



ANTI-DUMPING NOTICE NO. 2023/021

Customs Act 1901 – Part XVB

Steel Pallet Racking

Exported from China and Malaysia

Initiation of a Continuation Inquiry No 617 into Anti-Dumping Measures

Notice under section 269ZHD(4) of the Customs Act 1901

I, Dr Bradley Armstrong PSM, the Commissioner of the Anti-Dumping Commission (Commissioner), have initiated an inquiry into whether the continuation of anti-dumping measures, in the form of a dumping duty notice, in respect of steel pallet racking (the goods) exported to Australia from the People's Republic of China (China) and Malaysia is justified.

The anti-dumping measures are due to expire on 8 May 2024 (specified expiry day).¹

1. The goods

The goods subject to the anti-dumping measures and this inquiry are:

Steel Pallet racking, or parts thereof, assembled or unassembled, of dimensions that can be adjusted as required (with or without locking tabs and/or slots, and/or bolted or clamped connections), including any of the following - beams, uprights (up to 12 metres) and brace (with or without nuts and bolts).

Further information

The goods are adjustable static racking structures capable of carrying and storing product loads, and components used to make static racking structures.

Adjustable racking is a structure typically made from cold-formed or hot rolled steel structural members and includes components such as plates, rods, angles, shapes, sections, tubes and the like. Welding, bolting or clipping are the typical methods to assemble them. It may be racking installed within a building.

A typical storage configuration comprises upright frames perpendicular to the aisles and independently adjustable, positive locking beams parallel to the aisle, spanning between the upright frames, and brace designed to support unit load actions.

The racking layout and components used are designed to get the best efficiency for the shape and volume of the items stored. The applicable Australian Standard is AS4084-2012.

¹ On and from 9 May 2024, if not continued, the anti-dumping measures would no longer apply.

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:²

Tariff Subheading	Statistical Code	Description
7308		STRUCTURES (EXCLUDING PREFABRICATED BUILDINGS OF 9406) AND PARTS OF STRUCTURES (FOR EXAMPLE, BRIDGES AND BRIDGE-SECTIONS, LOCK-GATES, TOWERS, LATTICE MASTS, ROOFS, ROOFING FRAMEWORKS, DOORS AND WINDOWS AND THEIR FRAMES AND THRESHOLDS FOR DOORS, SHUTTERS, BALUSTRADES, PILLARS AND COLUMNS), OF IRON OR STEEL; PLATES, RODS, ANGLES, SHAPES, SECTIONS, TUBES AND THE LIKE, PREPARED FOR USE IN STRUCTURES, OF IRON OR STEEL:
7308.90.00		Columns, pillars, posts and beams, girders, bracing, gantries, brackets, struts, ties and similar structural units:
	58	Racking and shelving

On 6 May 2019 the then Minister for Industry, Science and Technology exempted all components or parts of steel pallet racking, other than beams, uprights and braces, from interim dumping duty and dumping duty effective from 19 June 2018.³

2. Background to the anti-dumping measures

The anti-dumping measures were initially imposed by public notice on 8 May 2019 by the then Minister for Industry, Science and Technology.⁴ This followed her consideration of the Commissioner's recommendation in Anti-Dumping Commission Report No. 441 (REP 441) as a result of Investigation No. 441 (the original investigation).

The original investigation and the imposition of the anti-dumping measures resulted from an application made under section 269TB of the *Customs Act 1901*⁵ by Dematic Pty Ltd (Dematic) representing the Australian industry producing like goods to the goods described in the application.

Further details on the goods and existing measures is available on the Dumping Commodity Register on the Anti-Dumping Commission (commission) website (www.adcommission.gov.au).

3. Application for continuation of the anti-dumping measures

Division 6A of Part XVB sets out, among other things, the procedures to be followed in dealing with an application for the continuation of anti-dumping measures.

In accordance with section 269ZHB(1), I published a notice⁶ on the Commission's website on 3 January 2023. The notice invited the following persons to apply for the continuation of the anti-dumping measures:

² These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

³ [Ministerial Exemption Instrument No. 1 of 2019](#).

⁴ [Anti-Dumping Notice \(ADN\) No. 2019/045](#).

⁵ All legislative references in this notice are to the *Customs Act 1901*, unless otherwise stated.

⁶ [ADN No. 2023/001](#).

- the person whose application under section 269TB resulted in the anti-dumping measures (section 269ZHB(1)(b)(i)) or
- persons representing the whole or a portion of the Australian industry producing like goods to the goods covered by the anti-dumping measures (section 269ZHB(1)(b)(ii)).

On 1 March 2023, an application for the continuation of the anti-dumping measures was received from Dematic. A non-confidential version of the application is available on the Commission's public record.

Having regard to the application, and the original investigation, I am satisfied that Dematic is the person under section 269ZHB(1)(b)(i) because Dematic's application under section 269TB resulted in the existing anti-dumping measures.

4. Consideration of application under section 269ZHD(1)

Pursuant to section 269ZHD(1), I must reject an application for the continuation of anti-dumping measures if I am not satisfied of one or more of the matters referred to in section 269ZHD(2). These are:

- the application complies with section 269ZHC (section 269ZHD(2)(a)) and
- there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent (section 269ZHD(2)(b)).

5. Assessment under section 269ZHD(2)(a) - compliance with section 269ZHC

I consider the application complies with the requirements of section 269ZHC because it:

- is in writing
- is in a form approved by me for the purposes of this section
- contains the information that the form requires
- is signed in the manner indicated by the form, and
- was lodged in a manner approved under section 269SMS, being by email to the commission's email address provided in the instrument under section 269SMS.⁷

6. Assessment under section 269ZHD(2)(b) – reasonable grounds

Applicant's claims

In its application, Dematic claims, among other things, that:

- Since the imposition of measures, exporters from China and Malaysia have maintained their distribution channels to Australia.
- There is significant excess capacity in China and Malaysia's steel making industries, which may be redirected to Australian markets in the absence of measures. Steel hot rolled coil (HRC) is the primary input and major cost component for the goods.

⁷ A copy of the instrument can be found on the Commission's website at www.adcommission.gov.au.

- The Government of China continues to exert significant influence in the Chinese domestic steel industry. As the commission found in REP 441, domestic prices for Chinese steel pallet racking will continue to be substantially different to those that would otherwise prevail in normal competitive market conditions.
- Expiration of the measures would likely lead to recurrence of material injury to the Australian industry in the form of reduced sales and reduced market share as identified in REP 441. In the absence of measures, exporters from the subject countries are likely to increase export volumes to Australia.
- Further, if the measures expire, any projected future growth in demand will not shield the domestic industry from the injurious effects of dumped imports, of which volumes have been shown to outstrip demand in the Australian market.
- The 2022 calendar year, being the likely continuation inquiry period, has been impacted by the disruption of global supply chains associated with COVID-19. Absent these issues, exports from subject countries in 2022 would have been higher. As supply chains stabilise, Australian industry sales volumes will become vulnerable to exports as a result of an increase in volumes.
- Given the substitutability of domestic and import goods, and price-based competition for steel pallet racking in the Australian market, if the measures expire, a significant volume of dumped subject goods from China and Malaysia would again substantially undercut the domestic like product to gain market share. In turn, this would significantly depress and suppress domestic like product prices.

As part of its application, Dematic provided export data for the goods to demonstrate that China and Malaysia continue to export the goods to Australia. It also provided estimates of normal sales and export prices for China and Malaysia, and data to support these estimates.

7. The Commission's consideration

I have examined importation trends based on data sourced from the Australian Border Force (ABF) import database. This analysis indicates that exporters from China and Malaysia have continued to export the goods to Australia in substantial volumes since the imposition of the measures in 2019.

In REP 441, the commission found that the Australian industry had suffered price related injury in the form of price depression and price suppression because of dumped imports from the subject countries. In its application, Dematic claims that demand for steel pallet racking remains highly price sensitive.

I consider that the information provided by Dematic in its application demonstrates that there appear to be reasonable grounds for asserting that exporters from China and Malaysia have maintained distribution links into the Australian market and have the capacity to recommence exporting larger volumes to Australia.

Should the measures expire it appears reasonable to conclude that exporters from the subject countries would obtain a price advantage over the Australian industry, incentivising them to increase volume and market share. Such a price advantage might result in reduced sales volumes and market share to the Australian industry, and/or price injury as the Australian industry seeks to compete with lower priced imports. Volume and price related injury would in turn likely be detrimental to other economic factors such as revenue, profit and profitability.

8. Conclusion

Having regard to the application, Dematic's claims and other relevant information set out in this notice, I am satisfied that, in accordance with section 269ZHD(2)(b), there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

Based on the above findings, I have therefore decided to not reject the application.

9. This continuation inquiry

For the purpose of this inquiry, I will examine the period from 1 January 2022 to 31 December 2022 (the inquiry period) to determine whether dumping has occurred and whether the variable factors relevant to the determination of duty have changed.

Following my inquiry, I will recommend to the Minister for Industry and Science (Minister) whether the notice should:

- (i) remain unaltered or
- (ii) cease to apply to a particular exporter or to a particular kind of goods or
- (iii) have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained or
- (iv) expire on the specified expiry day.

10. Proposed model control code structure

The commission undertakes model matching using a model control code (MCC) structure to identify key characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export.⁸ In developing the MCC structure, the commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price and/or cost. Table 1 outlines the commission's proposed MCC structure for this inquiry.

Item	Category	Sub-category		Sales Data	Cost data
1	Form	B	Beam	Mandatory	Mandatory
		U	Upright		
		BR	Brace		
2	Finish	G	Galvanized	Mandatory	Mandatory
		PC	Powder coated		
		P	Painted		

Table 1: Proposed MCC Structure

Interested parties are encouraged to make a submission on whether any proposed modifications to the MCC structure should be accepted by the commission. Proposals to modify the proposed MCC structure should be raised as soon as is practicable, but no later than **10 May 2023**. Any changes to the MCC structure will be considered by the commission and reported in verification reports or in the statement of essential facts (SEF).

⁸ Guidance on the commission's approach to model matching is in the [Dumping and Subsidy Manual](#).

11. Public record

I must maintain a public record for this inquiry. The Electronic Public Record (EPR) hosted on the Commission's website (www.adcommission.gov.au) contains, among other things, a copy of all non-confidential submissions from interested parties. Documents hosted on the EPR can be provided upon request to interested parties.

12. Submissions

Interested parties, as defined in section 269T(1), are invited to lodge written submissions concerning the continuation of the measures, no later than the close of business on **10 May 2023**, being 37 days after publication of this notice. The Commission's preference is to receive submissions by email to investigations2@adcommission.gov.au.

Submissions may also be addressed to:

The Director, Investigations 2
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Interested parties wishing to participate in the inquiry must ensure that submissions are lodged promptly. Interested parties should note that I am not obliged to have regard to a submission received after the date indicated above if to do so would, in my opinion, prevent the timely placement of the SEF on the public record.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- (i) provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests, or
- (ii) satisfy me that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "OFFICIAL: Sensitive". Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above (clearly marked "PUBLIC RECORD").

13. Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable me to report to the Minister within the legislative timeframe. I will place the SEF on the public record on or before **22 July 2023**, that is, within 110 days after the publication of this notice, or by such later date as I may allow in accordance with section 269ZHI(3).⁹ The SEF will set out the essential facts on which I propose to base a recommendation to the Minister concerning the continuation of the anti-dumping measures.

Interested parties are invited to lodge submissions in response to the SEF within 20 days of the SEF being placed on the public record. Submissions received in response to the SEF within 20 days of the SEF being placed on the public record will be taken into account in completing my report and recommendation to the Minister.

⁹ As this date is a Saturday, the effective due date becomes the next working day.

14. Report to the Minister

I will make a recommendation to the Minister in a report on or before **5 September 2023**, that is, within 155 days after the date of publication of this notice, or such later date as I may allow in accordance with section 269ZHI(3).

The Minister must make a declaration within 30 days after receiving the report, or if the Minister considers there are special circumstances, such longer period, ending before the specified expiry day, as the Minister considers appropriate. If the Minister receives the report less than 30 days before the specified expiry day, the Minister must make the declaration before that day.

15. The Commission Contact

Enquiries about this notice may be directed to the Case Manager by emailing investigations2@adcommission.gov.au.

Dr Bradley Armstrong PSM
Commissioner
Anti-Dumping Commission

3 April 2023