Australian Government
Department of Industry, Innovation and Science

Anti-Dumping Commission

Received
Anti-Dumping Commission 14/07/2023

Application for the continuation of a dumping and/or countervailing notice or continuation of an undertaking

For Public File

ANTI-DUMPING COMMISSION
Form B600
September 2017

APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901* FOR THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING DUTY NOTICE OR CONTINUATION OF AN UNDERTAKING

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act) that the Minister:

[X] continue a dumping duty notice, or

[ ] continue a countervailing duty notice, or

[ ] continue the undertaking given under the Act by

(Name of company or organisation)

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:	
Name:	Ian Forbes
Position:	Head of Sales, Comsteel Products
Company:	Commonwealth Steel Company Pty Ltd
ABN:	58 000 007 698
Date	14 July 2023

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '*Instructions and Guidelines for applicants: Application for continuation'* on the Commission's website.

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Fax: (03) 8539 2499

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act* 2001), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Required information

1. **Provide details of the name, street and postal address, of the applicant seeking the continuation.**

The applicant requesting the continuation of the anti-dumping measures on iron ore railway wheels exported to Australia from the People's Republic of China ("China") and France is Commonwealth Steel Company Pty Ltd ("Commonwealth Steel Company").

Commonwealth Steel Company trades as "Molycop". The address of the Commonwealth Steel Company is as follows:

Commonwealth Steel Company Pty Ltd
Maud Street
Waratah NSW 2298

2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

Contact: Mr Ian Forbes
Position: Sales & Marketing Manager
Tel: (02) 4974 0416
Email: Ian.Forbes@molycop.com

3. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.

The following exporters would have an interest in a continuation inquiry:

China

Maanshan Iron & Steel Co., Ltd
8 Jiu Hua Xi Road
Maanshan City, Maanshan
Anhui 243003 China
Tel: +86 555 288 8158/86, 555 287 5251
Fax: +86 555 288 7284
Email: mggf@baowugroup.com

France

MG-Valdunes SAS
BP 12 – Rue Gustave Delory
Trith Saint Leger France 59125
Tel: +33 (0) 327 23 6262

The following importers/end users would similarly have an interest:

BHP Pty Ltd
125 St Georges terrace
Perth WA 6000
Tel: (08) 6321 0000

Rio Tinto Ltd
152/158 St Georges Terrace
Perth WA 6000
Tel: (08) 9327 2000

Fortescue Metals Group Ltd
Level 2
87 Adelaide Terrace
East Perth WA 6004
Tel: +61 8 6218 8888
Fax: +61 8 6218 8880

Roy Hill Pty Ltd
PO Box Locked Bag No.42
Welshpool DC WA 6986
Tel: +61 8 6242 1000
Fax: +61 8 6242 1200

4. **The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the "Guidelines for Preparing an Application for Continuation of Measures" for assistance.**

   Refer Attachment A.

5. **The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:**

   - **tariff classification**

     The iron ore railway wheels ("the goods") are classified to tariff subheading 8607.19.00 statistical code 20 in Schedule 3 to the Customs Tariff Act 1995.

   - **the countries or companies**

     The countries to which the measures apply are China and France.

   - **specified date of publication of the measure**

     The measures were imposed by the then Minister for Industry, Science and Technology on 12 July 2019 (Refer Invest No. 466 EPR Document No. 091). ADN No. 2019/030 notified the decision of the Minister.

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:

- preferably, email, using the email address clientsupport@adcommission.gov.au, or

- post to:

  The Commissioner of the Anti-Dumping Commission
  GPO Box 2013
  Canberra ACT 2601, or

- facsimile, using the number (03) 8539 2499.

Public Record

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the

Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the "Guidelines for Preparing an Application for Continuation of Measures" for assistance.

(i) Subject goods – iron ore railway wheels

The goods the subject of anti-dumping measures that are due to expire on 16 July 2024 are as follows:

> *Forged and rolled steel, high hardness, nominal 38-inch (or 966 mm to 970mm) diameter, railway wheels, whether or not including alloys.*

Axles and other components are excluded from the goods coverage.

The railway wheels are manufactured in accordance with the relevant user defined specifications and drawings, and are used on rail carriages used to transport iron ore. The users of these type of railway wheels are:

- BHP Ltd (BHP);
- Rio Tinto Ltd (Rio Tinto);
- Fortescue Mining Group (FMG); and
- Roy Hill Holdings Pty Ltd (Roy Hill).

The railway wheels used in all user applications have the following typical characteristics:

- 38 inch or 966 mm to 970 mm diameter and of similar overall dimensional tolerances and shape;
- manufactured from a high carbon steel with the addition of micro alloying elements to achieve hardness and mechanical properties as defined in the user specifications;
- manufactured using a forging and rolling process in accordance with defined standards;
- suitable to operate at axle loads above 36 metric tonnes; and
- a multi-wear rim.

Comsteel manufactures a range of railway wheels however the Anti-Dumping Commission ("the Commission") was satisfied that the iron ore railway wheels were distinct and other railway wheels manufactured by Comsteel are not like goods.

(ii) Application coverage

The anti-dumping measures apply to all iron ore railway wheel exporters in China and France.

PART A – Will the dumping continue, or recur?

(iii) Anti-dumping actions by other countries

Comsteel is not aware of anti-dumping measures in other jurisdictions that apply to exports of iron ore railway wheels from China and France.

(iv) Relevant evidence as to the current normal values for iron ore railway wheels in China and France

Anti-Dumping Commission Report No. 466 confirmed the following dumping margins for exporters of certain railway wheels to Australia during the 2017 investigation period:

Country	Exporter	Dumping Margin %
China	Maanshan Iron & Steel Co Ltd (Masteel)	17.4%
	Uncooperative and all other exporters	17.4%
France	MG-Valdunes SAS (Valdunes)	37.2%
	Uncooperative and all other exporters	37.2%

The dumping margins determined for all exporters were significant that resulted in lost and forgone sales for the Australian industry, along with price undercutting and prices suppression impacting Comsteel's profit and profitability. The Commission was satisfied that Comsteel had suffered material injury during the investigation period and that this injury was likely to continue in the absence of measures.

(a) Normal values

In the original investigation (refer Report 466) the Commission received cooperation from Masteel in China and Valdunes of France. Report 466 detailed the basis for normal values in China (section 6.5) and France (Section 6.6).

(i) China

Report 466 Normal Value

The Commission established that Masteel did not sell like goods on the domestic market in China. As normal values could not be determined under subsection 269TAC(1) using domestic market sales, normal values for China could be determined in accordance with subsection 269TAC(2)(c) being the sum of:

- the cost of production of the goods in China during the investigation period; plus
- an amount for selling, general and administrative costs associated with the sale, plus
- an amount of profit on that sale.

The Commission considered that in the absence of domestic sales of like goods in China, a constructed cost to make based upon production costs plus amounts for S,G&A and profit, is an appropriate "proxy" of the like goods had they been sold domestically in China.

The Commission must also be satisfied that production costs for the like goods are determined in a "competitive manner".

In Report 466, the Commission considered that the Government of China (GOC) exerts influence in the steel and steel input markets in China which impacts costs incurred by Masteel such that the production costs for railway wheels were not determined in a competitive market. The Commission further commented:

> "*These circumstances are not normal and ordinary because the records of Masteel reflect the government influence by the GOC which distorts the costs in the steel and steel input markets in China. As such, they are not suitable to use to work out an amount for the cost of production*

to use in the constructed normal value which would be an appropriate proxy for the price had there been goods sold in the ordinary course of trade in China in arms length transactions, had there not been an absence of sales in the Chinese market. Therefore, Masteel's records relating to the production of steel billet used to produce railway wheels do not reasonably reflect competitive market costs."

The Commission was therefore unable to determine the cost of production for railway wheels from Masteel's records. The Commission thus determined a suitable benchmark for steel billet used in the production of railway wheels to be incorporated into the normal value in order to establish an appropriate proxy for the price of railway wheels sold in the ordinary course of trade in China, had there not been an absence of sales of railway wheels on the domestic market in China.

Importantly, the Commission's selected benchmark methodology involved uplifting Masteel's steel billet input costs to reflect the difference between these costs and the costs incurred by the French producer Valdunes, as adjusted for S,G&A expenses that Masteel would not have incurred in the production of railway wheels in China.

To the adjusted production costs for Masteel, the Commission added amounts for S,G&A and profit determined from the same general category of goods sold by Masteel on the domestic market in China.

Normal value in this application

For the purposes of a Continuation of Measures investigation, there has been significant changes in ownership of both the Chinese producer Masteel and the French producer Valdunes over the intervening period since the Minister's decision to impose measures in July 2019. Valdunes is now also a subsidiary company within the China Baowu Steel Group Corporation (along with Maanshan Iron and Steel Co., Ltd) that is ultimately controlled by the GOC's State-owned Assets Supervision and Administration Commission (SASAC). It is not clear to Comsteel whether the Baowu Steel subsidiary Valdunes continues to purchase raw material steel inputs on the domestic market in France, or whether Valdunes is supplied with GOC influenced steel inputs exported from China by Masteel to its affiliate.

For the purposes of this application, Comsteel has utilized the CRU Spot price billet Italy domestic delivered (US$/T) price for steel billet as the appropriate benchmark into both the China domestic cost of production for Masteel and for Valdunes in France (in the absence of any other suitable information).

The conversion costs, fixed costs, packaging and S,G&A in the normal value for China are based upon Comsteel's costs in the 2022/23 year.

The constructed selling prices for railway wheels produced and sold domestically in China over the 2022/23 period are estimated as follows:

Table 1 – Constructed 2022/23 selling prices for railway wheels – China

	Jul-Sep 2022 A$/MT	**Oct-Dec 2022 A$/MT**	**Jan-Mar 2023 A$/MT**	**Apr-Jun 2023 A$/MT**
Average Selling Price	xxxx	xxxx	xxxx	xxxx

Source: Refer to constructed selling price data at Confidential Attachment 2.

The constructed domestic selling prices for railway wheels in China are at the ex-factory level (and do not include domestic freight to customer).

Detailed breakdowns of cost of production for Masteel are included at Confidential Attachment 2, along with independent source information for raw material steel billet input costs.

Comsteel has compared the quarterly weighted average A$FOB export price for railway wheels from China with the respective normal value. Prima facie dumping margins have been calculated. The calculated dumping margins are above negligible levels (i.e. between xxxx and xxxx per cent). Please refer to Confidential Attachment 2.

(ii) France

Report 466 Normal value

The Commission also determined that Valdunes did not sell like goods (i.e. iron ore railway wheels) on the domestic market in France.

Due to the absence of sales of like goods on the domestic market in France (normal values could not be determined in accordance with subsection 269TAC(1)), the Commission established normal value for Valdunes on a constructed basis (in accordance with subsection 269TAC(2)(c)). The normal values was established as the sum of:

- the cost of production of the goods in China during the investigation period; plus
- an amount for selling, general and administrative costs associated with the sale, plus
- an amount of profit on that sale.

The Commission was satisfied that Valdunes maintains records relating to railway wheels in accordance with GAAP in France. Further, the Commission received no information that would indicate Valdune's costs of production do not reasonably reflect competitive market costs. The Commission therefore worked out the cost of production for railway wheels in France based upon costs set out in Valdunes' records.

The Commission added amounts to Valdunes production costs for S,G&A based upon actual costs incurred by Valdunes. In respect of profit, the Commission determined a level of profit from the same general category of goods sold by Valdunes on the domestic market in France.

Normal values in this application

As indicated above, Valdunes is part of the China Baowu Steel Group Corporation, along with Masteel. Comsteel does not have access to information on where Valdunes now purchases its steel inputs for railway wheels from. It is considered likely, however, that Valdunes is sourcing raw material steel from its affiliate Masteel in China for the production of railway wheels.

It is therefore appropriate to use a benchmark European price for steel billet in the Valdunes constructed normal value to overcome the GOC influence on the Masteel affiliate's steel purchase price for the purpose of normal value.

The conversion costs, fixed costs, packaging and SG&A in the normal value for France are based upon Comsteel's costs in the 2022/23 year.

The constructed selling prices for railway wheels produced and sold domestically in France over the 2022/23 period are estimated as follows:

Table 2 – Constructed 2022/23 selling prices for railway wheels – France

	Jul-Sep 2022 A$/MT	Oct-Dec 2022 A$/MT	Jan-Mar 2023 A$/MT	Apr-Jun 2023 A$/MT
Average Selling Price	xxxx	xxxx	xxxx	xxxx

Source: Refer to constructed selling price data at Confidential Attachment 2.

The constructed domestic selling prices for railway wheels in France are at the ex-factory level (and do not include domestic freight to customer). These are the same as calculated for China as they are based upon domestic European billet prices. Comsteel does not have access to Valdunes annual report data in order to calculate separate conversion rates and SG&A expenses. No margins of dumping have been calculated as there were no exports from France during the 2022/23 period.

(v) Have exports continued following the imposition of measures and estimates of export prices

Railway wheels exported from China and France have continued following the imposition of measures in July 2019. The following Table 3 details the imports by calendar year from 2019 to the present.

Table 3 – Import volumes of railway wheels from China and France (2019 to May 2023) (tonnes)

Source	2019	2020	2021	2022	2023
China	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
France	xxxxx	xxxxx	xxxxx	xxxxx	xxxx
Others	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
Total	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx

Source: Australian Bureau of Statistics monthly import data[1] by subscription.

Note: 2023 data is to May 2023 only.

It is evident from Table 3 that China has continued to export railway wheels to Australia despite the operation of the measures. It should be noted that following the acquisition of Valdunes by Masteel (resolution approved by Maanshan Iron & Steel Board in April 2017), the affiliates may have decided to export solely from China (lower dumping measure). Due to the common ownership between the producing companies in China and France, it is considered prudent that Comsteel also seek the continuation of exports to Australia from France even though there has been no exports from the Valdunes facility since the measures were imposed.

Exports of railway wheels to Australia from China (by Masteel) have continued post the imposition of measures in July 2019.

(vi) Have exporters maintained distribution links in Australia?

Table 3 confirms that Masteel of China has continued to supply railway wheels to Australia since the measures were imposed. Masteel provides the goods directly to the end-users and has well established channels of supply.

Comsteel is well aware of Masteel's presence at each of the end-use customers in Australia. The customers do dual source – from Masteel and from Comsteel.

(vii) Do producers/exporters retain excess capacity that may be directed to Australia?

Masteel is part of the fully integrated steel manufacturer Baowu Group of companies that has access to available raw material inputs that enables it to increase production of steel products (including railway wheels) as required.

Information on installed capacities and utilization rates for railway wheels at Masteel in China and Valdunes in France are not readily available to the general public. It is therefore difficult for Comsteel to state with a high degree of confidence whether either producer has installed excess capacity to supply the Australian market (should the measures expire).

Comsteel is aware that the Baowu Group operated at a high utilization rate (i.e. 97 per cent) in 2022 for "steel products" which includes railway wheels. It is noted however that in terms of Chinese exports of

[1] Refer Confidential Attachment 3 for ABS import data for railway wheels exported to Australia from China and France 2018 to 2023.

railway wheels globally, China's export value[2] in 2022 ($xxxM) in US$ terms is down on the previous three years (for Top 25 export destinations from low of $xxxM peaking at $xxxM in 2020) – indicating that China does possess excess capacity to grow export volumes of railway wheels if required.

Table 3 above confirms that Valdunes of France has not been exporting railway wheels to Australia following the imposition of measures. Valdunes would be able to re-commence exports of railway wheels to Australia should the measures expire (and Masteel elects to supply from its plant in France).

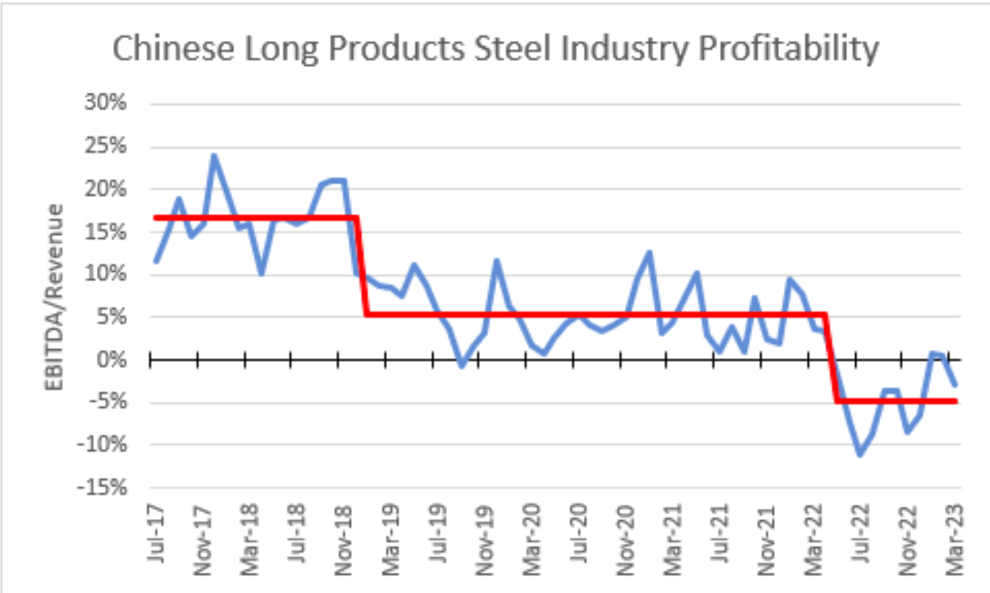
(viii) Will future exports of railway wheels from China and France be at dumped prices?

Comsteel has contrasted the constructed normal values for railway wheels produced in China on a quarterly basis over the twelve month period of the 2022/23 year, with unit import prices for railway wheels classified to tariff subheading 8607.19.00 statistical code 20.

Comsteel has identified at Confidential Attachment 2 that the goods exported from China in 2022/23 have margins of dumping above negligible levels. It is therefore considered likely that future exports of railway wheels to Australia from China will also be at dumped prices.

A further concern for Comsteel is the softening domestic demand in China for steel products. Comsteel is aware that Chinese producers are aggressively pricing exports to secure increased sales volumes. With a decline in domestic sales volumes it follows that production utilization rates for steel products in China is falling. The following steel industry profitability chart (Source: *Name*) demonstrates prices have declined dramatically (-20 per cent) relative to when Comsteel made an application for anti-dumping measures.

Figure 1 – Chinese long products steel industry profitability



Source: [*Name]*.

Comsteel is therefore firmly of the view that future exports of railway wheels from China will likely be at dumped prices.

[2] Refer Confidential Attachment 4 – export values for China and France for railway wheels classified to 8607.10.

PART B – Will material injury recur?

A. Summary

Comsteel considers that in the event the measures on exports of railway wheels to Australia from China and France are allowed to expire on 16 July 2024, it is likely that the Australian industry will again experience a recurrence of material injury that the anti-dumping measures are intended to prevent. The expiration of the measures will seriously undermine and threaten the viability of domestic railway wheels manufacture in Australia.

B. Market trends

Volume and value of imports, and sources of imports;

The volume of railway wheels exported from China has increased following the imposition of anti-dumping measures in July 2019. China remains the only source of imports for the subject goods. By contrast, export volumes from France have evaporated following the then Minister's decision to impose measures (perhaps due to the higher interim dumping duties applicable on exports from France viz-a-viz China).

In the 2017 investigation period, there were approximately xxxx units exported from China to Australia (an increase on the xxxx units in 2016). In 2018, the volume of imports from China increased to xxxxx units, and over the next two years increased further to xxxxx units and xxxxx units respectively. There was a reduction to just under xxxxx units in 2021, and maintaining this level in 2022.

The import volume from China in 2023 will again be more than 100 per cent increase over the volumes that were sourced from China in the 2017 investigation period.

By contrast, Comsteel's sales volumes have remained stable at 2017 levels in 2018, before declining in 2020 and returning to approximately 2017 levels in 2021. Volumes in 2022 were below sales levels in 2017.

Comsteel attributes the increase in the export volumes from China to the level of measures that do not reflect contemporary steel prices – certainly from early 2020 to the present. The continuation of the measures reflecting contemporary production costs for railway wheels will address this current imbalance (involving low floor price in IDD)

Comsteel understands that Masteel is interested to displace local supply at the four customers of iron ore railway wheels in Australia. This will likely occur should the measures be allowed to expire.

- **Performance of the local industry (profits, trends, investment and employment)**

Comsteel experienced a slight improvement in profit following the imposition of measures in July 2019. This improvement was short-lived as sales volumes declined and, thereafter, as steel input costs increased, Comsteel has experienced price depression (in part contributed to by the non-contemporary measures).

Comsteel seeks to increase its sales to customers in Australia but is hampered by the low prices for imported Chinese railway wheels. Comsteel experiences price-undercutting for Masteel railway wheels at each request for tender and, in order to secure volumes, has to be price competitive with the imported dumped and injurious Masteel exports.

It should be noted that the economic performance of non-iron ore railway wheels business provides a [*performance*] and does not experience the same degree of price pressures (i.e. significant price undercutting from Chinese imports) as it experiences in the high volume, iron ore railway wheels market.

- **Likelihood of material injury in the absence of anti-dumping measures**

In Report 466, the Commission found that Comsteel had suffered injury in the following forms:

- loss of sales volume;
- loss of market share;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced return on investment;
- reduced capacity utilization;
- reduced employment numbers;
- reduced revenue;
- reduced production volumes.

The injury suffered by Comsteel during the 2017 investigation period was, in the Commission's view, material in nature. The Commission investigated the cause of the injury sustained by Comsteel and had regard to the factors that influenced the customers' purchasing decisions. The Commissioner was satisfied that "*the procurement decisions by Comsteel's customers were predominantly based on price*". Comsteel consequently lost sales in competition with imports at dumped prices.

Comsteel continues to experience in 2023 price pressures (leading to unsuccessful tender supply outcomes over the period 2019 to 2023) from dumped and injurious exports of railway wheels produced by Masteel and exported from China. Whilst there has been an absence of exports of the goods from the Valdunes production facility in France since the measures were imposed, it is considered likely that should the measures not be continued on France (and measures continued on China) there is high likelihood that exports from France to Australia would re-commence.

The relevant considerations of the Commissioner in determining the injury suffered by Comsteel (as per Report 466) was material included:

- the size of the dumping margins for the goods imported from China (17.4 per cent) and France (37.2 per cent) were significant;
- the increased volumes (cumulative) of exports from China and Malaysia in 2016 and 2017;
- the price impact of the dumped goods which, due to the levels of dumping, significantly undercut Comsteel's selling prices and caused price suppression to Comsteel;
- lost profits due to the loss of sales volumes through unsuccessful tenders secured by the dumped imports;
- reduced return on investment (i.e. reduced profits and profitability); and
- loss of production volumes thereby causing a reduction in capacity utilization.

Ultimately, it was the price advantage afforded to the dumped exports from China and France that caused the Australian industry to lose tenders and sales volumes impacting profit. Comsteel could not pass on cost increases due to the relative transparency of pricing in the market for goods that are price sensitive.

- **Continuation of measures**

This application for the continuation of measures on railway wheels exported to Australia from China and France demonstrates that the sole Australian producer of the goods in Australia continues to experience price undercutting and reduced sales volumes of the goods due to unfairly priced exports from China.

Comsteel submits that the Chinese exporter Masteel has increased export sales to Australia due to the non-contemporary nature of the measures (based upon steel input prices in 2017) and that the floor price mechanism in the measures reflects a significantly lower cost of production (from 2017) than at the present time.

Comsteel has demonstrated that producers in China and France are active on the export market with export sales from both countries increasing significantly since 2017. It would therefore appear likely that in the absence of measures in Australia, export volumes and values to Australia from both China and France would increase. Comsteel does not consider that an absence of exports from France to Australia is of itself a sufficient reason to allow the measures to expire. The common ownership of the Chinese producer Masteel and the French producer Valdunes provides an opportunity for the parent company to shift export volumes from one production facility (i.e. Masteel in China) to the other (Valdunes in France).

It is therefore imperative that the measures on exports from both China and France not be allowed to expire.

The Commissioner's findings in Report 466 concerning the magnitude of the dumping margins that enabled the exporters to offer railway wheels to end-use customers at significantly lower prices *than otherwise would have been the case* continues to apply in 2022/23. Comsteel contends that the dumping has continued in 2022/23 as export prices from China do not reflect the contemporary market prices for steel used in the manufacture of the exported goods.

Comsteel understands from customer feedback that its selling prices for railway wheels in recent periods have been undercut by between 20 and 30 per cent by exports from China. Customer feedback on pricing is limited as tenders are typically for twelve-month periods. Please refer to available customer feedback at Confidential Attachments 5, 6 and 7 in respect of three end-use customers available to Comsteel. The information confirms in two of three customers, Comsteel's selling prices have been significantly undercut.

The price undercutting experienced by Comsteel is likely to persist until the measures are revised to contemporary levels. Comsteel does consider that the measures did have the initial, desired impact following imposition, however, the benefit of the measures has decreased with subsequent increases in raw material steel prices. This application seeking the continuation of the measures on exports of railway wheels from China and France has demonstrated that the exports from China continue to be at dumped prices, the exporters Masteel of China and Valdunes of France are large exporters of railway wheels (according to published export data) and that Masteel has maintained distribution channels into the Australian market through the life of the measures. Comsteel has continued to experience rigorous price competition from Chinese imports of the goods, with significant levels of price undercutting apparent.

It is therefore considered likely that should the measures be allowed to expire on 16 July 2024 the advantage afforded to the dumped exports by Masteel (whether it be from the facility in China, or from Valdunes production facility in France) will cause a recurrence of the material injury that the measures are intended to prevent. The expiration of the measures will seriously undermine and threaten the viability of domestic railway wheels manufacture in Australia. The material injury that will likely occur will be in the forms of increased price undercutting, lost sales volumes due to the price sensitive nature of purchases in the industry, and reduced profits and profitability.

Comsteel requests the Commissioner to commence an investigation into Comsteel's claim that should the measures be allowed to expire it is considered likely that the Australian industry (as represented by Comsteel) will experience a recurrence of the material injury that the anti-dumping measures are intended to prevent.

Conclusion

The Commissioner's finding in Report 466 (at Section 9.5) stated:

> "*Based upon the available evidence, the Commissioner considers that exports of railway wheels from the subject countries in the future may be at dumped prices. The Commissioner finds that the Australian industry has been materially injured by the dumping, and that such continued dumping may cause further material injury to the Australian industry*."

Comsteel has detailed in this application that following the imposition of measures in July 2019 exports of railway wheels to Australia from China have continued, the price undercutting from the alleged dumped exports is significant, and the Australian industry continues to experience material injury linked to the exports. Comsteel has also demonstrated that the exports from China have increased in volume across the duration of the measures. The absence of exports from France following the imposition of measures and the change in ownership of the Valdunes France plant (now a member of the China State-Owned Baowu Group of which Masteel is also a subsidiary company) does not mean that the new owners will not export from Valdunes to Australia in future. It is therefore considered essential that the measures are continued on exports of the goods from both China and France.

It is Comsteel's view that there exists a strong likelihood of a recurrence of injury to the Australian industry should the measures be allowed to expire. The position at the time of making this application for the continuation of measures is similar to when Comsteel requested measures in 2018. The influence of the alleged dumped exports on the Australian industry's economic performance is material and contemporary measures are required to address the current injury that is being experienced. Additionally, Comsteel is concerned that domestic demand in China for steel products has slowed and producers are actively seeking our increasing export sales at reduced prices to maintain production utilization rates.

Comsteel submits that should the anti-dumping measures on railway wheels exported from China and France be allowed to expire on 16 July 2024 it is likely that the Australian industry would experience a recurrence of dumping and material injury that the measures are intended to prevent. In particular, the continued exports from China at significant margins of dumping that undercut Comsteel's price offerings continue to have an adverse effect on Comsteel's economic performance.

Comsteel requests the Commissioner to commence an investigation into the continuation of anti-dumping measures on railway wheels exported to Australia from China and France to examine whether it is appropriate for the Commissioner to recommend to the Minister that the measures not be allowed to expire (and continued for a further five-year period) from 16 July 2024.

List of Attachments:

Attachment No.	Description	Confidential/Non-Confidential
1	Letters of Authority	Confidential
2	Normal value information – China and France	Confidential
3	ABS Import data – railway wheels	Confidential
4	*Name of Source* Export data for 8607.19 for China and France, and Import data of China and France exports	Confidential
5	Customer negotiations summary	Confidential
6	Customer negotiations summary	Confidential
7	Customer negotiations summary	Confidential
	Comsteel Appendices A1 to A7 to 30 June 2023	Confidential