ningbo Junmao Environmental Protection Equipment Co., Ltd.
NIP	non-injurious price
OCOT	ordinary course of trade
PAD	preliminary affirmative determination
the PAD Direction	<i>Customs (Preliminary Affirmative Determinations) Direction 2015</i>
the Parliamentary Secretary	the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
Romak	Romak Hardware Distributors (Australia) Pty Ltd
Ruisheng	Zhongshan City Dongsheng Town Ruisheng Hardware Products Factory
SG&A	selling, general and administrative
SEF	Statement of Essential Facts
Summit	Summit Select Pty Ltd
USP	unsuppressed selling price
WTO	World Trade Organization
Yijin	Zhongshan City Xiaolan Town Yijin Hardware Plastic Electrical Appliance Factory
Zenexus	Sales Force National trading as Zenexus Pty Ltd
Zhongda	Jiaxing Zhongda Metalwork Co., Ltd.

1 EXECUTIVE SUMMARY

This termination report (TER 355) has been prepared in response to an application for a dumping duty notice and a countervailing duty notice by Summit Select Pty Ltd (Summit) in relation to its allegation that steel shelving units exported to Australia from the People's Republic of China (China) at dumped and subsidised prices have caused material injury to the Australian industry producing like goods.

This termination report sets out the Commissioner of the Anti-Dumping Commission's (the Commissioner) reasons to terminate the investigation.

The Commissioner has found that:

- there is an Australian industry, being Summit, producing like goods that has experienced injury;
- two exporters were dumping at margins of 16.7 per cent and 5.3 per cent;
- the dumped exports were not sold in the Australian market at prices that undercut the Australian industry; and
- injury, if any, that was caused by dumped and subsidised goods is negligible.

Table 1 summarises the dumping and countervailable subsidy margins as assessed by the Anti-Dumping Commission (the Commission).

Exporter	Dumping margin	Countervailable subsidy margin
Eastern Deer	-27.6%	0.0%
Geelong	-4.3%	0.7%
Guanyu Metal	16.7%	1.3%
Ningbo	5.3%	0.0%
Ruisheng	-29.5%	0.0%
Yijin	-22.7%	0.0%
Zhongda	-3.2%	0.3%
Uncooperative and all other exporters	16.7%	5.7%

Table 1: Dumping and countervailable subsidy margins

The Commissioner will make no recommendation to the Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)¹ because the Commissioner is terminating the investigation.

¹ On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of this investigation, the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

1 BACKGROUND

1.1 AUTHORITY TO MAKE DECISION

Division 2 of the *Customs Act 1901* (the Act)² describes, among other matters, the procedures to be followed and the matters to be considered by the Commissioner in conducting investigations in relation to the goods covered by an application under subsection 269TB(1). Section 269TDA describes the circumstances in which the Commissioner must terminate an investigation.

1.2 PUBLIC RECORD

The Commissioner maintains a [public record](#) of this investigation as required by section 269ZJ. The public record contains non-confidential submissions by interested parties, the non-confidential versions of the Commission's visit reports and other publicly available documents. It is available in hard copy by request in Melbourne or online at www.adcommission.gov.au. Documents on the public record should be read in conjunction with this termination report.

1.3 APPLICATION

On 5 May 2016, the Commissioner received an application from Summit for a dumping duty notice and a countervailing duty notice in relation to its allegation that steel shelving units exported to Australia from China at dumped and subsidised prices have caused material injury to the Australian industry producing like goods. On 19 May 2016 and on 7 June 2016 Summit provided further information and data in support of its application.

The application was taken to have been lodged and received on 7 June 2016.

A copy of the application is available on the public record.³

1.4 INITIATION

The Commissioner decided not to reject the application and on 4 July 2016 initiated an investigation into the alleged dumping and subsidisation of steel shelving units exported to Australia from China. ADN 2016/65 provides further details relating to the initiation of the investigation and is on the public record.⁴

1.5 INVESTIGATION PERIOD

The investigation period, as defined in section 269T, is from 1 April 2015 to 31 March 2016. The Commission has examined steel shelving units exported to Australia from China during that period to determine whether dumping and subsidisation has occurred.

1.6 INJURY ANALYSIS PERIOD

The injury analysis period has been set from 1 April 2011. The purpose of the injury analysis period is to allow the Commission to identify and examine longer term trends in the market

² All legislative references in this report are to the *Customs Act 1901*, unless otherwise stated.

³ See item numbers 1 to 6 on the [public record](#).

⁴ See item number 8 on the [public record](#).

for steel shelving units, which in turn assists the Commission in its examination of whether material injury has been caused by dumping and subsidisation over the investigation period.

1.7 PRELIMINARY AFFIRMATIVE DETERMINATION

In accordance with subsection 269TD(1), the Commissioner may make a preliminary affirmative determination (PAD) if satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice, or it appears that there will be sufficient grounds subsequent to the importation of the goods into Australia.

In accordance with section 6 of the *Customs (Preliminary Affirmative Determinations) Direction 2015* (the PAD Direction), the Commissioner published a Day 60 Status Report on 3 September 2016, being 60 days after the initiation of the investigation, providing reasons why a PAD was not made.⁵

Section 9 of the PAD Direction requires the Commissioner to reconsider making a PAD after the publication of a Day 60 Status Report at least once prior to the publication of the Statement of Essential Facts (SEF). The Commissioner was not satisfied that there are sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice.

1.8 STATEMENT OF ESSENTIAL FACTS

On 10 January 2017, the Commissioner published an SEF. In the SEF, the Commissioner proposed to terminate the investigation based on the findings that were set out in the SEF and subject to any submissions received in response to it. The SEF is available on the public record.⁶

1.9 SUBMISSIONS RECEIVED FROM INTERESTED PARTIES

The Commission received two submissions from interested parties within 37 days after the date of initiation. As required by subsection 269TDAA(2)(a)(ii), the Commissioner had regard to these submissions in the preparation of the SEF. The Commission also received several submissions from interested parties after the 37 day period.

In the preparation of the SEF, the Commissioner had regard to all submissions that had been received up to and including 15 December 2016. The Commissioner did not have regard to submissions received after 15 December 2016 because to do so would have, in the Commissioner's opinion, prevent the timely placement of the SEF on the public record.

The submissions received are listed in **Non-Confidential Attachment 1**. Non-confidential copies of these submissions are on the [public record](#).

The Commission received four submissions in response to the SEF, which raised the following issues:

- the Commission's interpretation of the definition of the goods relating to 'slotted angle shelving' and 'industrial shelving';

⁵ See item number 33 on the [public record](#).

⁶ See item number 60 on the [public record](#).

- the Commission's determination that steel inputs used in the production or manufacture of steel shelving units do not reasonably reflect competitive market costs;
- the reasonableness and correctness of the Commission's competitive cost benchmark relating to the steel inputs used in the production or manufacture of steel shelving units;
- pass-through of upstream subsidies for subsidy Programs 26 and 28; and
- the determination of an amount of profit relating to Geelong Holdings Limited for the purpose of subsection 269TAC(2)(ii).

These issues are addressed in the relevant chapters of this report.

1.10 OTHER INFORMATION CONSIDERED RELEVANT

As required by subsection 269TDAA(2)(b), the Commissioner has had regard to other information considered relevant. This information includes:

- United States International Trade Commission report of October 2015 on its investigations numbered 701-TA-523 and 731-TA-1259 into *Boltless Steel Shelving Units Pre-packaged for Sale from China* (Publication 4565);⁷
- verified sales data from Summit to determine sales levels and prices it achieved;
- verified information from Summit, retailers, importers and exporters of steel shelving units to determine competitive market conditions and practices, dumping margins and price setting processes;
- verified production and cost data from Summit to determine production levels and profitability;
- verified data on revenue and costs from Summit to determine profits it achieved;
- information from investigations 31 and 44 on certain steel shelves;
- information from investigations 300 and 322 on steel reinforcing bar;
- information from investigations 301 and 331 on steel rod in coils;
- information from SBB Platts⁸ to determine global market prices of hot rolled coil steel; and
- data from the Australian Border Force (ABF) import database to determine exporters, importers, import volumes, export prices and terms of export.

1.11 PREVIOUS INVESTIGATIONS AND CURRENT MEASURES

On 15 September 2000, the then Australian Customs Service initiated an investigation (Investigation No. 31) into the alleged dumping of certain steel framed storage shelves in kit form exported to Australia from China. The goods which were the subject of that investigation had a description similar to the goods the subject of this investigation (described in Chapter 3 of this report), but also included a description of load weights of

⁷ Publication 4565 is available from the [US International Trade Commission](https://www.usitc.gov/publications/4565).

⁸ <https://www.steelbb.com/steelprices/>.

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shelves. At the conclusion of the investigation, a dumping duty notice was published in relation to certain steel framed storage shelves in kit form exported to Australia from China.

On 19 April 2001, the then Australian Customs Service initiated an investigation (Investigation No. 44) into the alleged dumping of certain steel shelves exported from Thailand. At the conclusion of the investigation, a dumping duty notice was published in relation to all exporters from Thailand and measures were put in place.

The anti-dumping measures that were imposed as a result of these investigations expired in 2006.

1.12 FINAL REPORT

The Commissioner's final report and recommendations in relation to this investigation were due to be provided to the Parliamentary Secretary on or before 23 February 2017, unless the investigation is terminated earlier. Based on the findings in this investigation, the Commissioner will make no recommendation to the Parliamentary Secretary because the Commissioner is terminating the investigation.

2 THE GOODS AND LIKE GOODS

2.1 LEGISLATIVE FRAMEWORK

Subsection 269TC(1) requires that the Commissioner must reject an application for a dumping duty notice if, *inter alia*, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are 'like' to the imported goods. Subsection 269T(1) defines like goods as:

...goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

An Australian industry can apply for relief from injury caused by dumped or subsidised imports even if the goods it produces are not identical to those imported. The industry must, however, produce goods that are 'like' to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- i. physical likeness;
- ii. commercial likeness;
- iii. functional likeness; and
- iv. production likeness.

2.2 THE GOODS UNDER CONSIDERATION

The goods the subject of the application (the goods) 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.

The applicant provided further detail as follows:

Goods excluded from the application are:

- *wall mounted bracket and strip shelving;*
- *plastic shelving;*

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

2.3 TARIFF CLASSIFICATION

The goods are generally classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 9403.10.00 (statistical code 40); or
- 9403.20.00 (statistical code 19).

The Commission acknowledges that a broad range of goods fall under the tariff classifications used in this investigation. These tariff classifications and statistical codes are for reference only and do not form part of the goods description. The goods description, rather than the tariff classifications and statistical codes, contains authoritative detail regarding the goods the subject of this investigation.

2.4 SUBMISSIONS IN RESPECT OF THE GOODS

The Commission's consideration of submissions received from interested parties in respect of the definition of the goods is described below.

2.4.1 INDUSTRIAL SHELVING

In its application, Summit provided further detail on the definition of the goods and stated that industrial shelving was excluded from the application.

Summit submitted on 22 July 2016 that 'industrial shelving' is defined as pallet racking or heavy duty commercial shelving that is commonly purchased for industrial, warehousing and commercial fit-out applications. Summit claims that it does not manufacture industrial shelving.⁹

Summit submitted on 30 September 2016 that the phrase 'industrial shelving' refers to pallet racking and heavy duty commercial shelving which may have applications other than heavy duty industrial use.

Summit submitted that the goods targeted by the application, though able to be used in certain lighter industrial settings, are not capable of heavy duty industrial use like the excluded 'industrial shelving'. Summit submitted that 'pallet racking' is an accepted industry term and represents a specific type of shelving system designed to be compatible for storage of pallets and is sold under that name.

⁹ A copy of a brochure on industrial shelving sold by Summit's trading division, Stormor, is at **Non-Confidential Attachment 2**.

Summit submitted that load bearing capacity of 200 kg per shelf is a reasonable and accurate identifier of shelving units that are heavy duty commercial shelves, and therefore are defined as industrial shelving. Summit submitted that this load bearing capacity is a limit definition that would be generally accepted by market players.

The Commission has found that various shelving units that compete with each other in the Australian market have differences in load bearing capacity. For example, a retail consumer might compare a shelving unit with a load bearing capacity per shelf of, say, 150 kg, with another with a load bearing capacity per shelf of, say, 180 kg. The precise load bearing capacity may not be the critical factor in that consumer's decision.

However, the Commission considers it reasonable to apply a load bearing capacity per shelf to a definition of industrial shelving in order to clarify its meaning for the purposes of this investigation.

The Commission has found that some shelving units that are claimed to have load bearing capacity per shelf of up to, and including, 200 kg compete in the Australian retail market with shelving products with lower load bearing capacity. As such, the Commission considers that it is not reasonable to define such shelving products as industrial shelving.

The Commission has found that products in the market with load bearing capacity per shelf of more than 200 kg are available from retailers supplying similar products with lower capacity. However, the Commission has observed that these higher load bearing products are suitable for applications beyond what may be reasonably considered for 'household use' and that they compete with relatively heavy duty shelving and storage systems. As such, the Commission considers it reasonable to conclude that 'industrial shelving' refers to shelving with more than 200 kg load bearing capacity per shelf and may be excluded from the application.

Guangdong Guanyu Metal Products Co., Ltd. (Guanyu Metal) submitted on 1 August 2016 that its industrial shelving kits (*Industrial Rack*) should be excluded from the investigation.

The Commission notes that Guanyu Metal's *Industrial Rack* product is described by the company on its website as suitable for garage, industrial and other uses and can be supplied with either wire or MDF shelves. Guanyu Metal states that it has four shelves and a load bearing capacity of 700 kg per shelf.

The Commission considers that Guanyu Metal's *Industrial Rack* product, whether supplied with MDF or wire shelves, does not meet the definition of the goods because it has over 200 kg load bearing capacity per shelf and, as such, can be described as industrial shelving.

Geelong Holdings Limited (Geelong) submitted on 18 August 2016 that the term 'industrial shelving' has no accepted meaning and can include any shelving that is capable of being put to an industrial purpose or has an industrial appearance. Geelong submitted that by its very nature, most steel shelving is 'industrial shelving' and that this is particularly the case for shelving made from galvanised steel due to its industrial appearance. Geelong submitted that industrial shelving also includes each of the following:

- heavy duty shelving with a load bearing capacity of more than 100 kg per shelf;

- steel shelving suitable for use in an industrial setting; and
- steel shelving that is industrial in appearance.

Geelong submitted that shelving made from galvanised steel will in most cases fall within the definition of industrial shelving due to its industrial appearance.

Geelong noted that Summit describes its *Hammer Lok* product as a like good and not as 'industrial shelving' despite itself having marketing material including images of it in a commercial or industrial setting. Geelong submitted that *Hammer Lok* and the alleged substitutable goods would meet the definition of 'industrial shelving'. Geelong submitted that one *Hammer Lok* product (model *HL S412*) has a shelf weight capacity of 500 kg and, as such, appears to be an industrial, rather than a domestic, product.

Geelong claims that its goods are substitutable for *Hammer Lok* and that they are capable of being put to the same commercial fit out or 'industrial' use and thereby meet the definition of 'industrial shelving' and should be excluded from the investigation.

The Commission has found that several models of shelving units sold by Geelong are industrial shelving. Copies of pages from Geelong's sales brochure showing its shelving products are at **Non-Confidential Attachment 3**.

The Commission considers the substitutability of Geelong's goods for *Hammer Lok* does not render them to be industrial shelving and should not be excluded from the investigation on that basis.

Romak Hardware Distributors (Australia) Pty Ltd (Romak) quoted the following description of industrial shelving provided by Summit:

...Industrial shelving is defined as pallet racking/heavy duty commercial shelving. This shelving is commonly purchased for industrial, warehousing and commercial fit-out applications throughout Australia. Summit does not manufacture Industrial Shelving.

Romak submitted that Summit's definition of 'industrial shelving' is inconsistent with the ordinary meaning of the word 'industrial' and that no accepted industry usage of that term exists. Romak submits that most, if not at all, of the goods imported from China which Summit claims have caused material injury to the Australian industry are 'used by industry' for a commercial purpose.

The Commission considers that shelving described and sold as 'pallet racking' is easily recognised, has load bearing capacity of well over 200 kg per shelf and is generally well understood to be an industrial product. As such, the Commission considers that pallet racking thereby meets the definition of 'industrial shelving' and should be excluded from the investigation.

The Commission acknowledges that there is no generally accepted definition of 'industrial shelving,' nor is there one for the phrase 'heavy duty'. Various products that are advertised as 'heavy duty' have varying shelf load bearing capacity and characteristics, and are marketed as suitable in a variety of end uses. The Commission has found that there is an overlap in descriptions of shelving products in marketing material and various applications

such as non-decorative domestic (such as home garage) and commercial uses, whether that be in retail stores, workshops, factories or warehouses. This marketing practice may occur because retailers are able to broaden their value proposition by promoting that their shelving products have multiple applications. This is also the case in respect of Summit's *Hammer Lok* range which is promoted as being suitable for home, commercial and industrial markets.

The Commission has found that there has been a trend towards higher shelf load bearing capacity in products that are marketed and used for non-decorative domestic settings. This trend may partly explain the growing prevalence of the term 'heavy duty' in marketing material used by various suppliers of shelving products. This trend may also reflect growing overlap in end uses.

The Commission considers that the goods description is not dependent on any particular use, or variety of uses, that the goods can be put to.

The Commission does not consider that a mere description of a shelving product by a supplier as suitable for 'industrial use' is sufficient to exclude the goods from consideration under this investigation.

Given the overlap in end uses and ambiguity of the phrase 'industrial shelving', the Commission considers that it is appropriate and reasonable to identify a minimum shelf load bearing capacity in order to define 'industrial shelving'.

Geelong has submitted that it is unlikely that there would be a domestic use of steel shelving that would necessitate a weight load in excess of 100 kg per shelf. As such, Geelong submits, shelving with a load bearing capacity of 100 kg per shelf or above is heavy duty shelving and should be considered to be industrial shelving.

The Commission has found no evidence that would reasonably support a finding that shelving with 200 kg or under load bearing capacity per shelf can be described as 'industrial shelving'. As such, the Commission considers it reasonable to conclude that 'industrial shelving' refers to shelving with over 200 kg load bearing capacity per shelf.

The Commission has found no evidence that would reasonably support a finding that the appearance of galvanised steel frames in a shelving product renders it to be 'industrial shelving'.

2.4.1.1 GEELONG'S SUBMISSION IN RESPONSE TO THE COMMISSION'S INTERPRETATION OF THE TERM INDUSTRIAL SHELVING

In its submission in response to the SEF, Geelong agreed with the Commission's application of a load-bearing capacity threshold to the definition of the phrase 'industrial shelving'. However, Geelong contends that the appropriate load-bearing capacity threshold for industrial shelving should be 100 kg per shelf or greater, and not over 200 kg as determined by the Commission.

Geelong submitted that steel shelving units with a capacity of 100 kg or more per-shelf are suitable for applications beyond what may be considered for household use and therefore can be considered 'industrial shelving'.

Geelong requested that the Commission identify a domestic use of steel shelving that necessitates a per shelf weight capacity of 100 kg or greater.

The Commission maintains that the goods description is not dependent on any particular use, or variety of uses, that the goods can be put to. As such, the Commission considers that it would be inappropriate to define 'industrial shelving' solely on whether domestic use necessitates a particular load bearing capacity. Rather, the Commission maintains that, based on the product information available to it, there is no evidence before it that would reasonably support a finding that shelving with 200 kg or under load bearing capacity per shelf can be described as 'industrial shelving'. As such, shelving units with load-bearing capacity per shelf of over 200 kg represent industrial shelving. The Commission notes that Geelong did not provide any evidence to support its claim that 'shelving with a per-self capacity of 100 kg or over are similarly suitable for applications beyond what may be considered for household use'. The Commission has also found that retailers are selling shelving units with greater load bearing capacity than in the past to consumers. As such, the Commission considers that this further indicates that shelving units with load bearing capacity over 100 kg and up to 200 kg per shelf can reasonably be excluded from a description of industrial shelving for the purposes of this investigation.

Therefore, the Commission did not exclude goods with a load-bearing capacity over 100 kg from the investigation.

2.4.2 SLOTTED ANGLE

In its application, Summit provided further detail on the definition of the goods and stated that slotted angle shelving was excluded from the application. As stated in section 3.2 of this report, the goods are usually pre-packed for sale in a kit form, containing all or the majority of the components required to assemble the finished unit.

Summit submitted on 22 July 2016 that 'slotted angle' is defined as:

...shelving units that use slotted angle steel as their structural components (beams and legs) and have shelves positioned on the slotted angle steel structure.

Summit states that its trading division, Stormor, sells slotted angle steel which can be used to make steel shelving under the brand name *Handy Angle*. Summit submitted that the pre-punched holes in its *Handy Angle* product are 'unique'.

Summit has provided the Commission with no explanation or evidence to support its claim that the pre-punched holes in its *Handy Angle* product are 'unique', or how claims of 'uniqueness' affect the consideration of whether a particular product can be defined as the goods or as like goods. A copy of Summit's brochure on *Handy Angle* is at **Non-Confidential Attachment 4**.

Guanyu Metal submitted that one type of product that it exports to Australia is slotted angle shelving and requests that it be excluded from the investigation. Guanyu Metal further classifies the shelving it describes as slotted angle into two categories: concealed and non-concealed slotted angle shelving. Images of Guanyu Metal's shelving products are at **Non-Confidential Attachment 5**.

Summit submitted on 22 August 2016 that the products exported by Guanyu Metal are not slotted angle and do not meet the definition presented by Summit in its submission of 22 July 2016.

The Commission has found that the legs in the two types of shelving that Guanyu Metal describes as slotted angle shelving have keyhole shaped holes. The Commission has found that there is no general agreement on whether holes shaped as keyholes are 'slots'. Keyhole shaped holes are referred to by some parties as 'slots' and by others as 'keyholes'.

The Commission has found no evidence that would lead it to consider that the presence of holes or slots, of whatever shape, is sufficient on its own in order for a product to be considered in this investigation to be 'slotted angle shelving'.

The Commission has found no evidence that would lead it to consider that the visibility or concealment of holes or slots in the legs of a shelving unit have any impact on its consideration of whether certain products may be defined as the goods or like goods in this investigation.

Geelong has submitted that:

In its application Summit describes slotted angle shelving as "steel strips with holes punched in them with a right angle bend down the middle".

Geelong submitted that 'slotted angle shelving' has no generally accepted or precise meaning and that there are other products available that are described by their respective suppliers that are similar to those exported by Geelong.

Romak quoted the following description of 'slotted angle shelving' provided by Summit:

... Slotted Angle steel is used in a wide variety of applications including shelving, workbenches, trolleys and light construction work such as creating supports or structural bracing. Slotted Angle steel's unique pre-punched holes allow multiple steel sections to be bolted together to form customised sturdy storage systems and fabrication solutions. 'Slotted Angle shelving' refers to shelving kits that use slotted angle steel as their structural components (beams and legs) and have shelves positioned on the slotted angle steel structure. The shelves themselves may be made of various materials including wood, MDF or steel.

Romak submitted that Summit's definition of 'slotted angle shelving' is not consistent with industry usage and that the Commissioner should terminate the investigation because of the ambiguity of the exclusions to the goods description.

The circumstances under which the Commissioner may terminate an investigation are described in section 269TDA. Section 269TDA does not include a provision for termination on the grounds that a goods description may be ambiguous.

Romak submitted that goods that meet Summit's definition of 'slotted angle shelving' compete in the same market with some of the galvanised steel shelving kits. Romak submits that Summit's definition of 'slotted angle shelving' results in the exclusion of goods which Summit actually sought to be included in the investigation.

Copies of Romak's product brochures on its 1830 and 2090 series shelving products are at **Non-Confidential Attachment 6**.

The Commission considers that there is no reason why a shelving unit must have **both** legs **and** beams that are made of slotted angle in order to be defined as a 'slotted angle shelving unit'. It follows that shelving products with slotted angle legs **or** beams, or with slotted angle legs **and** beams may be excluded from the goods description.

The Commission does not consider that claims that the particular shape of holes in the legs or beams are 'unique' has any impact on its consideration of whether any particular product can be defined as the goods or as like goods.

The Commission considers that the phrase 'slotted angle shelving' can be interpreted in various ways. The Commission has found that there are several products referred to as 'slotted angle shelving' sold by a number of companies in the Australian market including Stormor.

The Commission has found that slotted angle, such as *Handy Angle*, is used as a component in certain shelving products as legs or beams. It is also suitable for other applications such as light construction. Slotted angle legs, beams, connecting items and shelves are sold as separate components as required by the customer and are not sold in kit form.

As such, the Commission considers that slotted angle shelving products, such as *Handy Angle*, as well as those sold by other suppliers including Dexion, Absoe Business Equipment and Shop for Shops, are distinct from shelving products that are sold in kit form and should be excluded from the investigation.

Copies of online information on these products that are available from Stormor, Dexion, Absoe Business Equipment and Shop for Shops are at **Non-Confidential Attachment 7**.

The products the Commission considers to be slotted angle shelving have some type of slot in the legs or the beams, are used as shelving products, but may also be suitable for a range of applications including light construction, are sold with connecting items and shelves as separate items, and in sizes and quantities as required by the customer and are not sold in kit form.

2.4.2.1 GEELONG'S SUBMISSION IN RESPONSE TO THE COMMISSION'S INTERPRETATION OF THE TERM SLOTTED ANGLE

In its submission in response to the SEF, Geelong disagrees with the Commission's interpretation of the phrase 'slotted angle shelving'.

Geelong submitted that what the Commission has described in the SEF as 'slotted angle shelving' is actually 'slotted angle **steel**'. Geelong further submitted that the goods under consideration only cover unassembled steel framed shelving, not individual pieces of steel that could be used as a leg or a beam of a shelf (such as slotted angle steel). Geelong contends that any shelving units made from slotted angle steel are slotted angle shelving units, and states that the physical characteristics of its shelving legs and the uses to which they can be put to are similar to products identified as slotted angle steel by the

Commission, and therefore, the Commission should exclude Geelong's boltless products on the basis that its boltless products are slotted angle shelving.

Further, Geelong submits that all the products manufactured by Summit are slotted angle shelving and, therefore, the Commission must find that there is not an Australian industry producing like goods.

Geelong submits that the legs in its shelving products may, in most cases, be put to a variety of other uses, including light construction. Despite conceding that the rolled edged steel used in its galvanised nut and bolt shelving may not be capable of being put a variety of other uses, and further conceding that it does not market or sell its shelving components for generic uses, Geelong submitted that its products may also be considered as slotted angle shelving and, as such should be excluded from the investigation.

The Commission considers that the leg of a shelving unit as described in this investigation is a single component of a product that constitutes a shelving unit that includes a number of components (beams, shelves and fittings) and is normally sold in pre-packaged kit form. The Commission considers that it does not follow that the characteristics of a single component allow the entire shelving kit to be described in the terms of that single component.

The Commission has found that:

- Geelong sells its shelving products as units in pre-packaged kit form;
- Geelong has not provided any evidence to support its submission that its products are suitable for a range of applications including light construction; and
- Geelong does not sell its shelving products with connecting items and shelves as separate items and in sizes and quantities as required by the customer.

The Commission does not consider that Geelong's shelving units may be described as slotted angle shelving and, as such, does not consider that Geelong's shelving units may be excluded from the investigation.

2.4.3 WIRE SHELVING

In its application, Summit provided further detail on the definition of the goods and stated that shelving kits with wire shelves were excluded from the application.

Guanyu Metal submitted that its wire shelving kits should be excluded from the investigation.

The Commission considers that wire shelving products are excluded from this investigation.

2.4.4 BREADTH OF GOODS DESCRIPTION

In its submission dated 26 August 2016, Romak stated that the goods description is so broad that enforcing compliance by the ABF of any measures which may be imposed as a result of the investigation will be difficult and, as such, the Commissioner should terminate the investigation.¹⁰

¹⁰ See item number 31 on the [public record](#).

The Commission notes that the goods description, rather than the tariff classifications and statistical codes, contains authoritative detail regarding the goods the subject of this investigation. The circumstances under which the Commissioner can terminate an investigation are described in section 269TDA. Potential difficulty of enforcing compliance by the ABF is not an option that is available to the Commissioner to terminate an investigation.

2.4.5 THE COMMISSION'S CONCLUSIONS

The Commission considers that shelving sold as pallet racking is industrial shelving and is excluded from the description of the goods.

The Commission considers that shelving that has over 200 kg load bearing capacity per shelf can be described as 'industrial shelving' and is excluded from the description of the goods.

The Commission considers that the presence of holes or slots, of whatever shape, is not sufficient on its own in order for a product to be considered to be 'slotted angle shelving'.

The Commission considers that products with some type of slot in angle steel legs or beams that are suitable for a range of applications including light construction, and are sold with connecting items and shelves as separate items and in sizes and quantities as required by the customer which are not sold in pre-packaged kit form, can reasonably be defined as 'slotted angle shelving' and are excluded from the description of the goods.

2.5 ARE SUMMIT'S PRODUCTS LIKE GOODS?

2.5.1 SUMMIT'S PRODUCT RANGE

Summit manufactures two types of shelving product – *Nut'N'Bolt* and *Hammer Lok*.

Nut'N'Bolt shelving is a lightweight, galvanised steel shelving system. The legs are made from galvanised angle section steel with round punched holes. The shelves are made from galvanised steel and no horizontal beams are required. *Nut'N'Bolt* shelving has a weight bearing capacity of 50 kg per shelf. An image of *Nut'N'Bolt* shelving is at **Non-Confidential Attachment 8**.

Hammer Lok shelving was referred to by Summit at the verification visit as 'slot and tab' shelving. This type of shelving is also commonly referred to as *boltless* shelving. The frame includes legs made from galvanised angle section steel punched with slots. Horizontal beams are made from galvanised steel and have tabs that fit into slots that have been punched into the legs. The shelves are made from medium density fibre board (MDF). The weight bearing capacity of the *Hammer Lok* shelving products range from 50 kg to 166 kg per shelf. A copy of Summit's brochure on *Hammer Lok* shelving is at **Non-Confidential Attachment 9**.

Summit imports a range of other products including other shelving products, steel garden beds and steel bins. Summit's steel shelving products represent a relatively small proportion of its sales.

Summit stated in its application that it considers that the imported shelving kits are either identical or have characteristics closely resembling locally produced steel shelving kits for the following reasons:

- i. Physical likeness:

Summit's steel shelving kits and the imported goods are in kit form consisting of shelves, legs and beams, and are alike in physical appearance.

ii. Commercial likeness:

The imported goods compete directly with the locally produced goods and are interchangeable. The imported goods compete on price with the goods manufactured by the local industry.

iii. Functional likeness

The imported goods and the locally produced goods are used to perform the same function and have the same end-uses.

iv. Production likeness

The imported and locally produced steel shelving kits are manufactured via similar production processes.

2.5.1.1 *NUT'N'BOLT* SHELVING

The Commission has found that *Nut'N'Bolt* shelving:

- is unassembled steel framed shelving or workbench kits with 2, 3, 4, 5 or 6 shelves; the frame of which is totally galvanised;
- has shelves made of steel.
- is pre-packed for sale in a kit form, containing all of the components required to assemble the finished kit.

The Commission has found that *Nut'N'Bolt* shelving is not:

- wall mounted bracket and strip shelving;
- plastic shelving;
- predominantly melamine and timber shelving kits used for home furnishing;
- industrial shelving;
- slotted angle shelving;
- shelving kits with wire shelves; or
- custom-made.

2.5.1.2 *HAMMER LOK* SHELVING

The Commission has found that *Hammer Lok* shelving:

- is unassembled steel framed shelving or workbench kits with 2, 3, 4, 5 or 6 shelves, the frame of which is totally galvanised;
- has shelves made of MDF; and
- is pre-packed for sale in a kit form, containing all of the components required to assemble the finished kit.

The Commission has found that *Hammer Lok* shelving is not:

- wall mounted bracket and strip shelving;

- plastic shelving;
- predominantly melamine and timber shelving kits used for home furnishing;
- industrial shelving;
- slotted angle shelving;
- shelving kits with wire shelves; or
- custom-made.

2.6 SUBMISSIONS IN RESPECT OF LIKE GOODS

The Commission's consideration of submissions received from interested parties in respect of the definition of like goods is described below.

2.6.1 POWDER COATING AND OTHER PRODUCT FEATURES

Romak submitted that Summit's galvanised steel products do not compete in the same market as powder coated products and that the increase in Chinese imports are almost exclusively products that have powder coated frames.

Romak submitted that shelving with powder coated frames provide a broader usage for the end-user and that this is reflected in the significant growth in the demand for powder coated steel shelving amongst major Australian hardware retailers in recent years. Romak requested the Commissioner to investigate this further.

Romak submitted that Summit does not produce like or directly competitive goods because they do not have physical, commercial or functional likeness to imported goods. Romak made no submission regarding production likeness.

Romak submits that Summit's *Hammer Lok* and *Nut'N'Bolt* products do not have the following characteristics of imported shelving:

- powder coated frames;
- a ridge in the centre of each beam for additional strength;
- central beam pieces to reinforce weight loading capability;
- flush fitting top shelves; or
- connector pins to join the top and bottom leg frames.

The Commission acknowledges that there are some differences between respective products in appearance and the manner in which legs and beams are connected, but does not consider these differences are of a magnitude that alters the fundamental nature of the respective shelving products.

Romak submitted that due to physical differences, retailers have a general preference for the powder coated goods and that the powder coated goods do not compete in the same market as Summit's products because they are of comparatively limited utility. Romak has not provided any evidence to support its claim that the applicant's products are of 'limited utility'.

Romak submitted that consumers are reluctant to interchange the two given the structural superiority and wider application of the powder coated products. Romak submits that the powder coated goods generally are able to be used in a domestic setting whereas due to their harsher appearance, the goods produced by Australian industry generally have a commercial application.

Romak submitted that both imported and Summit's shelving kits are capable of being used in the same settings but, in practice, the aesthetic appeal of powder coated shelving kits and their sturdier construction makes them more appealing to domestic consumers and indicates superior quality and durability.

Geelong submitted that steel shelving units with powder coated steel frames are eligible for exemption from any measures under subsections 8(7)(a) and 10(8)(a) of the *Customs Tariff Act 1975* (the Dumping Duty Act) for reasons including:

- Galvanised steel shelving has physical and commercial properties that are not shared by shelving units that include powder coated steel.
- The different coatings have a difference in appearance that is so significant that it alters the commercial uses of the product because they do not directly compete in the market place. Geelong submitted shelving units that include powder coated steel can be marketed for household domestic use or commercial use where it will be on display and a galvanised steel frame is much more likely to have an industrial use or be used in a domestic garage or shed.
- Galvanised steel shelving does not share a commercial likeness with shelving units that include powder coated or painted steel frames because of the way steel shelving product ranges are developed by retailers. Geelong submitted that if a steel shelving unit with a galvanised steel frame is included in a retailer's range, it is because it will be a low grade product designed with lower quality specification designed for a customer not requiring the aesthetic benefits of a powder coated product and who prefers a lightweight shelf with a metallic appearance.

The Commission notes that Geelong's request for an exemption will be considered further if the Commissioner recommends that anti-dumping measures ought to be imposed.

2.7 THE COMMISSION'S ASSESSMENT

Based on information submitted in the application and gathered at the verification visit to Summit's production facility and the Commission's consideration of submissions, the Commission considers:

i. Physical likeness:

Summit's steel shelving kits and the imported goods are in kit form consisting of shelves, legs and beams. The Commission acknowledges that there are some differences in appearance and the manner in which legs and beams are connected, but does not consider these differences are of a magnitude that alters the fundamental nature of the respective shelving products. The Commission considers

that consideration of appearance is subjective and apart from assertions made in submissions, the Commission has not found any evidence that allows appearance to be analysed in an objective and verifiable manner. The Commission considers that Romak's comments on physical appeal do not render Summit's products to be excluded from being considered to be like goods.

ii. Commercial likeness:

The imported goods compete directly with the locally produced goods and are interchangeable. The imported goods compete on various features, including price and apparent quality, and do so in the same retail markets as the goods manufactured by Summit. This is evidenced by both galvanised and powder coated shelving being sold in direct competition at the retail level within major retailers.

iii. Functional likeness

The imported goods and the locally produced goods are used to perform the same function and have the same end-uses. The Commission considers they are directly substitutable.

iv. Production likeness

The imported and locally produced steel shelving kits are manufactured via similar production processes that include de-coiling and punching steel coil, cutting shelves to size and packaging. The Commission acknowledges that powder coated shelving products have a different process to attach rivets to beams and to apply the powder coating to the steel. However, the Commission does not consider this significant enough to render the production likeness to vary to the extent that powder coated shelf units do not meet the definition of the goods.

In summary, the Commission considers that Summit produces goods that have:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness

to the goods which are the subject of the application and are therefore like goods.

The Commission considers that Summit's *Nut'N'Bolt* shelving kits and Summit's *Hammer Lok* shelving kits are like goods (as defined in subsection 269T(1)) to the goods which are the subject of the application.

3 THE AUSTRALIAN INDUSTRY

3.1 LEGISLATIVE FRAMEWORK

The Commissioner must be satisfied that the 'like' goods are in fact produced in Australia. Subsection 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. Under subsection 269T(3), in order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

3.2 SUMMIT

Summit Select Pty Ltd (formerly Summit Storage Products Pty Ltd) is a private company that 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. Summit Storage Products Pty Ltd is owned by Ramico (Australia) Pty Ltd, an Australian private investment company.

The Commission visited Summit's facility to examine its manufacturing processes and to verify its claims. The Commission has found that Summit has a number of sources from which it purchases galvanised steel coil. Summit undertakes more than one substantial process using galvanised steel coil to manufacture steel shelving units in Australia.

The Commissioner has had regard to the information verified at the visit to Summit, as well as the matters discussed in the visit report, in preparing this report. The report on the visit by the Commission to Summit includes further information on its market practices and is available on the public record.¹¹

Summit stated in its application that it is the only Australian producer of steel shelving units as described in its application.

The Commission identified potential other manufacturers of the goods in its investigation. However, Summit has claimed that these other manufacturers instead produce custom-built shelving or industrial shelving, neither of which are like goods. The Commission invited the participation of these potential other manufacturers but has not received any response from these manufacturers. The Commission has therefore obtained no evidence to contradict Summit's claim to be the only Australian producer of like goods.

Subsection 269T(4) provides that if, in relation to goods of a particular kind there is a person or persons who produce like goods in Australia, there is an Australian industry in respect of those goods and the industry consists of that person or those persons.

In order to determine whether Summit is an Australian industry producing like goods, the Commission must determine what Summit produces and whether those goods are like goods as defined in subsection 269T(1).

¹¹ See item number 48 on the [public record](#).

Like goods are defined in subsection 269T(1) as:

...goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

3.3 PRODUCTION PROCESS

On 3 August 2016, the Commission conducted an inspection of the production facilities at Keysborough in Victoria. The verification team observed the production process as follows.

3.3.1 NUT'N'BOLT

3.3.1.1 STEP 1: MANUFACTURE NUT'N'BOLT LEGS

Summit has a production line on which legs of different lengths are produced. A coil of galvanised steel is loaded onto a de-coiler which feeds the steel into a die press which punches the holes and cuts the leg to length. The leg is then moved along rollers and is formed into a right angle in the roll former. An automated stacking kit 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 the legs are packed with other components into a cardboard carton.

3.3.1.2 STEP 2: MANUFACTURE NUT'N'BOLT CORNER BRACING BRACKETS

Summit manufactures the corner bracing brackets on a die press that punches holes and forms the bracket. A coil of galvanised steel is loaded onto a de-coiler which feeds the steel into the die press which punches six brackets. The brackets are either stored or moved to the end of the shelf line to be packaged.

3.3.1.3 STEP 3: MANUFACTURE OF NUT'N'BOLT STEEL SHELVES

The steel shelves are manufactured on the shelf line. A coil of galvanised steel is loaded onto a de-coiler which feeds the steel onto line rollers. In this stage of production, the steel has the required holes punched and is cut to length in a die press. The steel is then fed to the roll former where the two longer lengths of the shelf are formed and rolled. The last stage of production is when the steel shelf goes through the forming press where the remaining ends of the shelf are formed. An operator at the end of the line packs the required number of shelves into a cardboard carton with the legs and corner brackets. Pre-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.

3.3.1.4 STEP 4: PACKING AND STORAGE

After sealing the packaging, the shelving kits are stacked on pallets. The pallet is then shrink-wrapped and stored. Summit maintains stock of these kits in volumes that relate to its sales history.

3.3.2 HAMMER LOK

3.3.2.1 STEP 1: MANUFACTURE HAMMER LOK LEGS

Summit has a leg line that manufactures *Hammer Lok* legs in various lengths. A coil of galvanised steel is loaded onto a de-coiler which feeds the steel into a die press which

punches the holes and cuts the leg to length. The steel is then pushed along rollers into the roll former which forms the leg into an angle. The leg is cut to length on the last die press on the line. The legs are conveyed to an automated stacking machine which picks up and stacks the legs required for each shelving kit. An operator stores the stacks of legs in a stillage which is subsequently moved to the packing station.

3.3.2.2 STEP 2: MANUFACTURE *HAMMER LOK* BEAMS

Summit's beam line produces *Hammer Lok* beams of various lengths. A coil of galvanised steel is loaded onto a de-coiler and is then fed into a die 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 former which forms the edges of the beam. The operator stacks the beams in the required quantities for each shelving kit and places the stacks them in a stillage. A forklift moves the stillage of beams to the packing station when the components of the shelving kits are packed into cardboard cartons.

3.3.2.3 STEP 3: MANUFACTURE LEG JOINERS

The leg joiners are manufactured on the same die press as the *Nut'N'Bolt* corner brackets. However the die, bed and control panel must be changed to make the respective components. A coil of galvanised steel is loaded onto the de-coiler and the die press 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 kits are packed into cardboard cartons.

3.3.2.4 STEP 4: PACKING AND STORAGE

The majority of components for each shelving kit 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. The sealed shelving kit is moved thorough several rollers. The rollers put pressure on the shelving kit until the glue is set. The kits are stacked on a pallet which is then taken by a forklift driver to be shrink-wrapped and stored. Summit maintains stock of these kits in volumes that relate to its sales history.

3.4 THE COMMISSION'S ASSESSMENT

The Commissioner is satisfied that there is an Australian industry, being Summit, producing like goods on the basis that:

- the Australian industry produces like goods that have characteristics that closely resemble the goods the subject of the application; and
- the processes to manufacture steel shelving units conducted by Summit and described above indicates that Summit conducts at least one substantial process of manufacture of the like goods in Australia.

4 THE AUSTRALIAN MARKET

4.1 MARKET SIZE

The Commission considers that it is not possible to ascertain the precise size, in terms of volume, of the Australian steel shelving unit market due to the broad nature of the tariff code under which the goods are imported.

Further, as potential exporters did not respond to requests by the Commission to participate in the investigation, it is not possible to determine whether these exporters actually exported products which meet the definition of the goods under consideration in this investigation, or whether they exported some other products under the same tariff classification. However, during the course of the investigation, Summit identified a number of exporters, all of which cooperated with the investigation. These cooperative exporters accounted for the vast majority of sales through the primary distribution channels in the Australian market.

The Commission acknowledges that the ABF import data which the market size analysis relies upon is likely to contain similar or substitute goods (such as wire shelving, or shelving componentry) which are substitutable for the goods and the like goods but not the subject of the investigation. Therefore, the Commission considers that when analysing ABF import data, sales value in this instance is more appropriate given that all transactions report sales value whereas a significant number do not report unit quantities.

The Commission estimates that the size of the Australian wholesale market during the investigation period was approximately \$31.7 million, based on ABF import data and verified Australian industry data. The Commission's analysis focuses on the wholesale market, which is the direct market of the Australian industry. The Commission considers that having regard to the wholesale market ensures that volumes and revenue are not unduly distorted by retail profit margins which the Australian industry and importers do not receive.

Figure 1 indicates Australian steel shelving market shares by sales value.



Figure 1: Australian steel shelving market share (sales value)
(Source: ABF import data and verified data provided by Australian industry)

Over the injury analysis period, the size of the Australian market for steel shelving units (measured in terms of sales value) has increased and the Australian industry's share of the market has declined.

Further details of the Australian market for steel shelving units are at **Confidential Appendix 1 – Australian market**.

4.2 MARKET SEGMENTS

The steel shelving market can be segmented on the basis of end uses that include:

- consumer household applications including storage in garages and sheds;
- commercial applications for storage; and
- industrial applications for storage.

The Commission has found that end users of steel shelving units can purchase all types of steel shelving units from retailers or from industrial goods suppliers that mainly deal with a range of businesses.

Within the various segments, there are two distinct product groups:

- lighter weight shelving units assembled with nuts and bolts; and
- relatively higher priced boltless shelving units with greater load bearing capacity and several product variations.

4.3 SOURCES OF SUPPLY

The Commission has found that the Australian market for steel shelving units is supplied by the Australian industry and by imports from China. The Commission has not found any other Australian manufacturer of the goods. The Commission has not found evidence of imports of shelving units from countries other than China. As such, the Commission considers that the Australian market is supplied by Summit and Chinese manufacturers of the goods.

The Australian industry and importers that supply to retailers, who in turn sell to consumers, is demonstrated in Figure 2.

PUBLIC RECORD

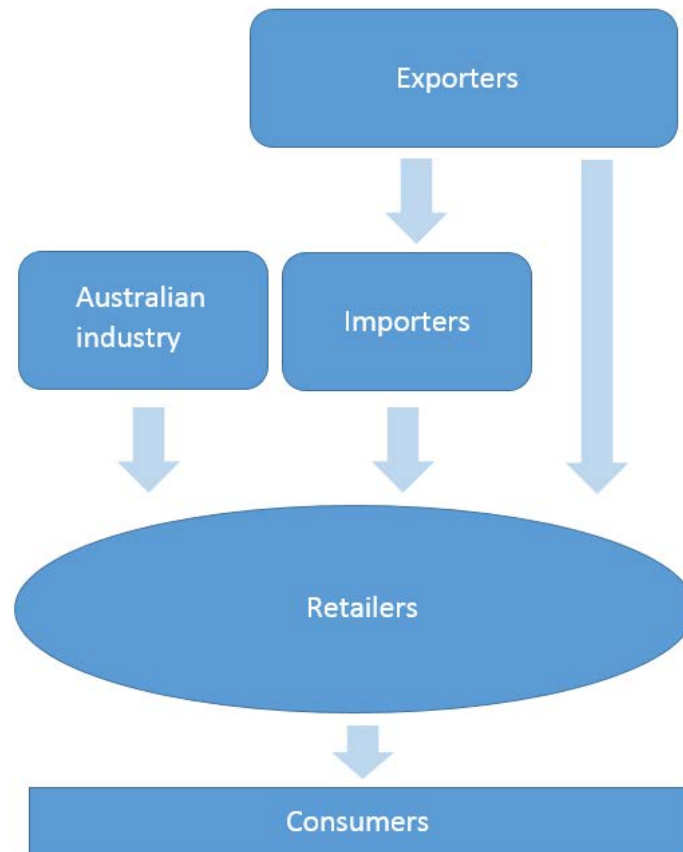


Figure 2: The Australian steel shelving unit market

4.4 DISTRIBUTION CHANNELS

In its application, Summit states that:

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.

On the basis of information obtained by the Commission from the Australian industry, importers and retailers of steel shelving units, the Commission considers that the application contains an accurate assessment of retail distribution channels.

The Commission has found that retailers generally demand full service terms which require a high level of support including undertakings to maintain adequate stock levels, in-store marketing, in-store inventory management, product development and other marketing support.

The Commission has found that retailers are supplied on varying terms including:

- delivery to distribution centres where suppliers arrange for the goods to be delivered into warehouses around the country from which retailers arrange their own distribution to store; and
- free on board terms whereby they have responsibility for seaborne freight and customs clearance into Australia.

4.5 SUMMIT

The Commission has found that Summit competes with importers in the supply of steel shelving units to retailers and industrial goods suppliers at a wholesale level of trade in all states and territories in Australia.

4.6 IMPORTERS

The Commission has identified the importers of steel shelving units from China by examining the ABF import database. Seven of these importers were considered to be ‘major’ importers and accounted for the majority of imports of steel shelving units from China during the investigation period and were asked to respond to an importer questionnaire.

The Commission received responses from the following importers:

- Romak Hardware Distributors (Australia) Pty Ltd (Romak); and
- Sales Force National, trading as Zenexus Pty Ltd (Zenexus).

The data submitted by Romak and Zenexus has been verified by the Commission in terms of its relevance, completeness and accuracy. Both Romak and Zenexus cooperated with the investigation and provided their internal records and source documents for their import and sales transactions. Both importers provided a complete response to the importer questionnaire.

Both importers sell on a free into store (FIS) basis and deliver directly to the branches of retailers and suppliers of industrial goods from the importers’ own warehousing and distribution centres.

The importer verification reports are on the public record.¹²

The Commission also conducted a visit to Bunnings, the major retailer of steel shelving, to enquire about its view of the market.¹³

4.7 DEMAND VARIABILITY

Summit has indicated to the Commission that population growth is the main driver of demand for steel shelving units. In its application, Summit states that:

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.

¹² See item numbers 42 and 44 on the [public record](#)

¹³ See item number 45 on the [public record](#).

Importers have indicated to the Commission that retailers have driven the growth by broadening their ranges and providing more choices to consumers and providing complete storage solutions.

The Commission considers that demand for steel shelving units is driven by a combination of marketing activity that includes broadening of product ranges and promotional activities by major retailers as well as population growth.

4.8 PRICE SENSITIVITY

Summit stated in its application:

The imported and Australian products compete on the price of the complete shelving unit.

The Commission has found that retailers do consider pricing in their selection of suppliers, but consider other factors as well. These other factors include:

- product features;
- marketing support;
- in-store service;
- delivery requirements;
- product development; and
- product branding.

4.9 CHANGES TO CONSUMER PREFERENCES

The Commission has found that there have been changes in consumer preferences over several years towards:

- shelving with powder coated steel frames at the expense of sales of shelving with galvanised steel frames;
- shelving with greater load bearing capacity;
- larger shelving units;
- the addition of rolled edges to nut and bolt shelving units for safety purposes; and
- shelving that can be part of a total storage solution rather than single units.

Figure 3 summarises confidential sales data of a major importer to a major retailer. It indicates that the sales of shelving units with galvanised steel frames have declined from around 19 per cent in the September 2013 to November 2013 quarter to less than 1 per cent in the June 2016 to August 2016 quarter. Figure 3 also shows that, for this importer, powder coated steel frames represent a majority of its sales volume. All importers visited by the Commission shared similar views on the market trends regarding powder coated and galvanised steel frames that were consistent with the sales data trend. Given the data from a major importer and views shared by major market players, there appears to have been a shift in consumer preferences in the Australian market towards shelving with powder coated steel frames.

PUBLIC RECORD

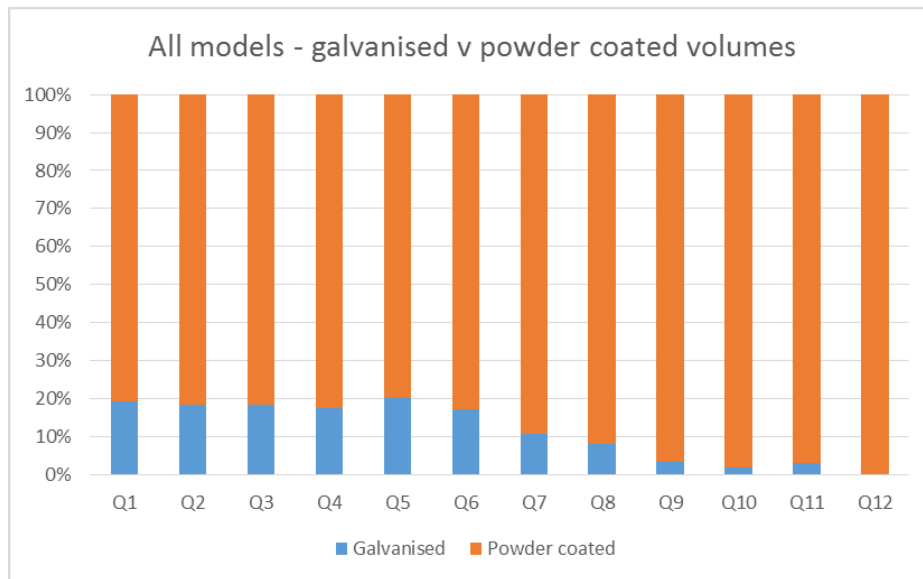


Figure 3: Sales of galvanised compared to powder coated frames (Q1 = 1 Sep 2013)
(Source: Confidential importer data)

5 DUMPING INVESTIGATION

5.1 INTRODUCTION

Dumping occurs when a product from one country is exported to another country at a price less than its normal value. Under section 269TACB, the export price and normal value of the goods must be compared in order to determine whether dumping has occurred. The export price and normal value of goods are determined under section 269TAB and section 269TAC respectively.

5.2 EXPORTERS

At the commencement of the investigation, the Commission identified and contacted all potential exporters of steel shelving units from China as described in the relevant tariff subheadings identified in the ABF import database. As discussed in section 3.3 of this report, the Commission acknowledges that a broad range of goods fall under the relevant tariff classifications and that certain exports in the ABF import database may not be the goods under investigation.

Each exporter was invited to complete an exporter questionnaire which requested information necessary to determine whether goods were exported at dumped or subsidised prices.

5.3 COOPERATIVE EXPORTERS

The Commission received substantially complete exporter questionnaire responses from the following cooperative exporters:

- Eastern Deer Hardware and Plastics (China) Co., Ltd. (Eastern Deer);
- Geelong Holdings Limited (Geelong);
- Guangdong Guanyu Metal Products Co., Ltd. (Guanyu Metal);
- Ningbo Junmao Environmental Protection Equipment Co., Ltd. (Ningbo);
- Zhongshan City Dongsheng Town Ruisheng Hardware Products Factory (Ruisheng);
- Zhongshan City Xiaolan Town Yijin Hardware Plastic Electrical Appliance Factory (Yijin); and
- Jiaxing Zhongda Metalwork Co., Ltd. (Zhongda).

The Commission visited Eastern Deer and Geelong and verified information relating to alleged subsidisation, costs, domestic sales and exports to Australia during the investigation period. Exports from Eastern Deer and Geelong represented around 70 per cent of exports of steel shelving to Australia from China. The verification reports for Eastern Deer and Geelong are on the public record.¹⁴

The Commission verified the information provided by the other cooperative exporters by analysing the data they provided and comparing it against the verified information provided by Eastern Deer and Geelong. The Commission considers that the information provided by

¹⁴ See item numbers 58 and 59 on the [public record](#).

other cooperative exporters is reliable and suitable for the calculation of dumping margins and countervailable subsidy margins. The Commission's analysis is at **Confidential Appendix 2 – Verifying exporter information**.

5.4 UNCOOPERATIVE EXPORTERS

Subsection 269T(1) provides that an exporter is an 'uncooperative exporter' where the Commissioner is satisfied that an exporter did not give the Commissioner information that the Commissioner considers to be relevant to the investigation within a period the Commissioner considers to be reasonable or where the Commissioner is satisfied that an exporter significantly impeded the investigation.

The Commission is treating all exporters of steel shelving units from China in the investigation period other than the cooperative exporters as uncooperative exporters as defined in subsection 269T(1), as these exporters did not respond to the Commission's request for information. Accordingly, the Commissioner was satisfied that these exporters did not give the Commissioner information the Commissioner considered to be relevant to this investigation within a period the Commissioner considered to be reasonable.

5.5 DOMESTIC MARKET FOR LIKE GOODS IN CHINA

Section 269TAC requires the Commission to test whether the price paid or payable for like goods sold in China by an exporter is in the ordinary course of trade (OCOT). Under subsection 269TAC(2), normal value cannot be ascertained under subsection 269TAC(1) if there is an absence or low volume of sales in the market of the country of export that would be relevant. Low volume is defined in subsection 269TAC(14) as less than 5 per cent of the total volume of the goods under consideration that are exported to Australia by the exporter.

5.6 ORDINARY COURSE OF TRADE

The Commission has found that only two of the seven cooperative exporters sold like goods in China during the investigation period.

Subsection 43(2) of the *Customs (International Obligations) Regulation 2015* (the Regulation) requires that, where an exporter or producer keeps records relating to the like goods and the records are in accordance with generally accepted accounting principles (GAAP) in the country of export and reasonably reflect competitive market costs associated with the production or manufacture of like goods, the Parliamentary Secretary must work out the amount by using the information set out in the records.

The Commission has found that all cooperative exporters keep records in accordance with GAAP in the country of export. The Commission's analysis of whether the records reflect competitive market costs is described in the remainder of this Chapter.

The Commission analysed the cost to make and sell (CTMS) of steel shelving units for all cooperative exporters. The Commission has found that the cost of steel (hot rolled coil (HRC), cold rolled coil (CRC), or galvanised steel) is the major proportion of the cost of producing steel shelving units.

In Investigation 177, the Commissioner determined that Government of China (GOC) driven market distortions in the iron and steel industry resulted in artificially low prices, and therefore non-competitive market costs, for key materials used in the production of hollow structural sections, being HRC and narrow strip.¹⁵ The same finding was made by the Commissioner in Investigation 238¹⁶ with respect to the key material used in the production of stainless steel sinks, being CRC (also supplied in sheet form).

In the Commission's report, *Analysis of steel and aluminium markets report to the Commissioner of the Anti-Dumping Commission*, it stated that its:

*... analysis of subsidies and tax arrangements for the Chinese steel and aluminium industries, and the operation of state-owned enterprises, indicates that many ... market interventions have been economically inefficient and have resulted in distortions to market outcomes.*¹⁷

The Commission considers that its previous findings in relation to the distortion of competitive market costs of key steel inputs, as well as the Commission's *Analysis of steel and aluminium markets report to the Commissioner of the Anti-Dumping Commission*, indicate that the cost of steel recorded by exporters of steel shelving does not reflect competitive market costs within the meaning of subsection 43(2) of the Regulation. It is therefore necessary for the Commission to substitute HRC costs with HRC costs based on an appropriate benchmark.

5.6.1 THE GOVERNMENT OF CHINA'S AND GEELONG'S SUBMISSIONS IN RESPECT OF COMPETITIVE MARKET COSTS

In its submission in response to the SEF, the GOC submitted that the Commission has not provided any positive evidence in this investigation to support the determination that Chinese steel shelving producers' costs of raw materials are distorted and do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.¹⁸

Geelong also submitted in response to the SEF that there is no evidence that Chinese steel shelving producers' costs do not reflect competitive market costs.¹⁹

The Commission notes that neither the Act nor the Regulations prescribe a method for assessing whether an exporter's records reasonably reflect competitive market costs associated with the production or manufacture of like goods. When undertaking such an assessment, the Commission may examine whether the GOC influenced the price of any major cost inputs.

As discussed in Section 6.6 of this report, the Commission considers that the significant influence of the GOC has distorted prices in the iron and steel industry in China. The

¹⁵ Anti-Dumping Commission Report 177.

¹⁶ Anti-Dumping Commission Report 238.

¹⁷ Page 57, *Analysis of steel and aluminium markets report to the Commissioner of the Anti-Dumping Commission*, August 2016 which is available on the Commission's web site at <http://www.adcommission.gov.au/adsystem/referencematerial>.

¹⁸ See item number 68 on the [public record](#).

¹⁹ See item number 66 on the [public record](#).

Commission considers it reasonable that the GOC influences identified in Investigations 177 and 238 continue to exist in the Chinese domestic market such that steel costs do not reflect competitive market costs.

Given that HRC, CRC and galvanised steel are a key input to the production of steel shelving units, it is reasonable to consider that it follows that the costs relating to the production or manufacture of steel shelving units would also be influenced by the GOC.

As demonstrated in Section 6.8 of this report, the Commission compared each of the cooperating exporters' actual cost to purchase steel (including HRC, CRC and galvanised steel) with the competitive market cost benchmark and found that the exporters' costs are consistently lower than the selected competitive market benchmark cost. As such, the Commission has considered positive evidence in this investigation to support the determination that Chinese steel shelving producers' costs of raw materials are distorted and do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

5.7 BENCHMARKS FOR COMPETITIVE MARKET COSTS

Using an appropriate benchmark for the replacement of costs is important to ensure normal value is ascertained fairly. The Commission identified three potential sources of a benchmark for this purpose.

5.7.1 PRIVATE DOMESTIC PRICES OF STEEL IN CHINA

The Commission considers that domestic prices of steel in China do not reflect competitive market costs and therefore are not suitable for substituting steel costs.

5.7.2 IMPORT PRICES OF STEEL IN CHINA

The Commission considers that HRC import prices in China do not reflect competitive market prices due to the lack of import penetration of HRC and do not reflect competitive market costs and therefore are not suitable for substituting steel costs.

5.7.3 EXTERNAL BENCHMARKS

In its application, Summit contended that it is reasonable to use Malaysian galvanised steel prices as a substitute for Chinese prices because:

- the Malaysian 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.

The Commission notes that the goods description includes shelving units that have frames from steel other than galvanised steel. The frames of steel shelving units that are galvanised or powder coated are all made from HRC that is subsequently processed through galvanising or powder coating, slitting, bending and punching. As such, the Commission considers that any consideration of a choice of substitution of cost elements should be in respect of HRC.

The Commission notes that there are a range of external benchmarks available, and has assessed these benchmarks in **Appendix 1 – Benchmark for cost replacement**.

Based on this assessment, the Commission has selected the *SBB Japan Hot Rolled Coil Index* benchmark. The Commission identified the type of steel that was used in the production of the goods based on each exporter's verified response to the questionnaire. The Commission made appropriate adjustments for additional processing and yield costs based on verified Chinese CRC and galvanised conversion costs available to the Commission through other investigations and reviews.

5.7.4 SUMMIT'S SUBMISSION IN RESPECT OF THE COMPETITIVE MARKET COST BENCHMARK

In its submission in response to the SEF, Summit claimed that the Commission's competitive market cost benchmark for galvanised steel may be unreasonable and irrelevant if it is based on galvanising costs obtained from a period other than the investigation period. Summit argues that the cost of galvanising is mostly driven by the price of zinc used in the galvanising process. Summit provided a copy of a graph which showed historical zinc prices relating to the period January 2012 to January 2017.²⁰

Summit also expressed concern about the Commission's approach in amending the HRC benchmark for processing and yield costs to derive a benchmark for CRC and galvanised steel. Summit submitted that the Commission should include an amount for profit associated with processing.

Summit proposed that the Commission should use 'an index for CRC for the CRC benchmark and ... an index for hot dipped galvanised coil for the galvanised benchmark'.

5.7.4.1 COMMISSION'S CONSIDERATION OF SUMMIT'S SUBMISSION

In this investigation, the Commission has replaced the HRC, CRC and galvanised steel costs as submitted by each exporter with a competitive market cost benchmark based on the following:

- monthly Japanese prices for HRC;²¹ and
- for CRC, the average cost of converting HRC to CRC, including the relevant yield rate; and
- for galvanised steel, the average cost of converting CRC to galvanise steel, including the relevant yield rate.

With regard to the conversion costs, the Commission has used confidential verified Chinese conversion and yield cost data relating to the period 1 July 2015 to 30 June 2016. This period encompasses three quarters of the investigation period (1 July 2015 to 31 March 2016). The Commission considers that the CRC and galvanised steel benchmarks are based on relevant and contemporaneous data.

²⁰ See item number 67 on the [public record](#).

²¹ Sourced from Platt's Steel Business Briefing service.

For the quarter where the Commission had no conversion cost data relating to galvanised steel (the first quarter of the investigation period: 1 April 2015 to 30 June 2015), the Commission compared the average zinc price relating to that quarter to the average zinc price²² during the period for which the Commission had data. The Commission observed that the average zinc prices were relatively higher during the first quarter of the investigation period. The Commission amended the galvanised steel benchmark to reflect the relatively higher zinc prices observed during the first quarter of the investigation period.

The Commission considers that it is reasonable to include an amount for profit associated with the cost of processing CRC and galvanised steel where there is reasonable evidence to suggest that these raw materials are traded profitably.

The Commission reviewed confidential verified data from Chinese steel producers and found that they were selling steel at a profit in the domestic market. Therefore, the Commission has applied an amount of profit as a percentage of the conversion costs relating to CRC and galvanised steel.

This amount of profit was based on verified data relating to the weighted average profit achieved on galvanised steel by Chinese steel producers (confidential data). The Commission applied this profit rate to CRC as no data was available to determine a separate profit amount for CRC steel. The Commission has not applied a profit amount to the HRC benchmark cost as the benchmark for HRC is based on the Japanese HRC market price which can be reasonably expected to include profit.

With regard to Summit's proposal for the Commission to use a separate index for CRC and galvanised steel for cost replacement purposes, third-country market prices (i.e. benchmark prices) available to the Commission include those within and external to the Asian region. In previous dumping and countervailing investigations relating to steel, the Commission's preference was to use 'in region' benchmarks where possible as it is the Commission's view that these benchmarks are likely to be more representative of market conditions in the subject country than benchmarks obtained from external regions.

Asian region benchmarks that are available to the Commission include those for the domestic Chinese market, and an East Asian import benchmark relating to CRC. For galvanised steel, the only Asian region benchmark available to the Commission is for the Chinese domestic market.

Given the Commission's findings in relation to distortions in the Chinese HRC (the main raw material input to CRC and galvanised steel) market and the strong likelihood that the East Asian import benchmark would be influenced by imports of HRC from China, it is the Commission's view that neither the benchmark for domestic Chinese prices or traded prices within the East Asian region are appropriate benchmarks for cost replacement.

²² Average monthly zinc prices obtained from London Metal Exchange.

Outside of the region, the CRC and galvanised steel benchmark prices available to the Commission are the Turkish, North and South European, Brazilian and North American prices.

The Commission recognises that some of these countries' CRC and galvanised steel benchmark prices may not be representative of the regional market conditions and cost structures and may be distorted by industry-specific subsidies and the use of trade remedy measures.

Nevertheless, for the purpose of assessing the reasonableness and reliability of the Commission's derived benchmark for CRC and galvanised steel, the Commission has compared the benchmarks and found that the CRC and galvanised steel benchmark used for cost replacement purposes in this investigation is comparable, if not higher, than most of these other countries' benchmark prices.

Therefore, the Commission is satisfied that the HRC, CRC and galvanised steel benchmark (the latter two benchmarks derived using verified Chinese conversion and yield cost data, including an amount for profit), is reasonable and reliable.

The Commission has used the updated competitive market cost benchmark to compare the exporters' raw material costs.

The updated competitive cost benchmark is at **Confidential Appendix 3 – Competitive market cost benchmark**.

5.8 COMPARISON OF EXPORTERS' COSTS WITH COMPETITIVE MARKET COST BENCHMARK

The Commission analysed each exporter's raw material (steel) costs on a monthly basis by comparing it to the HRC, CRC and galvanised steel competitive market cost benchmarks. When compared against the relevant benchmark, the following differences were found, noting that some exporters did not utilise certain inputs at all, or only in certain months.

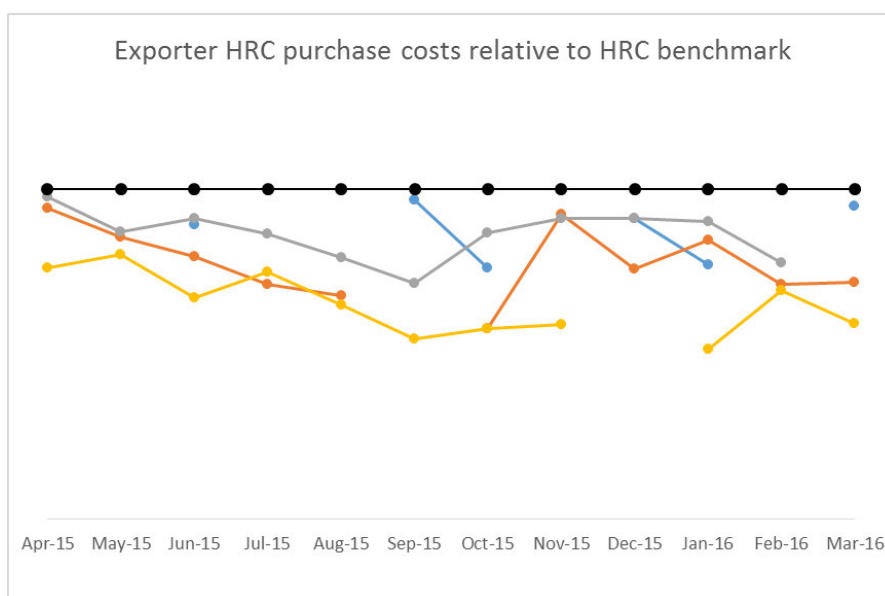


Figure 4: Exporter HRC costs relative to competitive cost benchmark

Figure 4 indicates the benchmark value (in black) compared to the four exporters that disclosed HRC purchases during the investigation period. In each month where a purchase was recorded, the exporters' costs to acquire the HRC were less than the benchmark. The exporters' costs were from 2 per cent to 48 per cent lower than the competitive market cost benchmark for HRC.

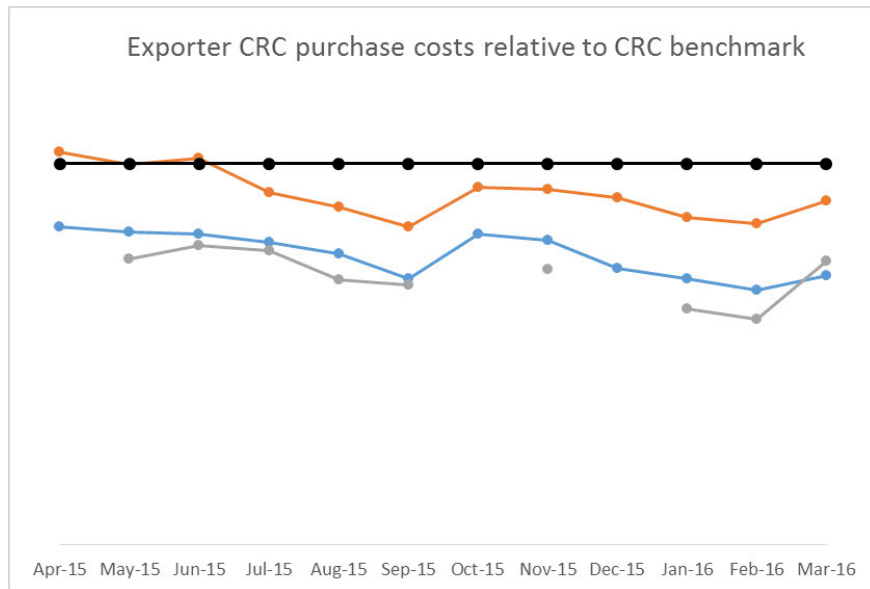


Figure 5: Exporter CRC costs relative to competitive cost benchmark

Figure 5 indicates the benchmark value (in black) compared to the three exporters who disclosed CRC purchases during the investigation period. For all months except three over the investigation period, the costs to acquire the CRC were less than the benchmark. For the three months where the benchmark was met or exceeded, it was only marginally higher. The exporters' costs were up to 41 per cent lower than the competitive market cost benchmark for CRC.

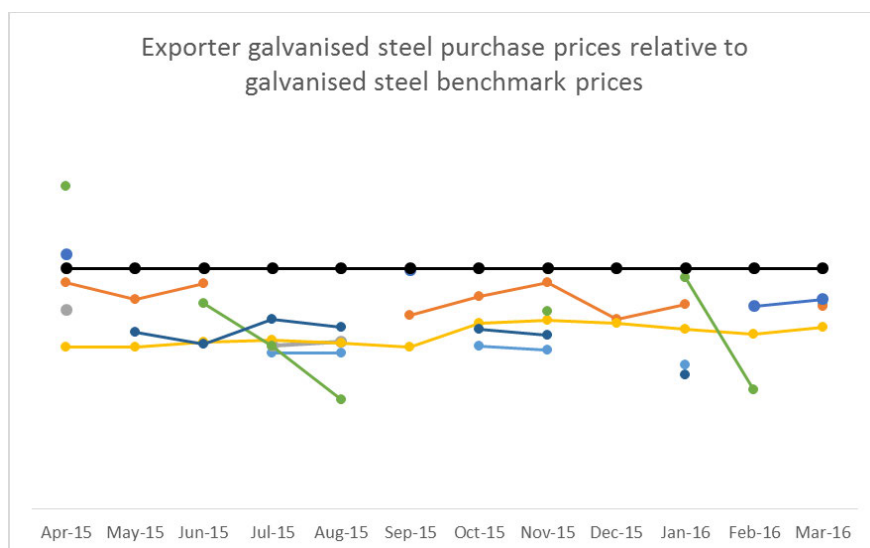


Figure 6: Exporter galvanised steel costs relative to competitive cost benchmark

Figure 6 indicates the benchmark value (in black) compared to the seven exporters who disclosed galvanised steel purchases during the investigation period. For all months except one over the investigation period, the costs to acquire the galvanised steel were less than the benchmark. For the one month where the benchmark was met or exceeded, it was only exceeded by two exporters. For those exporters and that month where the benchmark was matched or exceeded, it was only marginally higher.

The Commission notes that notwithstanding the two points above the benchmark for April 2015, all exporters' costs for raw materials were up to 55 per cent lower than the competitive market cost benchmark for galvanised steel.

The Commission has found that the cost of steel for all cooperating exporters is consistently lower than the selected benchmark price.

The Commission's analysis is at **Confidential Appendix 4 – Cost comparison**.

The substituted CTMS information was subsequently used for OCOT testing and sufficiency of sales volume testing. The Commission found that one of the two exporters with domestic sales of steel shelving units had volumes of domestic sales of like goods in OCOT that were sufficient, being 5 per cent or more of the exporter's respective volume of the exported goods; however, there were no reasonable adjustments that could be made to the normal value under subsection 269TAC(8) to allow a fair comparison with the export price.

Given the finding of low volume of *relevant* domestic sales, the Commission is unable to rely on the price information set out in the domestic sales records of exporters for the purposes of subsection 269TAC(1), and the normal value must be calculated under either subsection 269TAC(2)(c) or subsection 269TAC(2)(d).

The Commission considers that the steel costs that do not reasonably reflect competitive market costs in the Chinese steel industry would similarly affect the selling prices of steel shelving units by Chinese exporters to third countries. As such, the Commission considers that third country sales are not suitable for determining normal value under subsection 269TAC(2)(d).

5.9 PARTICULAR MARKET SITUATION

Summit claims in its application that a particular market situation exists in the domestic market that renders all domestic sales of like goods unsuitable for determining normal value under subsection 269TAC(1). Summit stated that selling prices of like goods in China are distorted due to the influence of the GOC in the Chinese iron and steel industry that influences the cost of steel inputs used in the manufacture of steel shelving units.

The Commission notes that findings regarding a particular market situation in the Chinese iron and steel industries have been made in previous investigations.²³

The GOC was sent a questionnaire at initiation of this investigation, and responded that:

²³ See, for example, Investigation 300, Investigation 301, Investigation 177, and Investigation 190. These are available on the [Commission's web site](#).

The GOC wants to emphasise that Section 269TAC(2)(a)(ii) of the Act requires, as a starting point, that:

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 GOC notes the following implications of this:

a) The only market relevant to a “particular market situation” is the market relevant to Section 269TAC(1) of the Act, being the market for like goods sold in the ordinary course of trade for home consumption in the country of export.

b) The only situation in the relevant market which can trigger the application of Section 269TAC(2)(a)(ii) is one that renders prices in that market not suitable for comparison with export price.

To date, the GOC has not seen any evidence to support the allegation that there is a situation (“PMS”) in the market for the goods under consideration with that implication of unsuitability.

In its submission to the SEF, the GOC reiterated its view that the only relevant market relevant to a particular market situation finding is the market for steel shelving units.²⁴

In respect of this investigation, the Commission has found that there is a low volume of sales of like goods in China that are relevant for the purpose of ascertaining the normal value under subsection 269TAC(1). As such, the normal value cannot be ascertained under subsection 269TAC(1) for all exporters of steel shelving units from China. The Commission therefore considers that it is not necessary in this investigation to determine, under subsection 269TAC(2)(a)(ii), whether there is a situation in the Chinese domestic steel shelving market that renders all domestic sales of like goods unsuitable for ascertaining the normal value under subsection 269TAC(1).

5.10 DUMPING MARGIN CALCULATIONS

Following the SEF, the Commission has reviewed its calculations of the dumping margins relating to all cooperating, and uncooperative and all other, exporters.

As a result of this review, the Commission updated the dumping margins for all cooperating exporters and uncooperative exports to have regard to certain normal value adjustments that the Commission has considered post-SEF and to reflect the updated competitive market cost benchmark.

²⁴ See item number 68 on the [public record](#).

5.10.1 EASTERN DEER

The Commission visited Eastern Deer and verified information disclosed in its exporter questionnaire relating to subsidies, costs, domestic sales and exports to Australia during the investigation period. The verification report is available on the public record.²⁵

5.10.1.1 EXPORT PRICE

The Commission has determined the export price for Eastern Deer under subsection 269TAB(1)(a), as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and the purchases of the goods by the importer were arms length transactions.

5.10.1.2 NORMAL VALUE

The Commission found that Eastern Deer did not sell like goods in China. As per subsection 269TAC(2)(a)(i), due to the absence of like goods sold in China, the Commission considers that the normal value of the goods cannot be determined under subsection 269TAC(1).

The Commission has determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export, the selling, general and administrative (SG&A) costs²⁶ based on the average amount for SG&A costs for like goods sold in the domestic market by selected exporters, and the profit²⁷ on that sale, based on contemporary profit information from a relevant industrial sector (furniture) in China.²⁸

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c).

Table 2 sets out the adjustments made to the normal value in accordance with subsection 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Export agent fees	Add expenses relating to export agent's fees
Export credit	Add the cost of export credit
Export inland freight and handling	Add the cost of export inland freight
Non-refundable VAT	Add amount for non-refundable VAT

Table 2: Adjustments to normal value

²⁵ See item 58 on the [public record](#).

²⁶ Customs (International Obligations) Regulation 2015 44(3)(c).

²⁷ Customs (International Obligations) Regulation 2015 45(3)(c).

²⁸ Publicly available profit statistics published by the National Bureau of Statistics of China http://www.stats.gov.cn/english/PressRelease/201601/t20160127_1311169.html.

5.10.1.3 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Eastern Deer at **negative 27.6 per cent**.

In the SEF, the dumping margin for Eastern Deer was determined at negative 33.5 per cent. The revised dumping margin reflects additional adjustments made to the normal value for export inland freight and handling, and non-refundable VAT.²⁹

Details of the Commission's calculations are at **Confidential Appendix 5 – Eastern Deer**.

5.10.2 GEELONG

The Commission visited Geelong and verified information disclosed in its exporter questionnaire relating to subsidies, costs, domestic sales and exports to Australia during the investigation period. The verification report is available on the public record.³⁰

5.10.2.1 GEELONG'S SUBMISSION

In a submission in response to the SEF, Geelong disagreed with the Commission's use of an 'industry benchmark' (relating to the manufacture of furniture) to work out an amount for profit to use in constructing Geelong's normal value under subsection 269TAC(2)(c)(ii). Geelong submitted that the Commission should determine an amount for profit by identifying the actual amount realised by Geelong from the sale of the same general category of goods in the domestic market.

The Commission has verified that Geelong had sales of the same general category of goods in the domestic market of the country of export. Therefore, in relation to the calculation of profit for the purpose of subsection 269TAC(2)(c)(ii), the Commission worked out an amount for profit under Regulation 45(3)(a) by identifying the actual amounts realised by Geelong from the sale of those same general category of goods in the domestic market. The Commission also worked out an amount to be the SG&A costs by identifying the actual amounts of SG&A costs incurred by the exporter or producer in the production and sale of the same general category of goods in the domestic market of the country of export.³¹

5.10.2.2 EXPORT PRICE

The Commission determined the export price for Geelong under subsection 269TAB(1)(a), as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and the purchases of the goods by the importer were arms length transactions.

5.10.2.3 NORMAL VALUE

The Commission found that Geelong did not sell like goods in China. As per subsection 269TAC(2)(a)(i), due to the absence of like goods sold in China, the Commission considers that the normal value of the goods cannot be determined under subsection 269TAC(1).

²⁹ Subsection 269TAC(9).

³⁰ See item 59 on the [public record](#).

³¹ *Customs (International Obligations) Regulation 2015* 44(3)(a).

The Commission determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export. The Commission has worked out an amount for the SG&A costs under Regulation 44(3)(a) by identifying the actual amounts of SG&A costs incurred by the exporter or producer in the production and sale of the same general category of goods in the domestic market of the country of export. The Commission worked out an amount for profit by identifying the actual amounts realised by the exporter from the sale of the same general category of goods in the domestic market of the country of export.

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c).

Table 3 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Export inland freight and handling	Add the cost of inland freight and handling
Export commission	Add the cost of export commissions
Export credit	Add the cost of export credit
Non-refundable VAT	Add amount for non-refundable VAT

Table 3: Adjustments to normal value

5.10.2.4 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Geelong at **negative 4.3 per cent**.

In the SEF, the dumping margin for Geelong was determined at negative 1.9 per cent. The revised dumping margin reflects the determination of an amount for profit using Geelong's sales of the same general category of goods.³² In the SEF, the amount for profit determined for Geelong was based on contemporary profit information from a relevant industrial sector (furniture) in China.³³

Further, under subsection 269TAC(9), additional adjustments were made to the normal value for export inland freight and non-refundable VAT.

Details of the Commission's calculations are at **Confidential Appendix 6 – Geelong**.

³² Customs (International Obligations) Regulation 2015 45(3)(a).

³³ Customs (International Obligations) Regulation 2015 45(3)(c).

5.10.3 GUANYU METAL

A file note regarding the verification of information provided by Guanyu Metal in its exporter questionnaire relating to subsidies, costs, domestic sales and exports to Australia during the investigation period is on the public record.³⁴

5.10.3.1 EXPORT PRICE

The Commission determined the export price for Guanyu Metal under subsection 269TAB(1)(a), as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and the purchases of the goods by the importer were arms length transactions.

5.10.3.2 NORMAL VALUE

The Commission found that there was a low volume of sales, as defined by subsection 269TAC(14), of like goods in the domestic market by Guanyu Metal which were in the ordinary course of trade for the purpose of determining the normal value under 269TAC(1).

The Commission has determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export, the SG&A costs³⁵ associated with such a sale and an amount of profit.³⁶

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c). Table 4 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Export inland freight and handling	Add the cost of inland freight and handling
Non-refundable VAT	Add amount for non-refundable VAT

Table 4: Adjustments to normal value

5.10.3.3 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Guanyu Metal at **16.7 per cent**.

In the SEF, the dumping margin for Guanyu Metal was determined at 3.4 per cent. The revised dumping margin reflects a revised amount for SG&A costs and profit, and adjustments made to the normal value for export inland freight and non-refundable VAT. The Commission had not applied any adjustments to the normal value under 269TAC(9) in

³⁴ See item 61 on the [public record](#).

³⁵ *Customs (International Obligations) Regulation 2015 44(2)*.

³⁶ *Customs (International Obligations) Regulation 2015 45(2)*.

the SEF. Details of the Commission's calculations are at **Confidential Appendix 7 – Guanyu Metal**.

5.10.4 NINGBO

A file note regarding the verification of information provided by Ningbo in its exporter questionnaire relating to subsidies, costs, domestic sales and exports to Australia during the investigation period is on the public record.³⁷

5.10.4.1 EXPORT PRICE

The Commission determined the export price for Ningbo under subsection 269TAB(1)(a), as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and the purchases of the goods by the importer were arms length transactions.

5.10.4.2 NORMAL VALUE

The Commission found that Ningbo did not sell like goods in China. As per subsection 269TAC(2)(a)(i), due to the absence of like goods sold in China, the Commission considers that the normal value of the goods cannot be determined under subsection 269TAC(1).

The Commission has determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export. The Commission has used the same SG&A costs and an amount for profit as were relied upon for the calculation of normal value for Eastern Deer, Ruisheng and Yijin.

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c).

Table 5 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Export inland freight and handling	Add the cost of inland freight and handling
Export commission	Add the cost of export commissions
Export credit	Add the cost of export credit
Non-refundable VAT	Add amount for non-refundable VAT

Table 5: Adjustments to normal value

³⁷ See item 62 on the [public record](#).

5.10.4.3 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Ningbo at 5.3 per cent. In the SEF, the dumping margin for Ningbo was determined at negative 5.1 per cent.

The revised dumping margin reflects the adjustments made to the normal value for export inland freight, export commissions, export credit and non-refundable VAT. The Commission had not applied any adjustments to the normal value under 269TAC(9) in the SEF.

Details of the Commission's calculations are at **Confidential Appendix 8 – Ningbo**.

5.10.5 RUISHENG

A file note regarding the verification of information provided by Ruisheng in its exporter questionnaire relating to subsidies, costs, domestic sales and exports to Australia during the investigation period is on the public record.³⁸

5.10.5.1 EXPORT PRICE

The Commission determined the export price for Ruisheng under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

5.10.5.2 NORMAL VALUE

The Commission found that Ruisheng did not sell like goods in China. As per subsection 269TAC(2)(a)(i), due to the absence of like goods sold in China, the Commission considers that the normal value of the goods cannot be determined under subsection 269TAC(1).

The Commission determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export. The Commission has used the same SG&A costs and an amount for profit as were relied upon for the calculation of normal value for Eastern Deer, Ningbo and Yijin.

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the selected benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c). Table 6 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Non-refundable VAT	Add amount for non-refundable VAT

Table 6: Adjustments to normal value

³⁸ See item 63 on the [public record](#).

5.10.5.3 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Ruisheng at **negative 29.5 per cent**.

In the SEF, the dumping margin for Ruisheng was determined at negative 32.1 per cent.

The revised dumping margin reflects the adjustments made to the normal value for non-refundable VAT. The Commission had not applied any adjustments to the normal value under 269TAC(9) in the SEF.

Details of the Commission's calculations are at **Confidential Appendix 9 – Ruisheng**.

5.10.6 YIJIN

A file note regarding the verification of information provided by Yijin in its exporter questionnaire relating to alleged subsidisation, costs, domestic sales and exports to Australia during the investigation period is on the public record.³⁹

5.10.6.1 EXPORT PRICE

The Commission determined the export price for Yijin under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

5.10.6.2 NORMAL VALUE

The Commission found that Yijin did not sell like goods in China. As per subsection 269TAC(2)(a)(i), due to the absence of like goods sold in China, the Commission considers that the normal value of the goods cannot be determined under subsection 269TAC(1).

The Commission determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export. The Commission has used the same SG&A costs and an amount for profit as were relied upon for the calculation of normal value for Eastern Deer, Ningbo and Ruisheng.

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c).

Table 7 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

Adjustment type	Deduction/addition
Non-refundable VAT	Add amount for non-refundable VAT

Table 7: Adjustments to normal value

³⁹ See item 64 on the [public record](#).

5.10.6.3 DUMPING MARGIN

The Commission has determined under subsection 269TACB(2)(a) the dumping margin for Yijin at **negative 22.7 per cent**.

In the SEF, the dumping margin for Yijin was determined at negative 25.2 per cent.

The revised dumping margin reflects the adjustments made to the normal value for non-refundable VAT. The Commission had not applied any adjustments to the normal value under 269TAC(9) in the SEF.

Details of the Commission's calculations are at **Confidential Appendix 10 – Yijin**.

5.10.7 ZHONGDA

A file note regarding the verification of information provided by Zhongda in its exporter questionnaire relating to alleged subsidisation, costs, domestic sales and exports to Australia during the investigation period is on the public record.⁴⁰

5.10.7.1 EXPORT PRICE

The Commission determined the export price for Zhongda under subsection 269TAB(1)(a), as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and purchases of the goods by the importer were arms length transactions.

5.10.7.2 NORMAL VALUE

The Commission found that there were sales of like goods in the domestic market which were in the ordinary course of trade for the purpose of determining the normal value under 269TAC(1). However, there were no domestic sales of identical models⁴¹ exported to Australia and there were no reasonable adjustments that could be made⁴² to ensure comparability of the exported model and the model sold domestically.

Therefore, the Commission has determined the normal value under subsection 269TAC(2)(c) using the cost of manufacture of the goods in the country of export, with steel prices substituted with benchmark prices, and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export, the SG&A costs⁴³ associated with such a sale and an amount of profit.⁴⁴

As indicated in section 6.6 of this report, the Commission has found that the raw material (steel) inputs for all cooperating exporters did not reflect competitive market costs. As such, the Commission has substituted steel costs with the relevant benchmark cost and has made appropriate adjustments where necessary as described in **Appendix 1** to calculate normal values under subsection 269TAC(2)(c).

Table 8 sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

⁴⁰ See item 65 on the [public record](#).

⁴¹ In terms of the unit size of the like goods and the exported goods.

⁴² Under subsection 269TAC(8).

⁴³ *Customs (International Obligations) Regulation 2015* 44(2).

⁴⁴ *Customs (International Obligations) Regulation 2015* 45(2).

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Adjustment type	Deduction/addition
Export inland freight and handling	Add the cost of inland transport and handling
SG&A expenses relating to export intermediary	Add the SG&A costs relating to export intermediary
Export credit	Add the cost relating to export credit
Non-refundable VAT	Add amount for non-refundable VAT

Table 8: Adjustments to normal value

5.10.7.3 DUMPING MARGIN

The Commission has determined under section subsection 269TACB(2)(a) the dumping margin for Zhongda at **negative 3.2 per cent**.

In the SEF, the dumping margin for Zhongda was determined at negative 27.1 per cent.

In the SEF, the Commission had determined an amount of profit under Regulation 45(3)(c). In this report, the Commission has determined profit by using data relating to the production and sale of like goods by Zhongda in the ordinary course of trade.⁴⁵

The revised dumping margin reflects the adjustments made to the normal value for export inland freight, an intermediary's SG&A expenses, export credit expenses and non-refundable VAT. The Commission had not applied any adjustments to the normal value under 269TAC(9) in the SEF.

Details of the Commission's calculations are at **Confidential Appendix 11 – Zhongda**.

5.10.8 UNCOOPERATIVE AND ALL OTHER EXPORTERS

The Commission determined the rate of dumping by uncooperative and all other exporters by comparing the lowest annual weighted average export price⁴⁶ to the highest weighted average normal value⁴⁷ of cooperating exporters that exported similar product mixes. The Commission compared exporters with similar product mixes given the significant price differences between nut and bolt, and boltless units.

The Commission has determined under section 269TACAB the dumping margin for uncooperative and all other exporters at **16.7 per cent**. Details of the Commission's calculations are at **Confidential Appendix 12 – Uncooperative and all other exporters**.

⁴⁵ *Customs (International Obligations) Regulation 2015* 45(2).

⁴⁶ In accordance with section 269TAB(3).

⁴⁷ In accordance with section 269TAC(6).

5.11 SUMMARY OF DUMPING MARGINS

A summary of the Commission's assessment of dumping margins is set out in Table 9.

Exporter	Dumping margin
Eastern Deer	-27.6%
Geelong	-4.3%
Guanyu Metal	16.7%
Ningbo	5.3%
Ruisheng	-29.5%
Yijin	-22.7%
Zhongda	-3.2%
Uncooperative and all other exporters	16.7%

Table 9: Dumping margins

5.12 VOLUME OF DUMPED IMPORTS

Pursuant to subsection 269TDA(3), the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that are dumped is a negligible volume. Subsection 269TDA(4) defines a negligible volume as less than 3 per cent of the total volume of goods imported into Australia over the investigation period if subsection 269TDA(5) does not apply.

Having regard to the information collected and verified from importers and exporters, the Commission determined the volume of imports in the Australian market. The Commission is satisfied that, when expressed as a percentage of the total imported volume of the goods, the volume of dumped goods from China was greater than 3 per cent of the total import volume and is therefore not negligible. Details of the Commission's assessment of the volume of dumped imports are at **Confidential Appendix 13 – Import analysis**.

5.13 TERMINATION OF DUMPING INVESTIGATION

Under subsection 269TDA(1)(b), if the Commissioner is satisfied that there has been no dumping by an exporter or if there has been dumping by the exporter but the dumping margin is less than 2 per cent, the Commissioner must terminate the investigation so far as it relates to that exporter.

The Commission's assessment is that steel shelving units exported to Australia from China by the following exporters during the investigation period were not at dumped prices. Therefore, the Commissioner will terminate the dumping investigation so far as it relates to steel shelving units exported to Australian from China by:

- Eastern Deer;
- Geelong;
- Ruisheng;

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- Yijin; and
- Zhongda.

6 COUNTERVAILING INVESTIGATION

6.1 SUMMARY

The Commissioner has found that countervailable subsidies have been received in respect of steel shelving units exported to Australia from China during the investigation period.

The Commissioner has found that the countervailable subsidy margins of all cooperating exporters are negligible, being between zero and 1.3 per cent.

The Commissioner has found that the countervailable subsidy margin of uncooperative and all other exporters is 5.7 per cent.

6.2 INVESTIGATED PROGRAMS

Summit claims in its application that exporters of steel shelving units from China benefited from 28 programs that are countervailable subsidies. Summit claims that 27 of these programs were found by the US Government Department of Commerce (USDOC) to provide countervailable subsidies to the Chinese boltless steel shelving industry and would have been available to exporters of the goods under consideration in this investigation. Summit also claimed that exporters of steel shelving units from China benefited from the provision of galvanised steel for less than adequate remuneration.

The programs Summit claims provided countervailable subsidies are listed in Table 10.

Program number	Program description
Taxation exemption/reduction programs	
1	<i>Two Free/Three Half Program for Foreign-Invested Enterprises (FIEs)</i>
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

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Program number	Program description
11	Income Tax Credits on Purchases of Domestically-Produced Equipment by Domestically Owned Companies
12	VAT Refunds for FIEs Purchasing Domestically Produced Equipment
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
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
28	Provision of galvanised steel for less than adequate remuneration

Table 10: Countervailable programs claimed by Summit

In order to assess these claims, the Commission included questions related to each program in a questionnaire forwarded to the GOC shortly after initiation of the investigation.

The GOC responded to the questionnaire and stated that it has no involvement in the steel shelving industry that is any different from its general involvement as a government in other industry sectors of the Chinese economy. The GOC also stated that the steel shelving industry is not part of the steel industry, and that the market for steel shelving is not the

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same as the market for steel products.⁴⁸ The GOC reiterated this view in a submission in response to the SEF.⁴⁹

During examination of information provided in exporter questionnaire responses and at verification visits by the Commission to exporters of the goods, the Commission received information that indicated that benefits were received, or were able to be received, by exporters of the goods.

The Commission found a number of additional subsidy programs that were not identified in the initial application or subsequent submission. These additional programs are listed in Table 11.

Program Number	Program Description
Grant programs	
29	Provincial Credit Management Demonstration Enterprise
30	Program (K):Subsidy for Talent training
31	Program(L): export awards
32	Program : water conservancy fund
33	Program : water conservancy fund refund or reduction
34	Equipment technology improvement
35	Quality control improvement
36	Maintain local employment
37	Salary survey
38	Subsidy on difference between export tax and VAT refund
39	Safety production program
40	Pre-IPO program
41	Excellent enterprise awards

Table 11: Additional countervailable programs

As such, a total of 41 programs have been investigated. The Commission's analysis of the 41 programs has taken into account whether they are subsidies pursuant to subsection 269T(1) and subsection 269T(2AA), whether a benefit has been conferred in accordance with section 269TACC, whether the subsidy is a countervailable subsidy in accordance with section 269TAAC and the amount of countervailable subsidy in accordance with section 269TACD.

⁴⁸ See item number 38 on the [public record](#).

⁴⁹ See item number 68 on the [public record](#).

6.3 UPSTREAM SUBSIDIES

Summit claims in its application that Chinese manufacturers of steel shelving units that export those goods to Australia are purchasing galvanised steel from State Invested Enterprises (SIEs), and thereby receive a subsidy through those purchases. Summit also stated:

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.

Section 269TAAC describes a subsidy as a countervailable subsidy if it is specific. Under subsection 269TAAC(2), a subsidy is specific if:

- access to the subsidy is explicitly limited to particular enterprises; or
- access is limited to particular enterprises carrying on business within a designated geographical region that is within the jurisdiction of the subsidising authority; or
- the subsidy is contingent, in fact or in law, and whether solely or as one of several conditions, on export performance; or
- the subsidy is contingent, whether solely or as one of several conditions, on the use of domestically produced or manufactured goods in preference to imported goods.

The specificity test as described in the *Dumping and Subsidy Manual* (the Manual)⁵⁰ requires the subsidy to be specific to ‘certain enterprises’. Subsidies on galvanised steel, and certain other steel products, are specific to the steel industry and not to downstream users. However, the Manual indicates that the benefit of such subsidies may be passed through, in whole or in part, to downstream users and, as such, may be countervailable.

The Manual states:

“Upstream” subsidy refers to a subsidy (non-export) paid to an input product such as raw material or a manufactured product used in the production of the goods in question, and countervailing action may be taken where the benefit received by the upstream recipient of the subsidy passed through, in whole or in part^[51], to the downstream purchaser.

Where it is established that the price of the input product reflects the benefit of the subsidy, in whole or in part, received by the upstream supplier, then the downstream purchaser is taken to have had received a subsidy.

The Commission has found that the cooperative steel shelving unit exporters are not integrated manufacturers and purchase steel from traders. In considering whether there

⁵⁰ A copy of the Manual is available at www.adcommisson.gov.au.

⁵¹ From the Manual, footnote 19: As it cannot be assumed that the whole of the benefit of the subsidy received by the input supplier always equates with the benefit that is received by the purchaser, being the producer of the final goods that are the subject of the countervailing application. (The exception being related party dealings as explained in this guideline).

was any *pass-through* of subsidies, the Commission examined transactions that took place between the suppliers of steel and exporters of steel shelving units.

The Commission sent a questionnaire to steel traders that supplied the cooperating exporters with steel in the investigation period. The questions included in this information request are at **Appendix 2 – Trader Questionnaire**. The Commission focused on short questions which targeted the key concerns of the case team. As all information was specific to the businesses in question, none of the responses have been published on the public record due to confidentiality.

The Commission received 21 confidential responses.⁵² Two of those responses included information in formats that could not be accessed. As such, the Commission was unable to consider them. Within the other 19 responses, the information indicates that the traders:

- were operating businesses that took physical ownership of their products (rather than being an administration arm of a state-invested or state-owned enterprise);
- undertook value-adding activities including further processing of steel such as slitting, forming or stamping;
- sourced goods from multiple suppliers; and
- did not receive any subsidies directly.

The Commission has found no evidence that supports a finding that the traders involved were passing on the benefits of subsidies, or that they lower their prices when selling to shelving manufacturers.

The Commission notes that in its application, Summit made reference to a number of findings by the United States Department of Commerce on 14 August 2015 relating to certain boltless steel shelving units pre-packaged for sale and exported from China.⁵³ The Commission has not had access to the evidence relied upon to make those findings and has relied on the information and evidence the Commission itself has found in this investigation.

The Commission has found no objective or compelling evidence that allows it to examine the extent, if any, of countervailable subsidies that producers that supply steel for steel shelving may receive. Based on the available evidence, the Commission is not satisfied that upstream steel producers receive subsidies, or that such subsidies, if any, are passed through to manufacturers of steel shelving units.

6.3.1 SUMMIT'S SUBMISSION RELATING TO UPSTREAM SUBSIDIES

In its submission to the SEF, Summit disagreed with the Commission's finding that purchases of HRC and galvanised steel from non-SIE traders did not involve a countervailable subsidy as there was no evidence to suggest that the benefit was passed through to exporters of the goods when the traders purchased those goods from an SIE or SOE manufacturer.⁵⁴

Summit claimed that:

⁵² Confidential Appendix 14 – Trader responses.

⁵³ See item number 5 on the [public record](#).

⁵⁴ See item number 67 on the [public record](#).

Non-SIE traders that sell raw materials to shelving manufacturers receive a benefit by acquiring steel from SIE steel manufacturers and the benefit is passed through the transaction between the non-SIE trader and the shelving manufacturer.

Summit further claims that if the purchase price between the non-SIE trader and the steel shelving exporter is less than the competitive market benchmark cost then this supports its claim that the purchases from the non-SIE traders are at less than adequate remuneration.

In assessing 'upstream' subsidies being passed through from raw material manufacturers to the downstream producers, the Commission examines upstream subsidies up to one level immediately preceding the point of producing the goods. This approach rests upon two considerations outlined in the Manual:⁵⁵

- *in moving up the chain beyond one level it becomes less likely that subsidies will have a significant effect on the cost of manufacturing the subject finished goods, and*
- *going beyond this point becomes unduly complex as multiple pass through tests may be required if the parties are not related.*

The Manual also states that:

- *where an applicant requests an investigation into an upstream subsidy more than one level removed from the goods under consideration it will face an onus to demonstrate the significance of those subsidies.*

The Commission has found no evidence to indicate that transactions that occurred between the non-SIE traders and identified SIE or SOE manufacturers are not arm's length transactions.

Further, the Commission found that most traders do not act as simple logistical intermediaries. The traders instead take physical possession of goods and keep inventories, and undertake further value-adding activities, including processing, cutting, stamping and forming of the raw material.

The Commission found one exporter purchased *all* of its raw materials from non-SIE traders that purchased raw materials from SIE or SOE manufacturers. The Commission compared the competitive market cost benchmark to the purchase prices and found that the purchase prices were consistently higher than the benchmark cost. The Commission considers that, on the available evidence, there is no countervailable subsidy benefit passed through to this exporter. The Commission's analysis in relation to this exporter is at **Confidential Appendix 15 – Purchases of raw materials.**

The Commission also found that one other exporter purchased less than 1 per cent of its raw materials from non-SIE traders that purchased the raw materials from SIE or SOE manufacturers. However, the Commission has found no evidence to indicate that any countervailable subsidy benefit passed through to this exporter. The Commission's analysis in relation to this exporter is at **Confidential Appendix 15 – Purchases of raw materials.**

⁵⁵ Page 110 of the Manual.

The Commission has therefore determined that the steel shelving exporters have not received a countervailable subsidy benefit by purchasing HRC and galvanised steel from non-SIE traders that purchased these raw materials from SIE or SOE manufacturers.

6.4 SUMMARY OF COUNTERVAILABLE PROGRAMS

The Commission found that all payments that had been received during the investigation period under programs described as ‘grants’ are countervailable subsidies as defined under subsection 269T(1) and section 269TAAC.

The Commission found that in respect of tax programs, there was no evidence of the cooperating exporters receiving any benefit via payment or foregone government revenue during the investigation period.

The Commission found that a countervailable subsidy was received by some cooperating exporters from the less than adequate remuneration (LTAR) programs relating to steel input being supplied by SIEs or SOEs at prices reflecting less than adequate remuneration.

The Commission’s findings in relation to programs 1 to 25 and programs 29 to 41 are at **Appendix 3 – Assessment of subsidy programs**.

Programs numbered 26, 27 and 28 relate to the provision of raw materials at LTAR. LTAR programs are assessed in **Appendix 4 – Assessment of Less Than Adequate Remuneration Programs**.

6.5 PROCESS FOR COOPERATIVE EXPORTERS

Following the SEF, the Commission has reviewed its calculations of the countervailable subsidy margins relating to all cooperating, and uncooperative and all other, exporters.

As a result of this review, the Commission updated the subsidy margins for all cooperating exporters and uncooperative exports to have regard to appropriate subsidy allocations and to reflect the updated competitive market cost benchmark.

For each cooperative exporter, where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of either export sales revenue or total sales revenue (depending on whether the subsidy is contingent on export-related activities or general), and expressed as a percentage of export price for each selected exporter with reference to the specific programs that conferred a benefit to that exporter.

Export prices were established for each exporter consistent with the dumping margin investigation, as set out in Chapter 6 of this report. The Commission has determined countervailable subsidy margins under section 269TACD.

6.5.1 EASTERN DEER

The Commission visited Eastern Deer and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs;

- government benefits or payments under any assistance program from any level of government in China; or
- benefits from the supply of electricity at prices below competitive market costs.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Eastern Deer at **zero per cent**.

6.5.2 GEELONG

The Commission visited Geelong and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs; or
- benefits from the supply of electricity at prices below competitive market costs.

The Commission did find that Geelong had been in receipt of government benefits or payments under assistance programs from various levels of government in China, as well as the provision of goods in the form of steel for less than adequate remuneration during the investigation period. A report covering the visit findings is available on the public record.⁵⁶

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Geelong at **0.7 per cent**.

In the SEF, the subsidy margin for Geelong was determined at 0.4 per cent. The change in the subsidy margin is due to amendments made to appropriately allocate the subsidy benefit amounts.

Details of the Commission's calculations are at **Confidential Appendix 16 – Geelong CV**.

6.5.3 NINGBO

The Commission reviewed the information provided by Ningbo and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs;
- government benefits or payments under any assistance program from any level of government in China; or
- benefits from the supply of electricity at prices below competitive market costs.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Ningbo at **zero per cent**.

6.5.4 RUISHENG

The Commission reviewed the information provided by Ruisheng and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs;
- government benefits or payments under any assistance program from any level of government in China; or

⁵⁶ See item 59 on the [public record](#).

- benefits from the supply of electricity at prices below competitive market costs.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Ruisheng at **zero per cent**.

6.5.5 YIJIN

The Commission reviewed the information provided by Yijin and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs;
- government benefits or payments under any assistance programs payments from any level of government in China; or
- benefits from the supply of electricity at prices below competitive market costs.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Yijin at **zero per cent**.

6.5.6 ZHONGDA

The Commission reviewed the information provided by Zhongda and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs; or
- benefits from the supply of electricity at prices below competitive market costs.

The Commission did find that Zhongda had been in receipt of government benefits or payments under assistance programs from various levels of government in China.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Zhongda at **0.3 per cent**.

Details of the Commission's calculations are at **Confidential Appendix 17 – Zhongda CV**.

6.5.7 GUANYU METAL

The Commission reviewed the information provided by Guanyu Metal and found no evidence that during the investigation period it was in receipt of benefits from the supply of electricity at prices below competitive market costs.

The Commission did find that Guanyu had been in receipt of government benefits or payments under assistance programs from various levels of government in China, as well as the provision of goods in the form of steel for less than adequate remuneration during the investigation period.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for Guanyu Metal at **1.3 per cent**.

Details of the Commission's calculations are at **Confidential Appendix 18 – Guanyu Metal CV**.

6.5.8 UNCOOPERATIVE ENTITIES AND ALL OTHER EXPORTERS

Under subsection 269TAACA(1)(b), if:

the Commissioner is satisfied that an entity covered by subsection (2):

(i) has not given the Commissioner information the Commissioner considers to be relevant to the investigation, review or inquiry within a period the Commissioner considers to be reasonable; or

(ii) has significantly impeded the investigation, review or inquiry;

then, in relation to the investigation, review or inquiry, in determining whether a countervailable subsidy has been received in respect of particular goods, or in determining the amount of a countervailable subsidy in respect of particular goods, the Commissioner or the Minister:

(c) may act on the basis of all the facts available to the Commissioner or the Minister (as the case may be); and

(d) may make such assumptions as the Commissioner or the Minister (as the case may be) considers reasonable.

The Commission is treating all exporters of steel shelving units from China in the investigation period other than cooperative exporters as uncooperative entities as defined in subsection 269TAACA(1)(b) because these exporters did not respond to the Commission's request for information and therefore did not provide information the Commissioner considers to be relevant to the investigation within the period the Commissioner considers to be reasonable.

The Commissioner has had regard to all the facts available and determines that uncooperative and all other exporters have received financial contributions that have conferred a benefit under the programs found to be countervailable as defined under section 269TAAC in relation to steel shelving units during the investigation period.

The Commission has determined under subsection 269TACD the countervailable subsidy margin for uncooperative and all other exporters at **5.7 per cent**.

In the SEF, the subsidy margin for uncooperative and all other exporters was determined at 11.4 per cent. The change in the subsidy margin is due to amendments made to appropriately allocate the subsidy benefit amounts.

Details of the Commission's calculations are at **Confidential Appendix 19 – Countervailing summary**.

6.6 THE COMMISSION'S ASSESSMENT

The Commission has assessed that steel shelving units exported to Australia from China by:

- Geelong;
- Guanyu Metal; and
- Zhongda

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were at subsidised prices during the investigation period. The commission has assessed that the countervailable subsidy received is negligible. Under subsection 269TDA(16)(b), a countervailable subsidy is negligible for a developing country when it is not more than 2 per cent of the export price of the goods.

The Commission has assessed that steel shelving units exported to Australia from China by:

- Eastern Deer;
- Ningbo;
- Ruisheng; and
- Yijin

were not subsidised during the investigation period.

The Commission has determined the following countervailable subsidy margins under section 269TACD.

Exporter	Countervailable subsidy margin
Eastern Deer	0.0%
Geelong	0.7%
Guanyu Metal	1.3%
Ningbo	0.0%
Ruisheng	0.0%
Yijin	0.0%
Zhongda	0.3%
Uncooperative and all other entities	5.7%

Table 12: Countervailable subsidy margins

The Commission's assessment of subsidy margins is set out in **Confidential Appendix 19 – Countervailing summary**. These appendices indicate the individual margins and the method of allocating subsidies received.

6.7 TERMINATION OF COUNTERVAILING INVESTIGATION

Subsection 269TDA(2) provides that the Commissioner must terminate a countervailing investigation in relation to an exporter if no countervailable subsidy has been received by the exporter in respect of any of the goods or if a countervailable subsidy received in respect of the goods for that exporter never, at any time during the investigation period, exceeded the negligible level of countervailable subsidy.

The Commission has found that during the investigation period, four cooperative exporters of steel shelving units from China received no countervailable subsidies and that three cooperative exporters of steel shelving units from China received countervailable subsidies that never, at any time throughout the investigation period, exceeded the negligible level.

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In relation to the goods exported from China (a Developing Country⁵⁷), a countervailable subsidy received in respect of the goods is negligible if, when expressed as a percentage of the export price of the goods, the subsidy is not more than 2 per cent.⁵⁸

The Commissioner will terminate the subsidy investigation in relation to all cooperative exporters under subsection 269TDA(2).

⁵⁷ As identified in Schedule 1 to the *Customs Tariff Act 1995*.

⁵⁸ Subsection 269TDA(16).

7 ECONOMIC CONDITION OF THE INDUSTRY

7.1 APPROACH TO INJURY ANALYSIS

Summit's financial data was verified and analysed by the Commission and relied upon to analyse the economic condition of the Australian industry in the injury analysis period. Summit provided production, cost and sales data for the like goods produced in Australia. The data was provided on a quarterly basis for the injury analysis period. As noted in the Australian industry visit report, the Commission was satisfied that the cost and sales data provided by the applicant is reasonably complete, relevant and accurate.

The Commission also relied on verified information from exporters and importers as well as on submissions made by interested parties.

7.2 COMMENCEMENT OF INJURY

In its application, Summit claimed that it observed increases in import volumes of pre-packaged steel shelving units since 2008 while its own sales fell.

Summit claimed in its application that it has experienced material injury in the form of:

- price depression;
- price suppression;
- loss of sales volume;
- reduced market share;
- loss of profits;
- reduced profitability;
- reduced revenue;
- reduced employment; and
- reduced capacity utilisation.

7.3 PRICE EFFECTS

Figure 3 compares the applicant's weighted average prices of steel shelving units with the weighted average CTMS of steel shelving units.

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between revenues and costs.

Figure 7 indicates that unit sales revenue increased over the first three years of the injury analysis period (despite a decrease in 2013-14), and decreased in the investigation period. However, overall, unit sales revenue increased slightly over the injury analysis period. Figure 7 indicates a similar pattern for CTMS and indicates that the margin between unit revenue and unit CTMS increased over the injury analysis period.

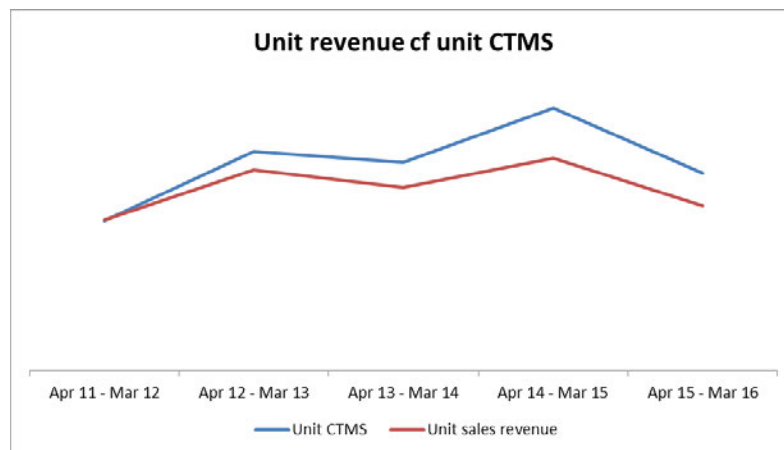


Figure 7: Unit revenue compared to unit CTMS
(Source: verified data provided by the Australian industry)

The Commission considers that Summit has experienced injury in the form of price suppression over the injury analysis period, as indicated by the gap between Summit's unit sales revenue and unit CTMS. The Commission considers that Summit has not experienced injury in the form of price depression over the injury analysis period.

Further details of the Commission's assessment of price effects are at **Confidential Appendix 20 – Injury**.

7.4 VOLUME EFFECTS

Figure 8 indicates that over the injury analysis period, Summit has experienced injury in the form of reduced sales volume despite a slight improvement in the investigation period (2015-16).

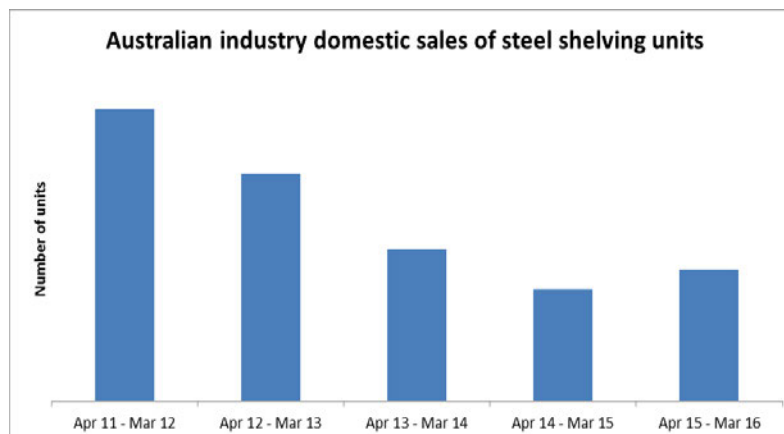


Figure 8: Australian industry sales volume
(Source: verified data provided by Australian industry)

The Commission notes in its analysis of the volume effects that there is a difference in the trend between the *Hammer Lok* range of shelving, and *Nut 'N Bolt* shelving produced by Summit. The Commission's analysis is at **Confidential Appendix 20 – Injury**.

Figure 9 shows domestic sales market share by sales value over the injury analysis period. The Commission recognises that the ABF import data which this graph relies upon is likely to

contain similar or substitute goods (such as wire shelving, or shelving componentry) which are substitutable for the goods and the like goods but are not the subject of the investigation. The Commission considers that when analysing ABF import data, the sales value is more appropriate in this instance given that all transactions in the ABF import database report sales value whereas a significant number of importers do not report unit quantities.



Figure 9: Australian steel shelving market share (sales value)
(Source: ABF import data and verified data provided by Australian industry)

Figure 9 indicates that over the injury analysis period, Summit has experienced injury in the form of reduced market share. The trend of declining market share has continued in the investigation period.

Further data and analysis relating to the assessment of the Australian industry's volume injury claims are in **Confidential Appendix 1 – Australian Market**.

7.5 PROFIT EFFECTS

Figure 10 indicates that over the injury analysis period, Summit has experienced injury in the form of reduced profits despite a slight improvement in the investigation period.

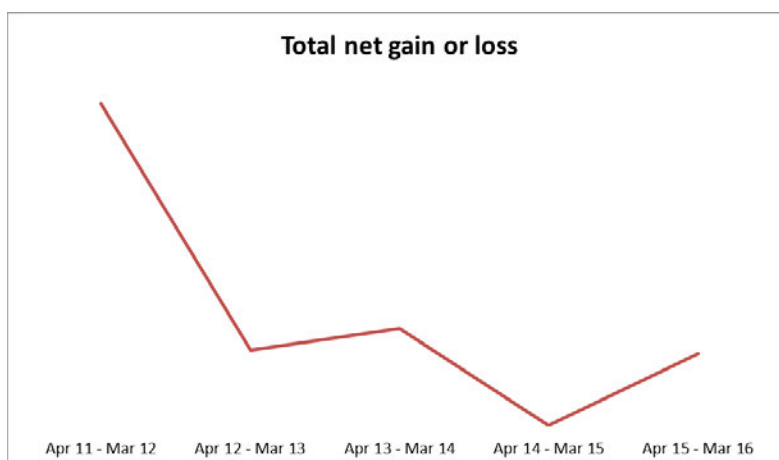


Figure 10: Australian industry total net gain or loss
(Source: verified data provided by Australian industry)

Figure 11 indicates that over the injury analysis period, Summit has experienced injury in the form of reduced profitability. The trend of declining profitability has continued in the investigation period. The Commission notes that profit increased in 2015-16 (refer to figure 10), while profitability continued to decrease in 2015-16 (refer to figure 11).

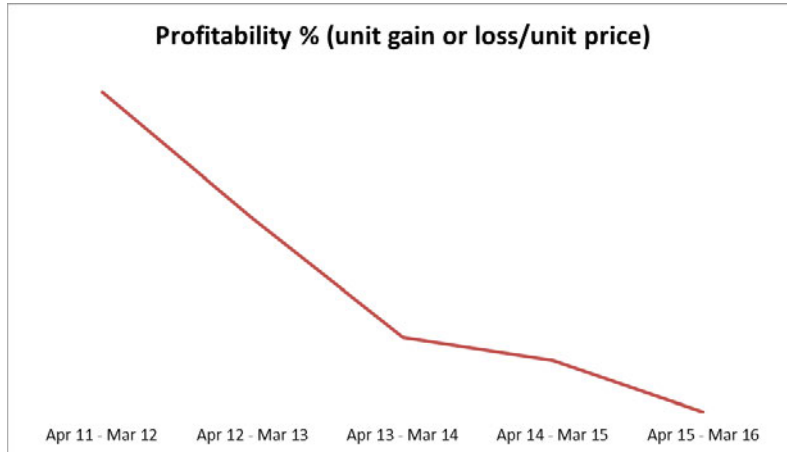


Figure 11: Australian industry profitability
(Source: verified data provided by Australian industry)

The data and analysis relating to the assessment of the Australian industry's profit injury claims are included in **Confidential Appendix 20 – Injury**.

7.6 REVENUE

Figure 12 indicates that Summit has experienced injury over the injury analysis period in the form of declining revenue. The trend of declining revenue has continued in the investigation period.⁵⁹

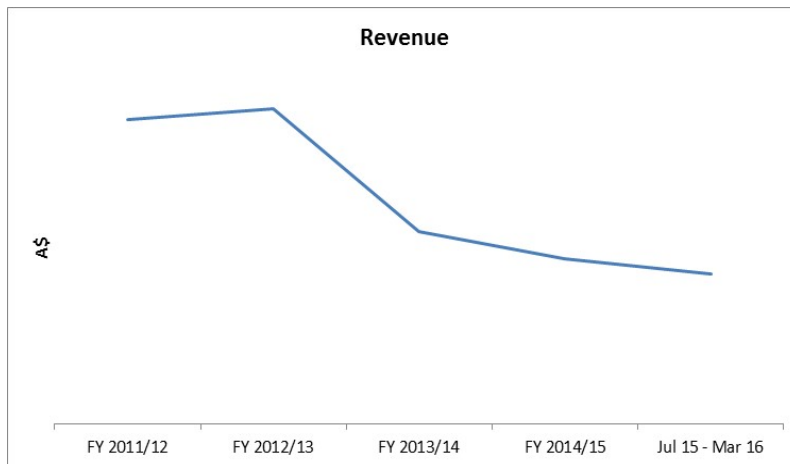


Figure 12: Revenue related to the sale of steel shelving
(Source: verified data provided by Australian industry)

⁵⁹ The analysis of revenue, capacity utilisation and employment relate to the production of like goods and are based on verified data provided by Summit on a financial year basis. Further details of these factors are at **Confidential Appendix 20 – Injury**.

7.7 CAPACITY UTILISATION

Figure 13 indicates that Summit has experienced injury over the injury analysis period in the form of declining capacity utilisation. The trend of declining capacity utilisation has continued in the investigation period.

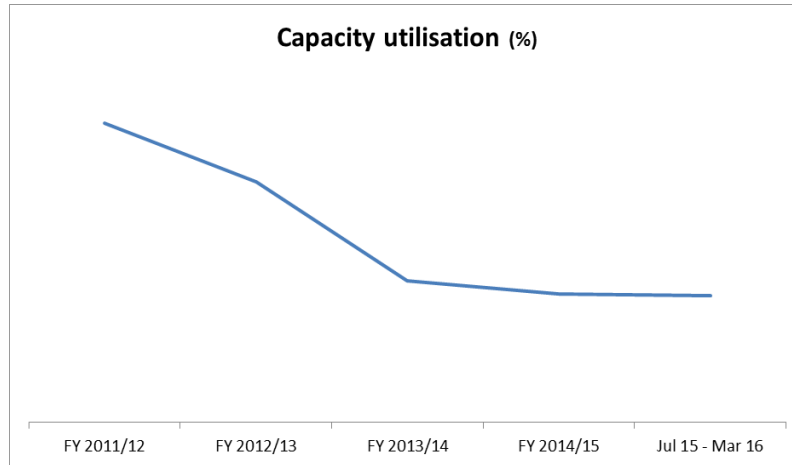


Figure 13: Capacity utilisation
(Source: verified data provided by Australian industry)

7.8 EMPLOYMENT

Figure 14 indicates that over the injury analysis period, Summit has experienced injury in the form of declining employee numbers related to the production of steel shelving units despite a slight improvement in the investigation period. The Commission notes that overall full time employee numbers for the production of like goods were small in absolute terms, therefore small changes in employee numbers may show significant reductions in indexed results.



Figure 14: Full-time equivalent employment index
(Source: verified data provided by Australian industry)

7.9 THE COMMISSIONER'S ASSESSMENT

The Commissioner has found that Summit has experienced injury over the injury analysis period in the form of:

- price suppression;
- reduced sales volumes;
- reduced profit;
- reduced profitability;
- reduced revenue;
- declining capacity utilisation; and
- reduced employment.

8 HAS DUMPING AND SUBSIDISATION CAUSED MATERIAL INJURY?

8.1 APPROACH TO CAUSATION ANALYSIS

As noted in Chapter 8 of this report, the Commissioner has found that the Australian industry has experienced injury.

The Commission analysed the following factors in assessing the potential causal link between steel shelving units exported to Australia from China at dumped and subsidised prices and the injury suffered by the Australian industry during the investigation period:

- the size of the dumping margins and the finding that there were exports of steel shelving units from China at dumped prices by two cooperating exporters;
- the size of the countervailable subsidy margins and the finding that the levels of subsidisation of steel shelving units exported from China were zero or negligible;
- price undercutting;
- the impact of prices on volumes; and
- other possible causes.

The evidence used to conduct the causation analysis included:

- verified sales data from Summit to determine sales volumes and prices it achieved;
- evidence of market intelligence related to price offers in the Australian steel shelving unit market to determine prices offered by importers of steel shelving units from China;
- verified information from Summit, importers and exporters of steel shelving units to determine competitive market conditions and practices, dumping margins, subsidy margins and price setting processes;
- verified production and cost data from Summit to determine production levels and profitability;
- submissions from interested parties;
- information received from the major retailer of steel shelving units;
- verified data on revenue and costs from Summit to determine profits it achieved; and
- data from the ABF import database to determine exporters, importers, export prices and terms of export.

8.2 SIZE OF THE DUMPING MARGINS

The Commission has found that steel shelving units exported to Australia from China by Guanyu Metal and Ningbo were dumped at margins of 16.7 per cent and 5.3 per cent respectively. The Commission has found that the dumping margin for uncooperative and all other exporters was 16.7 per cent.

The Commission has also found that dumped exports by Guanyu Metal and Ningbo represented approximately 23 per cent of total imports of steel shelving units exported by

the cooperative exporters to Australia from China.⁶⁰ The Commission is satisfied that the total volume of dumped goods by Guanyu Metal and Ningbo, and by uncooperative and all other exporters, is not negligible.⁶¹

The Commission has found that all other cooperating exporters of steel shelving were not dumping.

The Commission notes the existence of undumped exports from China in the market and considers that they indicate that there are alternative suppliers if Guanyu Metal and Ningbo's dumped products were not exported.

8.3 SIZE OF THE COUNTERAVAILABLE SUBSIDY MARGINS

The Commission has found that countervailable subsidy margins for all cooperative exporters were zero or negligible. The Commission has found that countervailable subsidy margins for uncooperative and all other exporters was 5.7 per cent.

The Commission considers that, given:

- the countervailable subsidy margins for all cooperative exporters were zero or negligible; and
- the cooperative exporters account for a vast majority of the market, with uncooperative entities and all other exporters accounting for the remaining proportion of the market,

injury was caused by other factors and cannot be attributed to exports of steel shelving units from China at subsidised prices.

As such, the Commissioner does not attribute subsidisation as a factor that may have caused injury to the Australian industry.

8.4 PRICE UNDERCUTTING

Price undercutting occurs when imported goods are sold at a price below that of the Australian produced like goods. The Commission has analysed Summit's claim that its prices have been undercut by steel shelving units exported to Australia from China, and, consistent with the requirements of the Manual, whether there has been a significant level of undercutting.

The Commission had regard to all verified information relevant to the export or import of the goods during the investigation period. This information includes dumped selling prices by Guanyu Metal and Ningbo, as well as undumped selling prices by Romak and Geelong to

⁶⁰ As indicated in Chapter 5 of this report, the Commission considers that it is not possible to ascertain the precise size, in terms of volume, of the Australian steel shelving market due to the broad nature of the tariff code under which the goods are imported. Further, as potential exporters did not respond to requests by the Commission to participate in the investigation, it is not possible to determine whether these exporters actually exported products which meet the definition of the goods under consideration in this investigation, or whether they exported some other products under the same tariff classification. During the course of the investigation, Summit identified a number of exporters, all of which cooperated with the investigation. These cooperative exporters accounted for the vast majority of sales through the primary distribution channels in the Australian market.

⁶¹ Subsection 269TDA(4).

compare verified undumped prices with dumped prices. Sales by Romak and Geelong represent over 70 per cent of the market in volume terms.

In conducting this analysis, the Commission has compared weighted average FIS net prices in Australian dollars (AUD) per shelving unit of imported steel shelving units to Summit's net selling prices (AUD per shelving unit) at the same level of trade.

The Commission ensured that in comparing unit prices between Summit and the two exporters found to be dumping, the following factors were consistent:

- product characteristics;
- level of trade;
- delivery terms; and
- invoice prices net of discounts or rebates.

In order to compare the Australian manufactured products with comparable imported products, the Commission developed appropriate model categories based on the following key characteristics:

- nut and bolt, or boltless;
- shelf or workbench;
- number of shelves in the unit;
- dimensions (height, width and length);
- load bearing capacity per shelf; and
- galvanised or powder coated finish.

The Commission found that Summit and Guanyu sold very small quantities to a common customer. The Commission has analysed price undercutting for Guanyu Metal and Summit in relation to their sales to the common customer in addition to their sales to all customers. The Commission found that Summit and Ningbo did not have any common customers.

Verified importation and into store costs were applied to export prices so that delivery terms were comparable with Summit's. The Commission allocated these costs based on weighted average shelving unit package size and applied an appropriate allocation of SG&A costs.

8.5 GUANYU METAL

In order to assess whether the goods exported by Guanyu Metal undercut Summit's prices of like goods, the Commission compared unit prices of comparable models between Guanyu Metal and Summit.

At the aggregate level, the Commission found that Guanyu Metal's selling price of all comparable products to Summit's products (i.e. boltless products) did not undercut Summit's prices.

At the product-specific level, the Commission compared the annual unit prices of Summit's largest selling boltless model to all comparable Guanyu Metal models. No instances of

undercutting were found. The Commission has found that no other products sold by Guanyu Metal and Summit were comparable in terms of product characteristics for the purpose of analysing price undercutting.

At the product-specific level, the Commission also undertook a monthly unit price comparison between Summit's largest selling boltless model to all comparable Guanyu Metal models. Undercutting was observed for one out of the four months for which Guanyu Metal and Summit sold comparable models. The Commission notes that for the month in which undercutting was observed:

- the sales volume of Summit was the lowest in that month compared to its sales volume in the other months;
- the price achieved by Summit in that month was considerably higher than the weighted average price it achieved for that model in the investigation period; and
- the level of undercutting was minor relative to the levels that Summit undercut Guanyu for the whole investigation period.

The Commission found that a very small volume of sales by Summit and Guanyu Metal were made to a common customer. However, there were no comparable models sold by Summit and Guanyu Metal to the common customer. Notwithstanding this, the Commission notes that when comparing unit prices on an annual and monthly basis for Summit and Guanyu Metal to the common customer for the most comparable boltless models, the Commission found that there were no instances in which Guanyu Metal undercut Summit.

The Commission is satisfied that when considering all relevant information, the dumped goods sold by Guanyu Metal during the investigation period did not consistently or significantly undercut like goods sold by Summit. The Commission considers that when no price undercutting is occurring, injury cannot be attributed to dumped goods.

The Commission's price undercutting analysis between Summit and Guanyu Metal is at **Confidential Appendix 21 – Price undercutting**.

8.5.1 COMPARISON OF THE NON-INJURIOUS PRICE AND GUANYU METAL'S EXPORT PRICE

As an additional assessment to establish whether there is a causal link between the alleged dumping and material injury, the Commission compared the non-injurious price (NIP) at the FOB level to Guanyu Metal's FOB export price on an annual basis.

The NIP is the minimum price necessary to remove the injury caused by dumping or subsidisation.

The Commission calculated the NIP for the comparable model at FOB terms using the unsuppressed selling price, which is calculated using Summit's weighted average CTMS during the investigation period, plus an amount for profit, less verified post-exportation costs including importer SG&A expenses. Chapter 11 provides details of the Commission's NIP calculation.

The Commission found that Summit's NIP was not undercut by Guanyu Metal's export price. The Commission considers that this finding suggests that Guanyu Metal's dumped goods did not cause injury to Summit.

8.5.2 COMPARISON OF GUANYU METAL AND ROMAK

The Commission undertook model matching between Guanyu Metal and Romak⁶² in order to compare annual and monthly unit prices between dumped (Guanyu Metal) and undumped (Romak, supplied by Eastern Deer) goods at FIS delivery terms.

The Commission found that, on an annual unit price basis, there were instances in which Romak's prices undercut those of comparable Guanyu Metal models. The Commission also found that, on a monthly unit price basis, Romak's prices undercut those of comparable Guanyu Metal models in all instances.

Given the Commission's findings that:

- Guanyu Metal's prices did not, overall, consistently or significantly undercut the prices of Summit;
- the undumped goods sold by Romak were, in many instances, priced below comparable dumped products sold by Guanyu Metal,

the Commission does not consider that the evidence supports a conclusion that the prices of Guanyu Metal's dumped goods caused injury to the Australian industry.

The Commission considers that where comparable or substitutable dumped goods are exported at a higher export price than undumped goods, and no price undercutting is occurring, injury should not be attributed to dumped goods.

8.5.3 COMPARISON OF GUANYU METAL AND GEELONG

The Commission compared annual and monthly unit prices of comparable models between dumped (Guanyu Metal) and undumped (Geelong) goods at a comparable level of trade and delivery terms.

The Commission found that, on an annual unit price basis, there were instances in which Geelong's prices undercut those of comparable Guanyu Metal models. Similarly, the Commission found that, on a monthly unit price basis, Geelong's prices undercut those of Guanyu Metal in certain months. Given the Commission's findings that:

- Guanyu Metal's prices did not consistently or significantly undercut the prices of Summit; and
- the undumped goods sold by Geelong were, in many instances, priced below comparable dumped products sold by Guanyu Metal,

the Commission does not consider that the evidence supports a conclusion that the prices of Guanyu Metal's dumped goods caused injury to the Australian industry.

⁶² Verified importer of the goods. The visit report is available on the [public record](#).

8.6 NINGBO

In order to assess whether the goods exported by Ningbo undercut Summit's prices of like goods, the Commission compared unit prices of comparable models on an annual and monthly basis between Ningbo and Summit.

At the aggregate level, the Commission found that Ningbo's selling price of all comparable products to Summit's products (i.e. nut and bolt products) on an annual and monthly basis did not undercut Summit's prices.

At the product-specific level, the Commission found that all nut and bolt products sold by Ningbo and Summit were comparable for the purposes of analysing price undercutting. The Commission found that, on an annual and monthly basis, there were no instances in which Ningbo undercut Summit.

The Commission is satisfied that when considering relevant information, the dumped goods sold by Ningbo during the investigation period did not undercut like goods sold by Summit. The Commission considers that when no price undercutting is occurring, injury cannot be attributed to dumped goods.

The Commission's price undercutting analysis between Summit and Ningbo is at **Confidential Appendix 21 – Price undercutting**.

8.6.1 COMPARISON OF THE NON-INJURIOUS PRICE AND NINGBO'S EXPORT PRICE

As an additional assessment to establish whether there is a causal link between the alleged dumping and material injury, the Commission compared the NIP at FOB to Ningbo's FOB export price on an annual basis.

The NIP is the minimum price necessary to remove the injury caused by dumping or subsidisation.

The Commission calculated the NIP for the comparable model at FOB terms using the unsuppressed selling price, which is calculated using Summit's weighted average CTMS during the investigation period, plus an amount for profit, less verified post-exportation costs including importer SG&A expenses. Chapter 11 provides details of the Commission's NIP calculation.

The Commission found that Summit's NIP was not undercut by Ningbo's export price. The Commission considers that this finding indicates that Ningbo's dumped goods did not cause injury to Summit.

8.7 THE COMMISSION'S ASSESSMENT

Based on the undercutting analysis, the Commission has found that overall, at the aggregate and product level, the prices of like goods sold by Summit were not undercut by comparable models of dumped goods sold by Guanyu Metal and Ningbo in Australia during the investigation period.

The Commission considers that the evidence does not support a conclusion that the prices of Guanyu Metal's and Ningbo's dumped goods caused injury to the Australian industry.

The Commission's analysis of price undercutting is at **Confidential Appendix 21 – Price undercutting**.

8.8 UNCOOPERATIVE AND ALL OTHER EXPORTERS

The Commission has determined the dumping margin for uncooperative and all other exporters at **16.7 per cent**.

As indicated in Chapter 5 of this report, the Commission considers that it is not possible to ascertain the precise size of the Australia steel shelving unit market due to the broad nature of the tariff code under which the goods are imported. Further, as potential exporters did not respond to requests by the Commission to participate in the investigation, it is not possible to determine whether these exporters actually exported products which meet the definition of the goods under consideration in this investigation, or whether they exported some other products under the same tariff classification.

During the course of the investigation Summit identified a number of exporters, all of which cooperated with the investigation, and alleged that the prices of the goods they exported to Australia caused injury to Summit. These cooperative exporters accounted for the vast majority of sales through the primary distribution channels in the market, and there is evidence of competition between them. The Commission has found no evidence that the goods exported by uncooperative and all other exporters are in the market and competing with other suppliers (including Summit). Nevertheless, even if those goods are sold in the market, the Commission has found no evidence that those goods of themselves have caused material injury to Summit.

The Commission is therefore satisfied that the injury, if any, caused to Summit by exports of steel shelving units by uncooperative and all other exporters from China is negligible.

8.9 OTHER POSSIBLE CAUSES

As required by subsection 269TAE (2A), the Commission considered other possible causes of injury including:

- changes in patterns of consumption;
- service requirements of retailers;
- the productivity of the Australian industry;
- the *China Australia Free Trade Agreement*;
- the value of Australian currency;
- shelving from other countries;
- the volume and prices of imported like goods that are not dumped; and
- the volume and prices of importations of like goods that are not subsidised.

8.9.1 CHANGES IN PATTERNS OF CONSUMPTION

In its submission dated 18 August 2016, Geelong submitted that retailers have moved away from supplying Summit's galvanised steel shelving units for reasons that have nothing to do with price.⁶³

Geelong submitted that galvanised steel shelving units are 'outdated' and that powder coated steel frames are preferred by consumers because they are seen as a more attractive, higher quality product for which many consumers are willing to pay a higher price, and can be marketed for a broader range of uses.

Geelong submitted that Summit has lost market share because growth in sales of steel shelving units with powder coated steel frames has caused the entire market to grow significantly and Summit is unable to compete because it only supplies galvanised steel shelving units.

In its submission dated 26 August 2016, Romak submitted that growth in the Australian steel shelving unit market is mainly due to the significant growth in the demand for powder coated steel shelving units.⁶⁴ This demand has been met by Chinese imports that are almost exclusively products which have powder coated steel frames.

Romak submitted that Summit does not compete with suppliers of shelving units with powder coated frames. Romak submitted that shelving with powder coated frames provide a broader range of usage options for the end-user than shelving with galvanised steel frames and that this is reflected in the significant growth in the demand for shelving with powder coated steel frames amongst major Australian hardware retailers in recent years.

Confidential Appendix 22 – Market trend analysis provides data that was provided by Romak and verified by the Commission to support its claims regarding market trends.

As noted at the Commission's visit to Bunnings, the largest retailer of steel shelving units, and at visits to importers that supply Bunnings and other major retailers, it was consistently indicated to the Commission that there have been a number of changes in consumer preferences in the Australian steel shelving market in recent years. These include:

- declining consumer preferences for galvanised compared to powder coated steel shelving whereby consumers appear to buy the galvanised product over the powder coated product only in instances when the former is significantly lower priced;
- changing preferences towards larger-sized steel shelving;
- the provision of 'complete solutions' whereby customers are able to purchase multiple products; and
- the transition to shelving units that are assembled with keyhole fixtures rather than with nuts and bolts.⁶⁵

⁶³ See item number 25 on the [public record](#).

⁶⁴ See item number 31 on the [public record](#).

⁶⁵ See items 42, 44 and 45 on the [public record](#).

The Commission has found that importers mainly sell shelving units with powder coated steel frames, but they may also include some shelving units with galvanised steel frames in their ranges. Summit does not manufacture steel shelving units with powder coated frames.

The Commission has found that sales of shelving units with powder coated steel frames have increased considerably in recent years. The Commission has found that sales of shelving units with galvanised steel frames have declined considerably in that same period. The Commission has also found that the range of models of shelving units with powder coated steel frames has grown in that same period. The Commission understands that this growth is due to several factors such as marketing activities of retailers, breadth of range, quality of service by suppliers, features of respective products as well as appearance and pricing. The Commission considers that the growth in recent years of sales of powder coated steel shelving cannot be attributed to a single factor such as a broader range of applications for end users.

The Commission considers that Summit's products are somewhat differentiated to other products in the market by the use of galvanised steel frames and, in the case of *Hammer Lok*, a different assembly system. Summit's *Nut'N'Bolt* products are assembled with nuts and bolts. Summit's *Hammer Lok* products are assembled using a system whereby a tab in a beam fits into a slot in a leg. The Commission has found that importers may include in their ranges a limited number of shelving units with galvanised steel frames that are assembled with nuts and bolts.

The greatest proportion of products supplied by importers are shelving units with powder coated frames that are assembled by a system whereby a rivet in a beam fits into a keyhole shaped hole in a leg. The Commission does not consider that the particular shape of the aperture in a leg and of the piece that fits into it are sufficient factors to indicate that the respective differences constitute different markets. The imported goods compete on various features, including price and apparent quality, and do so in the same retail markets as the goods manufactured by Summit.

The Commission considers that Summit does compete with suppliers of shelving units with powder coated frames. The Commission considers that imported goods that have powder coated frames and the locally produced goods are used to perform the same function and have the same end-uses.

Summit submitted that it:

... is able to make colour bonded boltless steel shelving units if desired. Summit have manufactured colour bonded shelving units, but ceased production due to the cost of the steel which made Summit uncompetitive with the dumped and subsidised coloured imported shelving units.

The Commission has found that Summit does not have powder coating equipment. In order for Summit to produce powder coated shelving frames, it would have to either lease or invest in new equipment, or outsource powder coating. In order for Summit to produce colour bonded shelving units, Summit would have to purchase pre-painted coil that has

been slit to the required width. The Commission has found no evidence related to the relative production costs of shelving frames made from galvanised steel, outsourced powder coated steel or pre-painted coil.

As such, the Commission is unable to consider whether Summit's claim that it is able to make colour bonded shelving units and whether to do so is realistic in business terms.

The Commission considers that changes in patterns of consumption may have contributed to injury experienced by Summit.

8.9.2 ROLLED EDGES ON *NUT 'N BOLT* SHELVING UNITS

The Commission has found that Summit does not produce *Nut'N'Bolt* products with rolled edges. While this requirement is not necessarily essential for similar products in the market, the Commission has found that retailers prefer to sell such products with rolled edges for safety purposes.

The Commission was informed during the Australian industry verification visit that Summit has a project plan for investing in equipment that would enable the production of steel shelving with rolled edges and had received quotes regarding the potential cost of re-tooling its production machinery to produce rolled edge *Nut'N'Bolt* units.

The Commission has analysed Summit's financial statements in order to determine its capacity to finance investment in capital equipment that would allow it to produce rolled edge or powder coated frames on commercial terms. The Commission has not considered the potential for non-commercial borrowing to occur and has assessed the potential investment as a commercial transaction.

The Commission has undertaken this assessment with regard to publicly available business borrowing rates, the minimum positive cash flow required to fund the re-tooling at the price Summit quoted, and another significantly lower (10 per cent of quote) price on the basis that Summit believed the initial quote to be excessive. The Commission considers that the potential increase in income is insufficient to support the additional borrowing based on Summit's financial position in either circumstance. The Commission's analysis is at

Confidential Appendix 23 – Capacity analysis.

As such, the Commission does not consider that Summit's suggestion of it making major investments in capital equipment if competition was reduced by measures being imposed on steel shelving units exported from China is supported by the evidence available.

The Commission considers that market requirements for steel shelving units with rolled edges for safety purposes may have contributed to the injury experienced by Summit.

8.9.3 BREADTH OF THE GOODS DESCRIPTION

Romak submitted that by defining the market in such broad terms, Summit has exaggerated its injury in the form of lost market share.

The Commission has found that Summit competes with suppliers of shelving units with various features that differentiate them from Summit's products. These features include powder coated frames and assembly systems with keyholes and pins. The Commission does

not consider that including such products in a description of the Australian steel shelving market results in a market description that is overly broad.

The Commission does not consider that Summit has exaggerated its injury in the form of lost market share due to an overly broad description of the Australian steel shelving unit market.

8.9.4 SERVICE REQUIREMENTS OF RETAILERS

Geelong submitted that retailers have high service and delivery requirements and that Summit's distribution method puts it at a competitive disadvantage and increases the cost for its customer when purchasing its products. Geelong submitted that it has developed a reputation and relationships with its customers that allows it to compete on factors other than price. Geelong also submitted that Summit has failed to actively seek to win orders from major retailers to supply its Australian made galvanised steel shelving units.

The Commission has found at its visits to importers and to Bunnings that retailers impose a range of service requirements that its current suppliers must meet and that prospective suppliers must demonstrate that they are able to meet. These requirements are related to stock supply and replenishment, promotion of products and in-store service. At these visits, it was consistently indicated to the Commission that the provision of these service requirements requires suppliers and retailers to maintain business relationships that facilitate the respective needs of consumers, retailers and suppliers. As noted at the Commission's visit to Bunnings:

Bunnings stated that it did not currently have an ongoing business relationship with the applicant, however its buyers operate under an open door policy whereby offers to supply can lead to Bunnings undertaking a range review.

There was a review in 2012 but it was limited to current suppliers to remove duplication from store, rather than looking to find a new supplier.

Bunnings stated it had received limited offers from the applicant, though these happen on an inconsistent basis and have not yet provided the level of detail required for Bunnings to appropriately assess them.⁶⁶

Romak submitted that retailers select products on factors not limited to price.

The Commission has found that price is not necessarily the main factor in the consideration of suppliers of steel shelving units. Retailers consider a combination of price, product offering and customer service provisions.

The Commission has not found any evidence that indicates that Summit is currently able to meet the service requirements of major retailers. This is so despite Summit's claims to be able to do so. The Commission has found that given the reduced size of the business, Summit's ability to provide a high level of service in a consistent manner across Australia is not apparent. This impedes Summit's ability to successfully make proposals to certain retailers.

⁶⁶ See item number 45 on the [public record](#).

The Commission has also found during the Australian industry, importer and export verifications that Summit has a relatively small range of products compared to the range of goods which are imported, and those goods which are produced in Australia generally have lower weight bearing capacities.

The Commission considers that the service requirements of major retailers may have contributed to the injury experienced by Summit.

8.9.5 THE PRODUCTIVITY OF THE AUSTRALIAN INDUSTRY

Romak submitted that Chinese manufacturers are more competitive due to lower labour costs, lower raw material costs and economies of scale.

In its submission dated 31 October 2016, Summit stated that its claim:

...is not that Chinese products must not be allowed to be cheaper than Summit's due to cost advantages in China and that Summit should have some relief from this, but that the goods from China should be being sold to Australia at a price that is not dumped (i.e. less than their normal value) and that Summit should have relief from this dumping (and subsidisation).⁶⁷

The Commission has analysed Summit's CTMS relating to steel shelving units in its analysis of injury in the form of price effects. The Commission does not attribute injury caused by other factors such as lower labour costs, lower raw material costs and economies of scale in China to dumped or subsidised imports.

The Commission considers that the lower productivity of Summit compared to exporters of steel shelving units from China may have contributed to injury experienced by Summit.

8.9.6 THE CHINA AUSTRALIA FREE TRADE AGREEMENT

Geelong submitted that the *China Australia Free Trade Agreement* (China FTA) which commenced on 20 December 2015 resulted in customs duty being payable on steel furniture of Chinese origin decreasing from 5 per cent to zero. Geelong submitted that to the extent that the cost of imports causes reduced sales of Australian made products (despite denying this occurs), the introduction of the China FTA will have caused loss to the Australian industry. In its submission, Romak indicated that it endorses Geelong's submission regarding the China FTA.

In its submission of 31 October 2016, Summit stated that it:

... has incurred injury from 2006 to date. The commencement date of the China-Australian Free Trade Agreement was February 2016.

The investigation period in this investigation is from 1 April 2015 to 31 March 2016. The Commission notes that the China FTA came into force on 20 December 2015 which is approximately three months before the end of the investigation period.

⁶⁷ See item number 51 on the [public record](#).

Given the short period in which the China FTA was in force during the investigation period, and the time lags that would occur in importation of the goods, the Commission considers that injury experienced by Summit in this period, or prior to this period, cannot be attributed to the China FTA.⁶⁸

8.9.7 THE VALUE OF AUSTRALIAN CURRENCY

Romak submitted that despite its recent fall, the appreciation of the Australian dollar in recent years has reduced competitiveness of Australian manufacturers.

Summit submitted that as steel pricing and exchange rates move together, fluctuations in the exchange rate do not cause injury to Summit.

The Commission notes that currency fluctuations do affect the competitiveness of Australian manufacturers in terms of imports with which Australian manufacturers compete. Currency fluctuations do not necessarily influence whether dumping or subsidisation has occurred.

The Commission finds that as Summit is not an export-oriented business and has relatively low export sales volumes relative to its Australian sales, the injury caused by any appreciation in the value of the Australian dollar relative to the currency of Summit's export market since 2015 would be negligible. Notwithstanding that finding, the Commission has found that over the injury analysis period, the value of the Australian dollar relative to the Chinese Renminbi has depreciated, which would have negatively impacted the competitiveness of the Australian dollar for imports of steel shelving units. As such, the Commission does consider that Australian dollar currency fluctuations have contributed to the injury experienced by Summit.

The Commission's currency fluctuation analysis is at **Confidential Appendix 24 – Currency fluctuation analysis**.

8.9.8 SHELVING FROM OTHER COUNTRIES

The Commission has not found that steel shelving units from countries other than China have been exported to Australia in the investigation period.

8.9.9 THE VOLUME AND PRICES OF IMPORTED LIKE GOODS THAT ARE NOT DUMPED

As discussed in section 9.6 of this report, the Commission has determined the volume of undumped goods exported by cooperative exporters represents a vast majority (over 70 per cent) of imports of steel shelving units from cooperative exporters. Of the cooperative exporters, only two were found to be dumping.

The Commission considers that competition from cooperative exporters that were not dumping may have contributed to the injury experienced by Summit.

⁶⁸ Details of the China FTA are available from the [Department of Foreign Affairs and Trade](#).

8.9.10 THE VOLUME AND PRICES OF IMPORTATIONS OF LIKE GOODS THAT ARE NOT SUBSIDISED

The Commission has determined countervailable subsidy margins for cooperative exporters. All of the countervailable subsidy margins that have been determined for cooperative exporters were negligible.

The Commission considers that competition from cooperative exporters that were not subsidised or subsidised at negligible levels may have contributed to injury experienced by Summit.

8.9.11 ANTI-DUMPING DUTIES ON SUMMIT'S RAW MATERIALS

In its application Summit stated:

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.

The Commission considers that an increase in Summit's raw material costs have impacted on Summit's profitability, and that injury cannot be attributed to dumping.

8.10 THE COMMISSION'S ASSESSMENT

The Commission has assessed that shelving units exported to Australia from China by Guanyu Metal and Ningbo were dumped at margins of 16.7 and 5.3 per cent respectively. The Commission is satisfied that the injury, if any, that these exports have caused the Australian industry is negligible.

The Commission considers that the absence of price undercutting from dumped and subsidised steel shelving units exported to Australia from China, and the relatively small volume of dumped goods by uncooperative exporters, indicates the injury, if any, caused by steel shelving units exported to Australia from China at dumped prices experienced by the Australian industry was negligible and was caused by other factors.

The Commission has found that:

- sales of steel shelving units exported to Australia from China at dumped prices did not undercut the Australian industry's prices;
- while there was a link between steel shelving units exported to Australia from China and the injury experienced by Summit, the cause of that injury was the undumped and non- or negligibly subsidised goods, which have had a negative impact on Summit's performance;

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- the change in consumer preferences towards powder coated shelving has significantly reduced demand for Summit's galvanised steel shelving units;
- the requirement from a growing number of retailers for nut and bolt shelving to have rolled edges for safety purposes has further reduced Summit's ability to supply parts of the market; and
- when combined with Summit's relatively smaller product range, the preference of retailers to stock a wide range of complete storage solutions in favour of a collection of different models has worked against the Australian industry.

The Commission considers that while the injury factors above demonstrate that Summit has suffered injury, a finding that Summit has experienced material injury due to dumping or subsidisation is not supported.

Significantly, the Commission has found that the vast majority of the goods are not dumped, and there have been substantial movements in consumer preferences to various factors including broad product ranges, rolled edges and powder coated shelving which Summit is unable to competitively supply.

9 NON-INJURIOUS PRICE

The level of interim dumping duty and interim countervailing duty imposed by the Parliamentary Secretary cannot exceed the margin of dumping and countervailable subsidisation, but a lesser duty may be applied if it is sufficient to remove the injury.

Under subsection 8(5BA) of the *Customs Tariff (Anti-Dumping Act) 1975* (the Dumping Duty Act), the Parliamentary Secretary must have regard to the desirability of specifying a method of calculating duty such that the sum of the following does not exceed the NIP:

- the export price of goods of that kind as so ascertained or last so ascertained;
- the interim dumping duty payable on the goods the subject of the notice under subsection 269TG(1) or (2); and
- the interim countervailing duty payable under section 10 of on the goods the subject of the notice under section 269TJ.

9.1 CALCULATION OF THE NON-INJURIOUS PRICE

The Commission generally derives the NIP by establishing a price at which the Australian industry may reasonably sell its product in the Australian market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP).

The Commission's preferred approach to establishing an USP observes the following hierarchy:

- Australian industry selling prices at a time unaffected by dumping;
- constructed Australian industry prices – based on the Australian industry's CTMS plus profit (if appropriate); or
- selling prices of undumped imports.

The Commission considers that Summit's selling prices at a time unaffected by dumping, being 2006 and prior to anti-dumping measures being in place, are unreasonably dated for the purpose of establishing the USP.⁶⁹

Consistent with the above hierarchy, the Commission has determined the NIP at the FOB level using:

- the USP, which was calculated using Summit's weighted average CTMS over the investigation period, plus a profit margin from a period unaffected by dumping; and
- deductions for post-exportation costs including overseas freight, landing and clearing charges and importer SG&A expenses based on verified importer data.

The profit margin is sourced from verified data provided by Summit in its submission dated 24 August 2016.⁷⁰

The non-injurious price calculations are at **Confidential Appendix 25 – Non-injurious price**.

⁶⁹ The *Dumping and Subsidy Manual* states that, generally, selling prices no older than 5 years are used.

⁷⁰ See item 29 on the [public record](#).

9.2 THE COMMISSIONER'S ASSESSMENT

As the Commissioner is terminating this investigation, the Parliamentary Secretary is not required to consider the desirability of fixing a lesser amount of duty.

10 TERMINATION OF THE INVESTIGATION

10.1 DUMPING INVESTIGATION

Under subsection 269TDA(1)(b), if the Commissioner is satisfied that there has been no dumping by an exporter or if there has been dumping by the exporter but the dumping margin is less than 2 per cent, the Commissioner must terminate the investigation so far as it relates to that exporter.

The Commission's assessment is that steel shelving units exported to Australia from China by the following exporters during the investigation period were not at dumped prices.

Therefore, the Commissioner is terminating the dumping investigation under subsection 269TDA(1)(b)(i) so far as it relates to steel shelving units exported by:

- Eastern Deer;
- Geelong;
- Ruisheng;
- Yijin; and
- Zhongda.

Under subsection 269TDA(13), if the Commissioner is satisfied that the injury, if any, to an Australian industry that has been caused by goods the subject of the application exported from a particular country is negligible, the Commissioner must terminate the investigation so far as it relates to that country.

The Commission has assessed that shelving units exported to Australia from China by Guanyu Metal and Ningbo, and by uncooperative exporters, were dumped at margins of 16.7 per cent, 5.3 per cent and 16.7 per cent respectively. The Commissioner is satisfied that the injury, if any, that has been caused by these exports to the Australian industry is negligible. Therefore, the Commissioner will terminate the dumping investigation under subsection 269TDA(13) so far as it relates to steel shelving units exported from China.

10.2 COUNTERAVAILABLE SUBSIDY INVESTIGATION

Under subsection 269TDA(2)(b), if the Commissioner is satisfied that there has been no countervailable subsidy received by an exporter, or if there has been countervailable subsidy received that did not exceed at any time during the investigation period a negligible level of countervailable subsidy, the Commissioner must terminate the investigation so far as it relates to that exporter. A negligible level is defined under subsection 269TDA(16)(b) for a developing country⁷¹ as 2 per cent of the export price of the goods.

The Commission's assessment is that the following exporters did not receive countervailable subsidies and the Commissioner will terminate the countervailable subsidy investigation under subsection 269TDA(2)(b)(i) so far as it relates to:

- Eastern Deer;

⁷¹ In Schedule 1 to the *Customs Tariff Act 1995*, China is identified as a developing country.

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- Ningbo;
- Ruisheng; and
- Yijin.

The Commission's assessment is that the following exporters received countervailable subsidies that did not exceed at any time during the investigation period a negligible level of countervailable subsidy and the Commissioner will terminate the countervailable subsidy investigation under subsection 269TDA(2)(b)(ii) so far as it relates to:

- Geelong;
- Guanyu Metal; and
- Zhongda.

The Commission has assessed that shelving units exported to Australia from China by uncooperative exporters were subsidised at a margin of 5.7 per cent. The Commissioner is satisfied that the injury, if any, that has been caused by these exports to the Australian industry is negligible. The Commissioner therefore will terminate the countervailable subsidy investigation so far as it relates to steel shelving units exported from China under subsection 269TDA(14).

11 APPENDICES AND ATTACHMENTS

Non-confidential attachment 1	Submissions received – summary
Non-confidential attachment 2	Stormor industrial shelving
Non-confidential attachment 3	Geelong shelving series
Non-confidential attachment 4	Stormor <i>Handy Angle</i> shelving
Non-confidential attachment 5	Guanyu Metal shelving products
Non-confidential attachment 6	Romak 1830 and 2090 series shelving
Non-confidential attachment 7	Slotted angle shelving products
Non-confidential attachment 8	Summit <i>Nut’N’Bolt</i> shelving
Non-confidential attachment 9	Summit <i>Hammer Lok</i> shelving
Confidential Appendix 1 – Australian market	Australian market
Confidential Appendix 2 – Verifying exporter information	Verifying exporter information
Confidential Appendix 3 – Competitive market cost benchmark	Competitive market cost benchmark calculations
Confidential Appendix 4 – Cost comparison	Comparison of raw material purchase costs to benchmark
Confidential Appendix 5 – Eastern Deer	Eastern Deer’s dumping margin calculations
Confidential Appendix 6 – Geelong	Geelong’s dumping margin calculations
Confidential Appendix 7 – Guanyu Metal	Guanyu Metal’s dumping margin calculations
Confidential Appendix 8 – Ningbo	Ningbo’s dumping margin calculations
Confidential Appendix 9 – Ruisheng	Ruisheng’s dumping margin calculations
Confidential Appendix 10 – Yijin	Yijin’s dumping margin calculations
Confidential Appendix 11 – Zhongda	Zhongda’s dumping margin calculations

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Appendix 1	Benchmark for cost replacement
Appendix 2	Trader questionnaire
Appendix 3	Assessment of subsidy programs
Appendix 4	Assessment of less than adequate remuneration programs
Confidential Appendix 12 – Uncooperative and all other exporters	Uncooperative and all other exporters' dumping margin calculations
Confidential Appendix 13 – Import analysis	Import analysis
Confidential Appendix 14 – Trader responses	Confidential copies of trader responses
Confidential Appendix 15 – Purchases of raw materials	Analysis of purchases of raw materials
Confidential Appendix 16 – Geelong CV	Geelong's countervailing margin calculations
Confidential Appendix 17 – Zhongda CV	Zhongda's countervailing margin calculations
Confidential Appendix 18 – Guanyu Metal CV	Guanyu Metal's countervailing margin calculations
Confidential Appendix 19 – Countervailing summary	Summary of countervailable subsidy margins including uncooperative and all other exporters' subsidy margin calculations
Confidential Appendix 20 – Injury	Analysis of economic condition of the Australian industry
Confidential Appendix 21 – Price undercutting	Price undercutting assessment
Confidential Appendix 22 – Market trend analysis	Market trend analysis

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Confidential Appendix 23 – Capacity analysis	Capacity analysis
Confidential Appendix 24 – Currency fluctuation analysis	Currency fluctuation analysis
Confidential Appendix 25 – Non-injurious price	Non-injurious price calculations

12 NON-CONFIDENTIAL ATTACHMENT 1: SUBMISSIONS RECEIVED

Date Received	Submission from	Subject of Submission	EPR No.
22 July 2016	Summit	Exclusion of certain goods	9
1 August 2016	Guanyu Metal	Exclusion of Guanyu Metal's products	11
18 August 2016	Geelong	Several	25
18 August 2016	Geelong	Attachment to submission	26
2 August 2016	Summit	Lesser duty rule	29
22 August 2016	Summit	Exclusion of certain goods	30
26 August 2016	Romak	Several	31
30 September 2016	Summit	Exclusion of certain goods	43
19 October 2016	Summit	Request for a PAD	46
12 December 2016	Geelong	Exclusion of certain goods	55
13 December 2016	Government of China	Goods description	57
14 December 2016	Summit	Response to claims made by GOC and Geelong	56
30 January 2017	Geelong	Several	66
30 January 2017	Summit	Benchmark and subsidisation	67
6 February 2017	Government of China	Market situation and cost replacement	68
7 February 2017	Geelong	Several	69

13 NON-CONFIDENTIAL ATTACHMENT 2: STORMOR INDUSTRIAL SHELVING

Stormor
SHELVING AUSTRALIA

INDUSTRIAL SHELVING



- All steel construction
 - 4 x Adjustable wire shelves
 - 3000kg load capacity*
- * Maximum 750kg load capacity per shelf evenly spaced.

- Corrosion resistant powder coat finish
- Dimensions: 1820h x 1953w x 610d mm
- Expandable design

www.stormor.com.au | 1300 880 844 | info@stormor.com.au

INDUSTRIAL SHELVING UNIT

Product code	Ean barcode number	Description	Size	Package Weight
INDSC	9312900948117	Grey Hammertone 4 Shelf Unit	1820h x 1953w x 610d mm	76 kg
INDSBKC	9312900949374	Grey Hammertone 4 Shelf Add-On Bay Kit	1820h x 1899w x 610d mm	68.6 kg

With a massive 3000kg load capacity, Stormor's Industrial Shelving Unit is perfect for your heavy duty storage needs.

Suitable for commercial, industrial and domestic use, the linking capabilities and expandable design give you the freedom to combine bays and alter shelf heights to meet your requirements.



Expandable Design



Industrial Shelf + 2 Add-On Bay Kits Shown

...also available in the Stormor range:



Rivet Bin Shelving



Handy Angle Workbench



Feeder Trolley



Z Beam Shelving

www.stormor.com.au | 1300 880 844 | info@stormor.com.au



14 Non-Confidential Attachment 3: GEELONG SHELVING SERIES

<http://www.geelongsales.com/sites/default/files/geelongcatalogue.pdf>

SHELVING SERIES

FEATURES

- Tough industrial powder coated finish
- Sturdy steel construction
- Adjustable shelves
- Easy assembly

163672S
5 SHELF SLOTTED STORAGE RACK WITH PARTICLE BOARD
80 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
1225	615	1830	mm	
48.23	24.21	72.05	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
18.18 kg	18.78 kg	0.04 m ³	20'	624 pcs
40.52 lbs	41.40 lbs	1.25 ft ³	40'	1014 pcs

40'HQ 3084 pcs

183672S
5 SHELF SLOTTED STORAGE RACK WITH PARTICLE BOARD
181 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
1602	615	1830	mm	
63.07	24.21	72.05	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
24.15 kg	24.95 kg	0.04 m ³	20'	624 pcs
53.24 lbs	55.01 lbs	1.34 ft ³	40'	1014 pcs

40'HQ 734 pcs

244872R
5 SHELF RIVETED STORAGE RACK WITH PARTICLE BOARD
225 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
1225	615	1830	mm	
48.23	24.21	72.05	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
40.97 kg	41.46 kg	0.07 m ³	20'	288 pcs
90.32 lbs	91.22 lbs	2.51 ft ³	40'	432 pcs

40'HQ 432 pcs

246672R
5 SHELF RIVETED STORAGE RACK WITH PARTICLE BOARD
270 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
1602	615	1830	mm	
63.07	24.21	72.05	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
54.45 kg	55.92 kg	0.18 m ³	20'	160 pcs
120.13 lbs	123.58 lbs	4.93 ft ³	40'	240 pcs

40'HQ 240 pcs

SHELVING SERIES

BOLTED AND SLOTTED SHELVING UNITS

BOLTED SERIES

GL100
GALVANIZED STEEL
4 SHELF BOLTED STORAGE RACK
50 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
775	364	1371	mm	
30.47	14.33	53.98	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
5.50 kg	5.90 kg	0.035 m ³	20'	1680 pcs
12.13 lbs	13.01 lbs	0.58 ft ³	40'	3150 pcs

40'HQ 3150 pcs

GL110
GALVANIZED STEEL
5 SHELF BOLTED STORAGE RACK
175 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
963	304	1676	mm	
37.91	11.97	65.98	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
10.60 kg	11.40 kg	0.03 m ³	20'	840 pcs
23.37 lbs	25.13 lbs	0.97 ft ³	40'	1650 pcs

40'HQ 1650 pcs

123060B
ALL STEEL
4 SHELF BOLTED STORAGE RACK
18 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
775	365	1524	mm	
30.47	14.37	60.00	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
4.64 kg	5.10 kg	0.022 m ³	20'	1078 pcs
10.23 lbs	11.24 lbs	0.78 ft ³	40'	2156 pcs

40'HQ 2156 pcs

153072B
ALL STEEL
5 SHELF BOLTED STORAGE RACK
20 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
762	381	1830	mm	
30.00	15.00	72.05	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
7.28 kg	8.13 kg	0.04 m ³	20'	940 pcs
16.05 lbs	17.92 lbs	1.51 ft ³	40'	1880 pcs

40'HQ 1880 pcs

ROLLED EDGE SHELVING UNITS

BOLTED SERIES

PCRE604W
PCRE604B
4 SHELF ROLLED EDGE SHELVING UNIT
80 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
706	293	1374	mm	
27.80	11.53	54.09	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
4.90 kg	5.30 kg	0.029 m ³	20'	1280 pcs
10.81 lbs	11.68 lbs	0.53 ft ³	40'	2560 pcs

40'HQ 2560 pcs

PCRE605W
PCRE605B
5 SHELF ROLLED EDGE SHELVING UNIT
60 kg per shelf evenly distributed

Overall	Width	Depth	Height	Unit
706	293	1374	mm	
27.80	11.53	54.09	inch	

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
5.70 kg	6.10 kg	0.016 m ³	20'	1200 pcs
12.57 lbs	13.45 lbs	0.56 ft ³	40'	2400 pcs

40'HQ 2400 pcs

SHELVING SERIES

**BOLTED SERIES
WITH MDF BOARD**

PCRE1754
4 SHELF ROLLED EDGE
SHELVING UNIT
WITH MDF BOARD

270 kg per shelf evenly distributed

	Width	Depth	Height	Unit
Overall	620	320	1505	mm
	32.28	12.60	59.25	inch
Carton	870	420	56	mm
	34.25	16.54	2.28	inch

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
13.80 kg	14.50 kg	0.021m ³	20'	1020 pcs
30.42 lbs	31.97 lbs	0.749 ft ³	40'	1326 pcs
40'HQ: 1326 pcs				

PCRE1755
5 SHELF ROLLED EDGE
SHELVING UNIT
WITH MDF BOARD

175 kg per shelf evenly distributed

	Width	Depth	Height	Unit
Overall	620	320	1505	mm
	32.28	12.60	59.25	inch
Carton	870	390	66	mm
	34.25	15.43	2.68	inch

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
16.70 kg	17.40 kg	0.02 m ³	20'	824 pcs
36.82 lbs	38.36 lbs	0.819 ft ³	40'	1062 pcs
40'HQ: 1062 pcs				

PCRE4004
4 SHELF ROLLED EDGE
SHELVING UNIT
WITH MDF BOARD

400 kg per shelf evenly distributed

	Width	Depth	Height	Unit
Overall	910	408	1800	mm
	35.83	16.06	70.84	inch
Carton	910	495	70	mm
	35.83	19.49	2.76	inch

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
22.40 kg	23.15 kg	0.03 m ³	20'	672 pcs
49.38 lbs	51.04 lbs	1.124 ft ³	40'	872 pcs
40'HQ: 872 pcs				

PCRE4005
5 SHELF ROLLED EDGE
SHELVING UNIT
WITH MDF BOARD

400 kg per shelf evenly distributed

	Width	Depth	Height	Unit
Overall	910	408	1800	mm
	35.83	16.06	70.84	inch
Carton	910	575	70	mm
	35.83	22.64	2.76	inch

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
27.70 kg	28.70 kg	0.04 m ³	20'	672 pcs
61.07 lbs	63.27 lbs	1.293 ft ³	40'	644 pcs
40'HQ: 644 pcs				

SHELVING SERIES

PCRE3003
3 SHELF ROLLED EDGE SHELVING UNIT
WITH MDF BOARD

300 kg per shelf evenly distributed

	Width	Depth	Height	Unit
Overall	1160	570	900	mm
	45.67	22.44	35.43	inch
Carton	1150	630	70	mm
	45.28	24.80	2.76	inch

Unit Weight	Ship Weight	Cube	Container Qty	Palletized
25.70 kg	26.80 kg	0.051 m ³	20'	504 pcs
56.60 lbs	59.08 lbs	1.791 ft ³	40'	700 pcs
40'HQ: 700 pcs				

PCRE3505
5 SHELF 150KG RIVETED
STORAGE RACK

	Width	Depth	Height	Unit
Overall	520	420	1830	mm
	36.2	16.5	72.0	inch
Carton	570	455	107	mm
	38.2	17.9	4.2	inch

Weight loading	Ship weight	20 ft.	40 ft.	40 HQ
150kg/shelf (testing max weight)	27 kg	28.5 kg	650 pcs	684 pcs
	59.5 lbs	62.8 lbs	650 pcs	684 pcs

TL5003
3 SHELF HEAVY DUTY
STORAGE RACK

	Width	Depth	Height	Unit
Overall	1553	615	1852	mm
	76.9	24.2	72.1	inch
Carton	1590	660	235	mm
	77.2	26.0	9.3	inch

Weight loading	Ship weight	20 ft.	40 ft.	40 HQ
400kg/shelf (testing max weight)	72.6 kg	77.1 kg	94 pcs	198 pcs
	160.1 lbs	170.0 lbs	94 pcs	198 pcs

TER 355 – Steel Shelving Units – China

94

15 NON-CONFIDENTIAL ATTACHMENT 4: *STORMOR HANDY* ANGLE SHELVING

Stormor
SHELVING AUSTRALIA

HANDY ANGLE

- Proudly made in Australia since 1958.
- Stormor Handy Angle is sturdy, reliable and easy to work with.
- A cost-effective solution for framework, bracing, shelving, supports, storage platforms, work benches and much more.
- Widely used by sign-writers, shop fitters, plumbers and electricians for hanging fixtures, ducting and fittings.
- Available in a variety of sizes to suit your particular needs.



Mezzanine Storage



Roller Shutter Doors

www.stormor.com.au | 1300 880 844 | info@stormor.com.au

Stormor
SHELVING AUSTRALIA

HANDY ANGLE

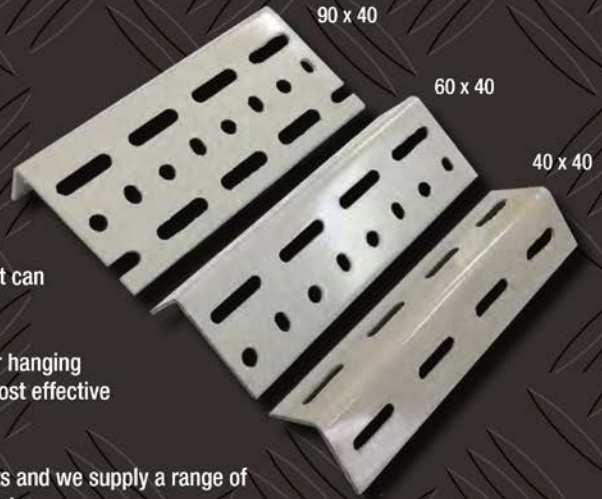
Standard Sizes - 3600mm lengths

Powder Coat Grey	Zinc-Hi-Ten
40 x 40 x 1.8mm	40 x 40 x 1.8mm
60 x 40 x 1.8mm	60 x 40 x 1.8mm
90 x 40 x 2.4mm	90 x 40 x 2.4mm

Handy Angle is an incredibly versatile building product that can be used in a wide variety of commercial applications.

Whether it's bracing roller doors, suspending bulkheads or hanging fixtures and ducting, Handy Angle is an aptly named and cost effective fabrication solution.

We can offer Handy Angle cut to length for specific projects and we supply a range of Handy Angle accessories to suit your individual requirements.



Shop Fitting



Bulkheads

...also available in the Stormor range:



Van Racking



Handy Angle Work Bench



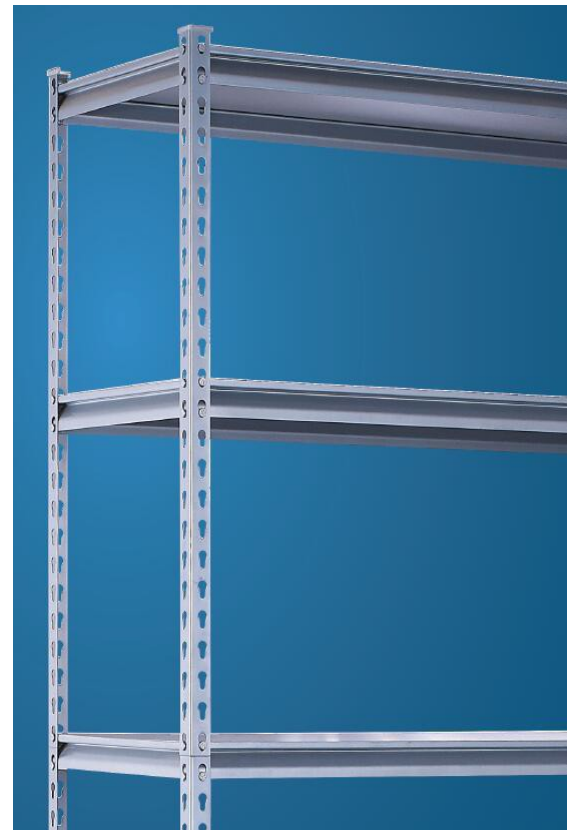
Industrial Shelving

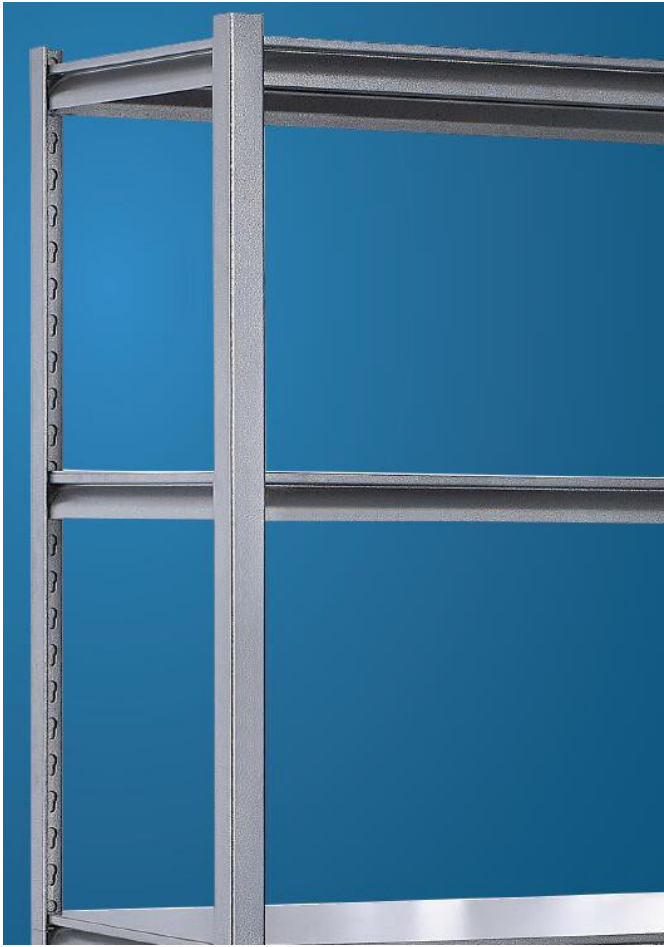


Rivet Bin Shelving

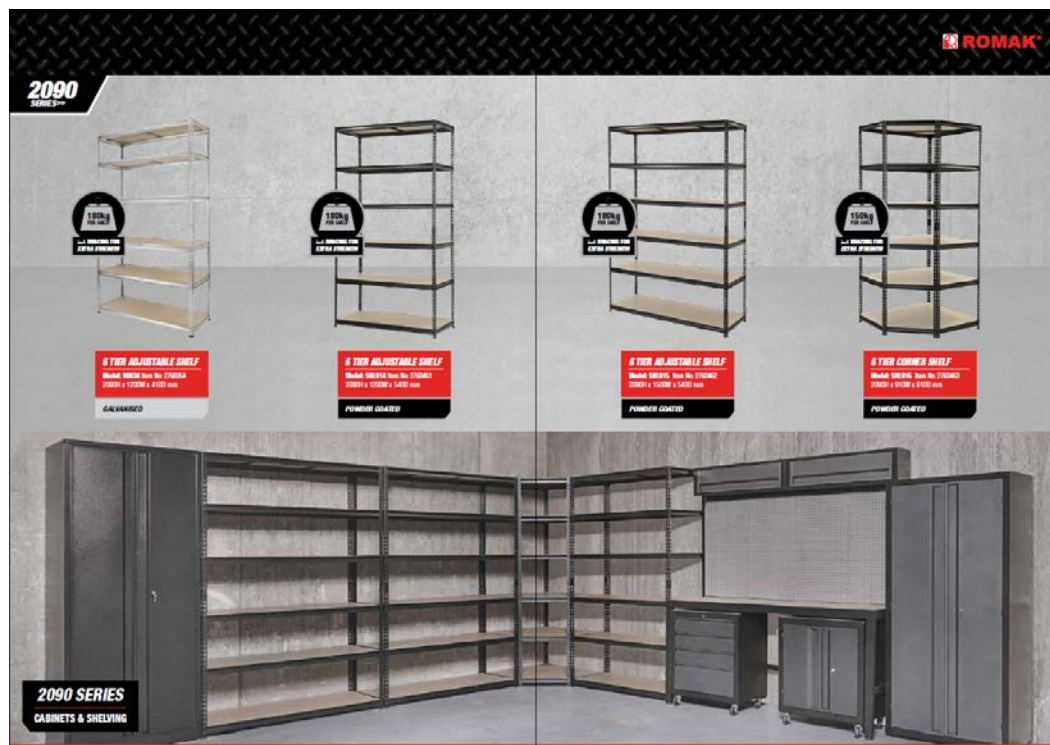
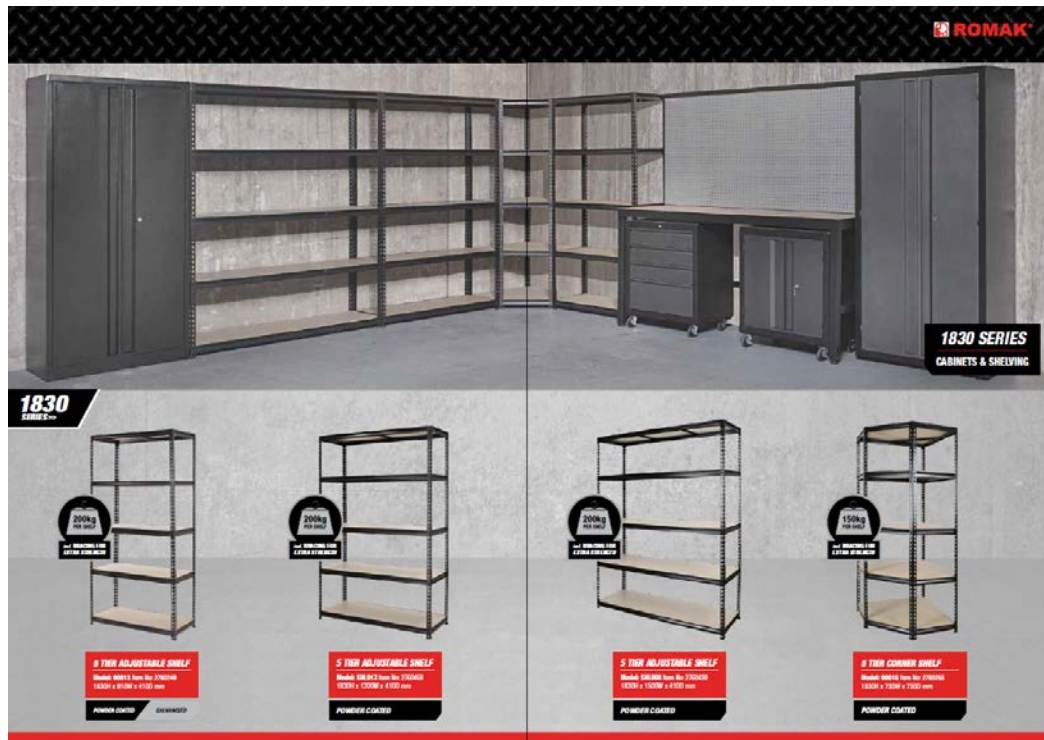
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**16 NON-CONFIDENTIAL ATTACHMENT 5: GUANYU METAL
SHELVING PRODUCTS**





17 Non-Confidential Attachment 6: ROMAK 1830 AND 2090 SERIES SHELVING



18 NON-CONFIDENTIAL ATTACHMENT 7: SLOTTED ANGLE SHELVING PRODUCTS

Sold by Stormor

Handy Angle Workbench



Quick Facts

- Heavy duty construction
- Easy to assemble
- Australian Made
- 18mm MDF benchtop and shelving
- Powder coated slotted angle construction

Standard Sizes

Product Code	Height x Width x Depth
HAIWB 926	920 x 1800 x 750mm
HAIWB 927	1700 x 1800 x 750mm
HAIWB 928	920 x 1200 x 750mm
HAIWB 929	1700 x 1200 x 750mm



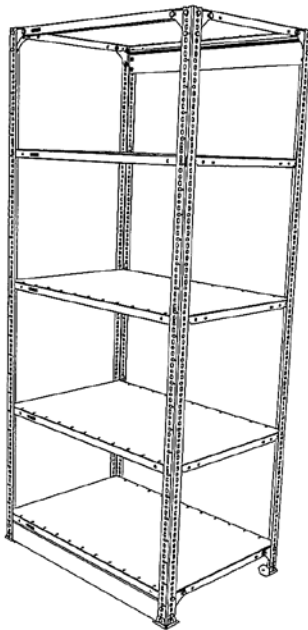
Handy Angle workbenches are designed for the garage, workshop or factory. They're easy to assemble and built to last. Made from heavy duty powder coated slotted angle steel with 18mm adjustable MDF shelves and benchtops.

All benches are manufactured in Australia from heavy duty components providing one of the strongest workbenches in the market.

Sold by Dexion

http://www.dexion.com.au/media/shop_product/1201.pdf

Slotted Angle Shelving Assembly Instructions and User Guide



PUBLIC RECORD

Sold by Absoe Business Equipment

<http://www.absoe.com.au>

STORE-EZI® - Adjustable Steel Shelves - 1800 High - Slotted Angle Shelving



Overview

STORE-EZI® Slotted Angle Shelving is a simple cost effective shelving storage solution for almost any application.

The shelving comes with slotted upright posts, steel shelves and corner plates for stability purposes.

The STORE-EZI® Angle Shelving System offers a large range of standard sizes to provide maximum flexibility.

Features

Specifications

Product Number
ss-slotted-angle-300Wx300D-used

Price (incl. GST) **\$95.00** Condition **Used**

Grade **B**  Information about grades

Range
Slotted Angle

Availability
In Stock

Assembled?
Unassembled

Transport Required
Ute

Dimensions
900mm W x 300mm D

OPTIONS

Dimensions

✓ 900mm W x 300mm D

900mm W x 400mm D

900mm W x 450mm D

Quantity **1** Total Price **\$95.00**

ADD TO CART

ADD TO QUOTE / ENQUIRY

Want more Information?
[Email us here.](#)

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Home > Shelving and Storage > Slotted Angle Steel Storeroom Shelving

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Shopfitting Accessories
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Acrylic Display Products
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Ticket Frames, Stands and Small Signboards
Descriptive Signs & Policy Cards
Display Accessories
Signboards, Sign Frames and Stands
Price Marking, Coding and Tagging

Slotted Angle Steel Storeroom Shelving

Economical. Strong. Adjustable.

- Slotted Steel Angle Uprights with adjustable steel shelves.
- No painting, welding or drilling required.
- Do-it-yourself assembly or complete design and installation service available.



To find out more click on the picture page links below.

Select your currency

Sold by SPACEPAK Industries Pty Ltd

<http://www.spacepac.com.au/Brochures/Dexion/Angle/Slotted-Angle>



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Fax: +61 2 4226 2208 • ABN 98 002 454 462
spacepac@spacepac.com.au

P3
Effective 19th October 2009

SLOTTED ANGLE Construction system

Dexion Slotted Angle provides simple cost efficient solutions to virtually any storage requirement.

Slotted Angle is used in a wide variety of applications including shelving, benches, trolleys and light construction work such as creating supports or structural bases.

Components
Slotted Angle's unique pre-punched holes allow multiple steel sections to be bolted together to form sturdy shelving and storage systems. Combining steel shelves with Slotted Angle uprights provides one of the most versatile and economical shelving systems available.




Angle 160 Angle 225 Angle 260

With a wide range of heights, depths and lengths, Slotted Angle is a quick and easy storage solution for stores, workshops, warehouses or wherever a cost effective and easily assembled shelving unit makes a difference.




Specifications	Angle 160	Angle 225	Angle 260
Angle Size	40mm x 40mm x 1.8mm	62mm x 41mm x 1.8mm	66mm x 44.4mm x 2.5mm
Standard Lengths	2286mm and 3810mm Lengths can be cut to size	3810mm Lengths can be cut to size	3810mm Lengths can be cut to size
Shelf Carrying Capacity	Up to 240kg	Up to 240kg	Up to 240kg
Shelving Bay Carrying Capacity	Up to 1035kg		
Shelving Bay Clear Entry	750, 900, 1050, 1200mm	750, 900, 1050, 1200mm	750, 900, 1050, 1200mm
Shelving Bay Clear Depths	300, 400, 450, 500, 600mm	300, 400, 450, 500, 600mm	300, 400, 450, 500, 600mm
Shelf Heights	30mm	30mm	30mm
Shelf Pitch	25mm	25mm	25mm
Colour	Stone White	Stone White	Stone White





All prices/specifications subject to change without notice

19 NON-CONFIDENTIAL ATTACHMENT 8: SUMMIT *NUT'N'BOLT* SHELVING



SUSG502 - Summit Nut & Bolt 4 Shelf Unit

Please read instructions through **COMPLETELY** before starting assembly.
If you have any questions, please contact SUMMIT on 1800 352 999

4 Shelf NUT `N` BOLT® 100KG

Assembly Instructions

PARTS LIST

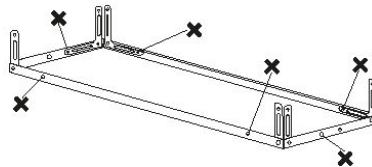
- 4 Shelves
 - 8 Leg Sections
 - 4 Plastic Feet
 - 1 Bag nuts and bolts
 - 6 Corner braces
- Tools required are **ONLY**
a #2 Phillips head screwdriver and pliers
or adjustable spanner (to tighten nuts).

CAUTION: HANDLE CUT METAL EDGES WITH CARE

ASSEMBLY

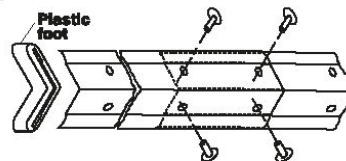
STEP 1

Fasten 6 corner braces to one shelf only as illustrated, bolting them to the shelf, initially using only one bolt and nut per brace in the positions marked "X" (Other nuts and bolts are inserted during the latter part of assembly).



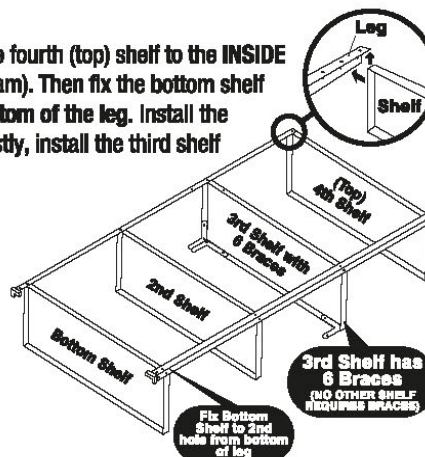
STEP 2

Overlap 2 leg sections by at least 2 holes to make one full length leg, and bolt them together. Repeat the same process using up all 8 leg sections. Install plastic feet to the bottom of the leg assemblies.



STEP 3

Working on the floor...install the fourth (top) shelf to the **INSIDE** top of the legs (See Insert Diagram). Then fix the bottom shelf using the 2nd hole from the bottom of the leg. Install the second shelf where desired. Lastly, install the third shelf with the 6 corner braces.



STEP 4

Turn assembly over and fasten 2 remaining legs. Stand unit upright on a level surface, check that it is square and then firmly tighten all nuts and bolts to ensure rigidity and stability. (THIS IS IMPORTANT)

RECOMMENDATIONS...

1. Shelf unit be secured to the wall with appropriate fasteners (not included).
2. Heaviest items to be placed on lower shelves.
3. Loads to be evenly distributed.



20 NON-CONFIDENTIAL ATTACHMENT 9: SUMMIT HAMMER LOK SHELVING

summit
storage products

HAMMER LOK

Product code	Description	Size (H x W x D)	EAN barcode number	Weight	Pallet Qty
HLS306	Hammer Lok 300kg 4 Shelf	1500 x 800 x 300mm	9312900003069	13 kg	42
HLS402	Hammer Lok 500kg 5 Shelf	1800 x 900 x 600mm	9312900004028	29 kg	20
HLS405	Hammer Lok 500kg 5 Shelf	1800 x 900 x 400mm	9312900004059	22 kg	38
HLS407	Hammer Lok 300kg 6 Shelf	2100 x 1140 x 400mm	9312900947189	31 kg	30
HLS412	Hammer Lok 500kg 5 Shelf	2100 x 1200 x 600mm	9312900004127	39 kg	15
HLSB414	Hammer Lok 500kg Super Bench 3 Shelf	900 x 1140 x 550mm	9312900947332	22 kg	30



HLS405



HLSB414

...also available in the Summit range:



Z Beam Shelving



Van Rack Kit



Industrial Shelving



Rivet Bin Shelving

www.summit.com.au | 1800 352 999 | summit@summit.com.au

summit
storage products

HAMMER LOK

- Summit has been proudly manufacturing Hammer Lok® shelving in Australia for over 35 years.
- Affordable, strong and durable flat pack shelving system.
- Designed with boltless Hammer Lok® technology.
- Ideal for both domestic and commercial use.
- Galvanised steel frames with 9mm MDF shelves.
- Can be assembled as an upright shelving unit or as a workbench.



www.summit.com.au | 1800 352 999 | summit@summit.com.au

21 APPENDIX 1: BENCHMARK FOR COST REPLACEMENT

In a number of recent cases, the Commission has found that there are significant distortions in costs and prices within the Chinese steel industry. Examples of these distortions were identified by the Commission in the following cases: Hollow Structural Sections (Case 177); Rebar (Case 300); and Rod in Coil (Case 301). In light of these distortions, it is the Commission's view that the price of steel used in the production of steel shelving units should be replaced. In terms of total production costs of steel shelving units, HRC is the largest individual cost component and is thus the most appropriate stage at which to replace input costs in this investigation.

The Commission has, for the purposes of this investigation, utilised a single benchmark for testing at the HRC level, and then utilised contemporaneous, verified yield and conversion cost data available to the Commission to calculate the total cost of converting HRC to CRC or to galvanised steel as required for comparison purposes on a monthly basis.

HRC benchmarks available to the Commission for cost replacement purposes include those from within and external to the Asian region.⁷² It is the Commission's preference when replacing costs to use 'in region' benchmarks where possible as it is the Commission's view that these benchmarks are likely to be more representative of market conditions in the subject country than benchmarks obtained from external regions. Asian region benchmarks that are available to the Commission include those for the domestic Japanese and Chinese markets and an Asian region import benchmark.

Given the Commission's findings on distortions in the Chinese steel industry and the impact of these distortions on traded prices throughout the broader Asian region, it is the Commission's view that neither the benchmark for domestic Chinese prices or traded prices within the Asian region are appropriate benchmarks for cost replacement. Based on these considerations the Commission has used the domestic Japanese HRC benchmark as it is the Commission's view that of the available benchmarks it is the least distorted by conditions within the Chinese steel industry.

For the period 2013 and 2015 inclusive, the domestic Chinese HRC benchmark ranged from being equal to the Japanese HRC benchmark to around 40 per cent lower. On average, the domestic Chinese HRC benchmark was around 17 per cent lower than the corresponding Japanese HRC benchmark.

⁷² The source of these benchmarks is Platt's Steel Business Briefing service.

22 APPENDIX 2: TRADER QUESTIONNAIRE

TRADER QUESTIONNAIRE – UPSTREAM SUBSIDY

1. Do you operate as an agent for a steel manufacturer?
2. If YES:
 - 2.1. What is the name of the steel manufacturer you are an agent for?
3. Do you take physical possession of the goods and arrange delivery to your customer?
4. If YES:
 - 4.1. Does your price include delivery charges?
 - 4.2. Does your price include other charges?
5. Do you do any further processing of steel that you sell?
6. If YES:
 - 6.1. What further processing of steel do you do?
7. How do you set prices?
8. What profit margin do you require on your sales of steel?
9. Do you receive any direct subsidy, rebate, or other payment from any level of Government?
10. If YES:
 - 10.1. How much is the payment from the Government?
 - 10.2. How often do you receive a payment from the Government?
 - 10.3. What is the payment from the Government for?

23 APPENDIX 3: ASSESSMENT OF SUBSIDY PROGRAMS

This appendix provides details of the Commission's assessment of the 41 subsidy programs investigated in relation steel shelving units exported to Australia from China.

Under subsection 269T(1):

subsidy, in respect of goods exported to Australia, means:

(a) a financial contribution:

(i) by a government of the country of export or country of origin of the goods; or

(ii) by a public body of that country or a public body of which that government is a member; or

(iii) by a private body entrusted or directed by that government or public body to carry out a governmental function;

that involves:

(iv) a direct transfer of funds from that government or body; or

(v) the acceptance of liabilities, whether actual or potential, by that government or body; or

(vi) the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) due to that government or body; or

*(vii) the provision by that government or body of goods or services otherwise than in the course of providing normal infrastructure;
or*

(viii) the purchase by that government or body of goods or services; or

(b) any form of income or price support as referred to in Article XVI of the General Agreement on Tariffs and Trade 1994 that is received from such a government or body;

if that financial contribution or income or price support confers a benefit (whether directly or indirectly) in relation to the goods exported to Australia.

PUBLIC RECORD

Section 269TAAC describes a subsidy as a countervailable subsidy if it is specific. Under subsection 269TAAC(2), a countervailable subsidy is specific if:

- access to the subsidy is explicitly limited to particular enterprises; or
- access is limited to particular enterprises carrying on business within a designated geographical region that is within the jurisdiction of the subsidising authority; or
- the subsidy is contingent, in fact or in law, and whether solely or as one of several conditions, on export performance; or
- the subsidy is contingent, whether solely or as one of several conditions, on the use of domestically produced or manufactured goods in preference to imported goods.

Summit stated in its application that the first 27 programs listed were found by the USDOC to be countervailable in respect of its investigation into boltless shelving from China and that the products subject to the USDOC investigation are a sub-set of the scope of the goods subject to this application. Summit also stated:

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.

Summit also submitted in its application that the program listed at number 28 - *Provision of galvanised steel for less than adequate remuneration* - is conferred by galvanised steel being provided by the GOC SIEs at an amount reflecting less than adequate remuneration, having regard to prevailing market conditions in China. Summit stated in its application that this confers a benefit to those manufacturers equal to the difference between adequate remuneration for those materials and the supply price.

Programs listed at numbers 29 to 41 are additional subsidy programs found by the Commission and that were not identified in the initial application or subsequent submissions.

The Commission's analysis of the 41 programs has taken into account whether they meet definition of subsidy in subsection 269T(1), subsection 269T(2AA), whether a benefit has been conferred in accordance with section 269TACC, whether the subsidy is a countervailable subsidy in accordance with section 269TAAC and the amount of countervailable subsidy in accordance with section 269TACD.

Programs numbered 26, 27 and 28 relate to the provision of raw materials at LTAR. LTAR programs are assessed in **Appendix 4: ASSESSMENT OF LESS THAN ADEQUATE REMUNERATION PROGRAMS**.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
Taxation exemption/reduction programs								
1	<i>Two Free/Three Half Program</i> for Foreign-Invested Enterprises (FIEs)	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program Ceased prior to investigation period	N/A
2	Income Tax Reductions for Export Oriented FIEs	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program Ceased prior to investigation period	N/A
3	Income Tax Benefits for FIEs based on Geographic Location	The name for Program 3 is an overall name used by the applicant to cover a number of programs that are based on the FIE's geographic location	N/A	Reduction in income tax for certain foreign invested enterprises	Various criteria based on geographic location	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
4	Local Income Tax Exemption and Reduction Programs for Productive FIEs	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program ceased prior to investigation period	N/A
5	Income Tax Reduction for High or New Technology Enterprises	Reduction in income tax / revenue foregone by Government for new or high technology enterprises	N/A	N/A	Eligible enterprises classified as high technology enterprises	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
6	Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law	Additional deductions for expenditure relating to research & development	N/A	N/A	N/A	NO	NO – per CON355, the program is not considered specific	N/A
7	Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program ceased prior to investigation period	N/A
8	Import Tariff and Value-Added Tax (VAT) Reductions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries	Reduction in VAT payable on importation of equipment used for certain industries	N/A	N/A	Eligible production orientated 'encouraged' FIEs and certain eligible DIES	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
9	VAT Refunds for FIEs Purchasing Domestically Produced Equipment	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program ceased prior to investigation period	N/A
10	Tax Rebates Based on Location in Shiqiao Town Industrial Cluster Zone	No information provided or available on this subsidy program	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
11	Income Tax Credits on Purchases of Domestically-Produced Equipment by Domestically Owned Companies	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program ceased prior to investigation period	N/A
12	VAT Refunds for FIEs Purchasing Domestically Produced Equipment	The Commission verified that the program ceased prior to 2015 as per CON355	N/A	N/A	N/A	NO	NO – Program ceased prior to investigation period	N/A
Grant programs								

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
13	GOC and Sub-Central Government Subsidies for the Development of Famous Brands and World Top Brands	N/A	N/A	N/A	Producers of product that qualify for 'China worldwide famous brand', 'China well-known brand', 'famous trademark', 'state products of exemption from check', 'Guangxi 'well known brand' , 'Guangxi famous trademark' or 'Well-Known Trademarks of China' and 'Famous Brands of China'	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
14	Special Fund for Energy Savings Technology Reform	N/A	N/A	N/A	Eligible entities located in the Guangdong province with demonstrated coal saving of 2,000 metric tonnes of coal per year	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
15	International Market Exploration (SME) Fund	N/A	N/A	N/A	Exporters meeting eligibility criteria, including size criteria	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
16	Export Assistance/Outward Expansion Grants in Guangdong Province	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
17	Guangdong Province Funds to Support the Adoption of E-Commerce by Foreign Trade Enterprises	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
18	Technology to Improve Trade Research and Development Fund	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
19	Rental/Purchase Assistance in Ningbo Municipality Yinzhou District Southern Commercial Zone	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
20	Exhibition Subsidy	Subsidy paid to manufacturers who attend and promote their products at certain exhibitions	Due to the various different state level providers of this subsidy, the Commission is unable to fully ascertain if the grant has been notified to the WTO. The Commission does note that the WTO considers that China has complied with the reporting obligation for subsidies	Application lodged requiring details of exhibition under “ <i>Notice on Policies on Accelerating Industrial Economic Transformation and Upgrading in Haiyan County</i> Issued by Haiyan County Government (Document No.: Yan Wei [2012] No. 16)”	Limited to enterprises that attend specific exhibitions	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
21	Foreign Trade Bureau Award	Subsidy to incentivise export growth by enterprises.	N/A	N/A	Limited to enterprises that have had export growth between current and previous year.	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
22	Export Credit Insurance Subsidy	Subsidy to reduce the cost of export insurance	Due to the various different state level providers of this subsidy, the Commission is unable to ascertain if the grant has been notified to the WTO. The Commission does note that the WTO considers that China has complied with the reporting obligation for subsidies.	Application made to the local government	Production orientated 'encouraged' FIEs and certain eligible DIES	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit
23	Export Subsidy for High-tech Merchandise	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
24	Clean Energy Measure Subsidy	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	N/A	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A
25	Innovative Growth Grant	As no payments have been received by co-operating exporters, further background for this alleged program is not required	N/A	N/A	Enterprises meeting eligibility criteria for "Innovative Experimental Enterprise Grant" within Zhejiang Province	None found for any exporters of steel shelving	NO – No evidence of shelving exporters being in receipt of this program over the investigation period	N/A

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
29	Provincial Credit Management Demonstration Enterprise	Additional information not disclosed in EQR	The Commission is unable to fully ascertain if the grant has been notified to the WTO. The Commission does note that the WTO considers that China has complied with the reporting obligation for subsidies.	The Commission is unable to ascertain the legal basis for this grant.	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
30	Program (K):Subsidy for Talent training	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
31	Program(L): export awards	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
32	Program : water conservancy fund	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
33	Program : water conservancy fund refund or reduction	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
34	Equipment technology improvement	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
35	Quality control improvement	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
36	Maintain local employment	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

PUBLIC RECORD

Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
37	Salary survey	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

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Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
38	Subsidy on difference between export tax and VAT refund	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

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Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
39	Safety production program	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

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Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
40	Pre-IPO program	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

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Program Number	Program Description	Background	WTO notification	Legal basis	Eligibility criteria	Is there a subsidy?	Is the subsidy countervailable?	Method used to calculate subsidy margin
41	Excellent enterprise awards	Additional information not disclosed in EQR	The Commission is unable to ascertain if the grant has been notified to the WTO	The Commission is unable to ascertain the legal basis for this grant	The Commission is not aware of any specific eligibility criteria, however notes that an exporter of the goods was eligible during the investigation period	Yes	Yes	Where the grant was specific to the production of shelving, the grant was allocated based on the production number of shelves. Otherwise, due to the range of products produced, the rate was calculated as a percentage of total sales revenue, then allocated based on the proportion of shelving export income to Australia per unit.

24 APPENDIX 4: ASSESSMENT OF LESS THAN ADEQUATE REMUNERATION PROGRAMS

24.1 BACKGROUND

The applicant alleged that during the investigation period, Chinese exporters of steel shelving units benefited from the provision of electricity, hot rolled coil (HRC), and galvanised steel by the GOC at prices reflecting less than adequate remuneration (LTAR).

In particular, the applicant claimed that electricity, HRC, and galvanised steel (the cost elements in the manufacture of shelving), was supplied by GOC-owned (or partially-owned) enterprises in China at LTAR. For the purposes of this report, these GOC-owned or partially owned entities will be referred to as 'state-invested enterprises' (SIEs).

The definition of a subsidy under subsection 269T(1) includes reference to a financial contribution by a government or any public body.

The applicant alleges that Chinese SIEs that produce electricity, HRC, and galvanised steel are public bodies and that a financial contribution in the form of provision of inputs at LTAR by these SIEs to producers constitutes a countervailable subsidy.

The Commission's assessment of whether SIEs are public bodies for the purposes of the definition of 'subsidy' in subsection 269T(1) has been discussed in numerous recent cases including investigations 322 and 331 into steel reinforcing bar and steel rod in coils respectively. In those investigations it was considered reasonable to conclude that *SIEs that produce and supply raw materials to manufacturers of rebar and rod in coils are public bodies*.

The Commission requested information from Chinese exporters in relation to their purchases of electricity, HRC, and galvanised steel during the investigation period. For each supplier, the exporters were required to identify whether the supplier was a trader or manufacturer of the goods. Where the supplier was not the manufacturer of the goods, each exporter was asked to identify the manufacturer.

As well as identifying the manufacturers of the raw materials, the exporters were also asked to indicate whether these enterprises were SIEs. The exporter questionnaire responses received by the Commission indicated that the majority of the purchases during the investigation period were via traders, who were independent and not considered SIEs, however, some raw materials, and most electricity, was purchased from SIEs.

24.2 LEGAL BASIS

The Commission has not found any specific legal basis for the provision of electricity, HRC, and galvanised steel at LTAR. That is, no specific law, regulation, or other GOC document has been found that provides for its establishment of such a program.

24.3 WTO NOTIFICATION

The Commission is not aware of any WTO notification of this program.

24.4 ELIGIBILITY CRITERIA

The Commission has not found any specific eligibility criteria for enterprises receiving electricity, HRC and galvanised steel at LTAR.

24.5 IS THERE A SUBSIDY?

Based on the above information, the Commission considers that these programs provide a financial contribution that includes the provision of electricity, HRC, and galvanised steel by SIEs, being public bodies, at less than adequate remuneration.

The benefit amounts are equal to the amount of the difference between the purchased price and the adequate remuneration.

The Commission does not consider that a subsidy exists where an arms length, non-SIE trader provides the goods, as there has been no evidence that pass through occurs.

Where exporters received a benefit during the investigation period under this program, it would confer a benefit in relation to steel shelving and therefore the contribution would meet the definition of a subsidy under section 269T.

24.6 IS THE SUBSIDY A COUNTERAVAILABLE SUBSIDY (SPECIFIC OR PROHIBITED)?

As provided for in section 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 HRC and galvanised steel are key inputs in the manufacture of downstream products (including of steel shelving units) it is clear that 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.

For this reason the subsidy is determined to be specific.

24.7 THE AMOUNT OF SUBSIDY IN RESPECT OF THE GOODS

In accordance with section 269TACC(4), the adequacy of remuneration was determined by reference to a 'benchmark' for adequate remuneration. The HRC and galvanised steel values were established having regard to the prevailing market conditions in China as discussed in detail in Appendix 1 of this report.

In accordance with section 269TACD, the amount of subsidy attributable to the benefit has been determined as the difference between adequate remuneration (as established) and the actual costs incurred in the purchase of HRC and galvanised steel by the cooperative exporters.

In accordance with section 269TACD the amount of subsidy received in respect of steel shelving units has been attributed to each unit as a percentage of revenue for each cooperative exporters.

PUBLIC RECORD

In the absence of any reliable information and in accordance with section 269TACC, the Commission determines that uncooperative exporters of steel shelving units would have had benefits conferred to them under this program by this financial contribution, and has calculated the amount of subsidy attributable to that benefit by reference to the total subsidy amounts of the cooperative exporters of steel shelving.

For electricity, the exporter's individual electricity costs were considered and compared to the relevant local electricity schedules. The Commission could not identify a specific, lower price for electricity for the exporters in question over the investigation period having regard to their location and circumstances, and as such, does not consider that a benefit has been provided under this program.