



Australian Government  
Department of Industry,  
Science and Resources

Anti-Dumping  
Commission

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## **Consideration report number: 644**

Application for a dumping duty notice and  
a countervailing duty notice

Submitted by: Abey Australia Pty Ltd

In relation to interchangeable bolted clipping system brackets  
exported to Australia from the People's Republic of China

25 June 2024

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# ABBREVIATIONS

Abbreviations / short form	Full reference
Abey Australia	Abey Australia Pty Ltd
ABF	Australian Border Force
ABS	Australian Bureau of Statistics
the Act	<i>Customs Act 1901 (Cth)</i>
ASCM	<i>WTO Agreement on Subsidies and Countervailing Measures</i>
China	the People's Republic of China
the commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
CTM	cost to make
CTMS	cost to make and sell
GOC	Government of China
HRC	hot rolled coil
HSS	hollow structural sections
interchangeable brackets / the goods	interchangeable bolted clipping system brackets
MEPS	MEPS International Ltd
PMS	particular market situation
REP 529	<i>Anti-Dumping Commission Report No 529</i>
REP 590	<i>Anti-Dumping Commission Report No 590</i>
SG&A	selling, general and administration

# 1. FINDINGS AND RECOMMENDATIONS

This report provides the result of the consideration by the Anti-Dumping Commission (the commission) of an application under section 269TB(1)<sup>1</sup> of the *Customs Act 1901* (the Act) by Abey Australia Pty Ltd (referred to as ‘the applicant’ or ‘Abey Australia’) for the publication of a dumping and countervailing duty notices in respect of interchangeable bolted clipping system brackets (referred to as ‘interchangeable brackets’ or ‘the goods’) exported to Australia from the People’s Republic of China (China).

Abey Australia alleges that the Australian industry producing interchangeable brackets has suffered material injury caused by interchangeable brackets exported to Australia from China at dumped and subsidised prices.

The legislative framework that underpins the making of an application and the commission’s consideration of an application is contained in Divisions 1 and 2 of Part XVB of the Act.

## 1.1. Findings

In accordance with section 269TC(1), the Commissioner has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) (as set out in section 2.2 of this report)
- there is an Australian industry in respect of like goods (as set out in section 2.4 of this report)
- there appear to be reasonable grounds for the publication of a dumping and countervailing duty notices in respect of the goods the subject of the application (as set out in sections 3, 4, 5 and 6 of this report).

## 1.2. Decision

Based on the above findings, the Commissioner of the Anti-Dumping Commission (Commissioner) has decided not to reject the application and initiate an investigation to determine whether a dumping duty notice and a countervailing duty notice should be published.

The Commissioner specifies that:

- exports to Australia during the investigation period 1 April 2023 to 31 March 2024 be examined for dumping and subsidisation,<sup>2</sup> and
- details of the Australian market from 1 April 2020 will be examined for injury analysis purposes.

If the Commissioner decides not to reject an application, the Commissioner must give public notice of the decision, at **Non-Confidential Attachment 1**, in accordance with the requirements set out in section 269TC(4).

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<sup>1</sup> All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

<sup>2</sup> As per section 3.2 of *The Anti-Dumping Commission Dumping and Subsidy Manual (December 2021)*, the investigation period is generally the 12 months preceding the initiation date and ending on the most recently completed quarter or month. On initiation of this investigation, the commission will request an additional quarter of information from the applicant.

## **2. THE APPLICATION AND THE AUSTRALIAN INDUSTRY**

The Commissioner finds that Abey Australia’s application satisfies the lodgement requirements and complies with the form and content requirements set out in the Act.

### **2.1. Lodgement of the application**

#### **2.1.1. Legislative framework**

The requirements for lodging an application are set out in section 269TB.

The procedures and timeframes for the Commissioner’s consideration of the application are set out in section 269TC.

#### **2.1.2. The Commissioner’s timeframe**

Table 1 summarises the timeline in relation to the assessment of the application.

Event	Date	Details
Application lodged and received by the Commissioner under sections 269TB(1) and (5)	5 April 2024	The commission received an application from Abey Australia, which alleges that the Australian industry is suffering material injury caused by interchangeable brackets that have been imported into Australia from China at dumped and subsidised prices.
	16 April 2024	The commission notified Abey Australia that the application contained critical and important deficiencies which, if left unaddressed, create doubt on the reasonableness of the grounds for the publication of dumping and countervailing duty notices.
Applicant provided further information in support of the application under section 269TC(2A)	24 April 2024 6 May 2024 17 May 2024 20 May 2024	Further information was received on 4 occasions, and each tranche restarted the 20-day period for consideration of the application.
Consideration decision due under section 269TC(1)	9 June 2024	The Commissioner shall decide whether to reject or not reject the application within 20 days after the applicant provided further information.

**Table 1: The Commissioner’s timeframe for considering an application**

### **2.2. Compliance with section 269TB(4)**

#### **2.2.1. Finding**

Based on the information submitted by the applicant, the Commissioner considers that the application complies with section 269TB(4).

#### **2.2.2. Legislative framework**

Section 269TC(1) requires that the Commissioner reject an application for a dumping and countervailing duty notice if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

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**2.2.3. The Commission’s assessment**

The Commissioner finds that Abey Australia’s application, the original lodgement and the further information complies with section 269TB(4). The table below summarises the commission’s assessment of compliance with section 269TB(4).

Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	Abey Australia lodged in writing confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record on the commission’s website at <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a> .
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (B108) for the purpose of making an application under section 269TB(1).
Contains such information as the form requires under section 269TB(4)(c)	Abey Australia provided: <ul style="list-style-type: none"> <li>• a completed declaration</li> <li>• answers to all questions that were required by Form B108 to be answered by the applicant</li> <li>• completed all appendices required by Form B108, and</li> <li>• sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.</li> </ul>
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of Abey Australia.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	Based on the Abey Australia’s application, it is the sole Australian industry member manufacturing interchangeable brackets. While the commission identified some other Australian suppliers of interchangeable brackets, further analysis identified these entities as supplying imports.  The commission is satisfied that the application is supported by a sufficient part of the Australian industry.
Lodged in the manner approved under section 269SMS for the purposes section 269TB(4)(f)	The application was lodged in a manner approved in the commission’s instrument made under section 269SMS, being by email to an address nominated in that instrument. <sup>3</sup> The application was therefore lodged in a manner approved under section 269SMS(2).

**Table 2: The commission’s compliance assessment of the application**

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<sup>3</sup> *Form and manner of lodging and withdrawing applications relating to anti-dumping matters: Instrument under section 269SMS of the Customs Act 1901, 23 November 2018.*

## 2.3. The goods the subject of the application

### 2.3.1. The goods

The table below outlines the goods as described in the application.

Full description of the goods, as subject of the application
<p>Interchangeable bolted clipping system brackets, whether or not galvanized, whether or not including nut and bolt, including the following brackets:</p> <ul style="list-style-type: none"> <li>• light hanging bracket with elongated slot and square hole for interlocking coach bolt and nut ;</li> <li>• stand-off bracket with elongated slot and square hole for interlocking coach bolt and nut;</li> <li>• adjustable stand-off bracket with elongated slot for interlocking coach bolt and nut;</li> <li>• all-thread bracket with elongated slot and square hole for interlocking coach bolt and nut; and</li> <li>• welded nut bracket with elongated slot and square hole for interlocking coach bolt and nut.</li> </ul>
Further information
<p><u>Supporting physical appearance information</u></p> <p>The interchangeable bolted clipping system brackets (hereafter also referred to as ‘interchangeable brackets’) are manufactured from galvanised hot rolled coil (‘HRC’).</p> <p>The grade of galvanised HRC is Z275 grade and is of varying thicknesses of 1 mm to 4 mm, dependent upon the model of steel bracket.</p>

**Table 3: The goods description**

#### Additional information provided by Abey Australia

Abey Australia provided further information in its application to assist in describing the goods.

Abey Australia states that the interchangeable bolted clipping system brackets are spaced intermittently to hold horizontal and vertical piping in place in plumbing applications.<sup>4</sup>

A video of Abey Australia’s interchangeable bolted clipping system incorporating the subject steel brackets is available at: <https://www.youtube.com/watch?v=m7lbs6UCVps&t=129s>

Abey Australia designed, produced, and commercialised the unique steel interchangeable bolted clipping system brackets and bolted clip-heads for use in piping systems in 1976 for the Australian market. The interchangeable bolted clipping system comprises brackets and bolted clip heads (not sold as a system, but separately). Saddle clips are also manufactured by Abey Australia for use in adhering piping systems to replace the then bulky and cumbersome steel clips used for heavier galvanised water pipes. Abey Australia is the only Australian manufacturer of interchangeable bolted clipping system brackets and clip-heads.

Abey Australia’s steel brackets, bolted clip heads and saddles were copied by Chinese manufacturers and have been produced in bulk (often with the same Model No in order to be identifiable with Abey Australia’s products) and exported to Australia.

Abey Australia states that the application includes, *inter alia*, the following steel bracket models:

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<sup>4</sup> Australian Standard AS 3500 requires a minimum spacing and frequency of distance between fastening points.



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Model	Model No	Thickness (mm)	Size
Light hanging brackets	0059	1.5	300 mm
Stand-off brackets	0060	2	Standard
Adjustable stand-off brackets	0080	2	Standard
All-thread brackets	0061M	4	Includes 2 x 10mm nuts
Welded Nut bracket 10 mm	0063	4	Includes steel nut

**Table 4: Abey Australia’s list of subject goods<sup>5</sup>**

**2.3.2. Tariff classification**

The goods are generally, but not exclusively, classified to the following tariff classifications in Schedule 3 of the *Customs Tariff Act 1995*.

Tariff classification				
Tariff code	Description			
7326	Other articles of iron or steel			
7326.90.90	Statistical code	Unit	Description	Duty rate
	60	..	Other	5% CA:Free
Tariff code	Description			
7318	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter- pins, washers (including spring washers) and similar articles, of iron or steel:			
7318.15.00	Statistical code	Unit	Description	Duty rate
	51, 52 56, 57, 58, 59, 60, 62, 63, 64, 65, 66, 68, 69, 70, 71, 90 (All)	No	Other screws and bolts, whether or not with their nuts or washers	5%

**Table 5: General tariff classification for the goods**

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods the subject of the application. Please refer to the goods description in section 2.3.1 for authoritative detail regarding the goods the subject of the application.

**2.4. Like goods and the Australian industry**

**2.4.1. Finding**

The Commissioner is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- Abey Australia produces goods that are identical to, or have characteristics that closely resemble, the goods the subject of the application, and
- at least one substantial process in the manufacture of those goods is carried out in Australia.

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<sup>5</sup> EPR 644 – document no 1, Abey Australia’s Application, Table 1, p 11.

**2.4.2. Legislative framework**

Section 269TC(1) requires that the Commissioner reject an application for a dumping or countervailing duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), 269T(3), 269T(4), and 269T(4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

**2.4.3. Locally produced like goods**

The Commissioner is satisfied that the goods produced locally by Abey Australia are ‘like’ to the goods subject of the application. The table below summarises the commission’s assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

Abey Australia claims that it manufactures interchangeable brackets (‘the goods’) that are ‘alike’ to imported interchangeable brackets. It states that the locally produced interchangeable brackets look the same (i.e. are identical) and perform the same functions as the imported interchangeable brackets.

It is claimed that the locally produced interchangeable brackets are similar in length (where applicable) and other dimensions such that the locally produced and imported interchangeable brackets cannot be differentiated by sight. The locally produced brackets and imported interchangeable brackets can be used interchangeably in horizontal or vertical piping applications.

Abey Australia states that its interchangeable brackets are manufactured from galvanised hot rolled coil (HRC). Only certain models of the galvanised steel brackets are subsequently powder coated by Abey Australia on a dedicated powder coating line.

<b>Factor</b>	<b>Abey Australia’s claims</b>	<b>The commission’s assessment</b>
Physical likeness	The primary physical characteristics of the imported goods and locally produced goods are identical in nature.	<p>Both the imported goods and goods manufactured by Abey Australia appear to have similar physical characteristics in terms of shape, dimensions, and appearance.</p> <p>The commission viewed some of these goods on the website of the Chinese producer listed in the application.<sup>6</sup> The imported goods were also available on the listed importer’s websites.<sup>7</sup></p> <p>Abey Australia’s interchangeable brackets are similarly shown on its website.<sup>8</sup></p>

<sup>6</sup> Ningbo Fenghui Metal Products Co., Ltd <http://www.chinachitong.com/products.asp?SID=74&page=2>

<sup>7</sup> Aztec Australia Pty Ltd <https://www.aztecau.com.au/product-category/iron-grip-clips/bracket/>

Australian Consolidated Plumbing (ACP) <https://acpsales.com.au/catalogue/>

<sup>8</sup> <https://www.abeytrade.com.au/product-category/bolted-clips/brackets-shanks-extensions/>

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<b>Factor</b>	<b>Abey Australia's claims</b>	<b>The commission's assessment</b>
Commercial likeness	The goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the plumbing accessories market	Both the imported goods and the goods manufactured by Abey Australia appear to be commercially alike. Importers of the goods from China are known to be direct competitors of Abey Australia for similar products and sell to common customers in the Australian market.
Functional likeness	The goods and locally produced goods are functionally alike as they have a similar range of end uses in pipe plumbing applications.	Both the imported goods and the goods manufactured by Abey Australia appear to have the same end uses. The goods appear to be functionally substitutable and are claimed to perform to the same standards.
Production likeness	The goods and locally produced goods are manufactured in a similar manner.	As far as the commission is aware, the imported goods and the goods manufactured by Abey Australia would have similar production processes and are likely both manufactured from HRC.
<b>Commission's assessment</b>		
The commission's assessment is that the locally produced goods have characteristics that are identical, or have characteristics that closely resemble, the goods the subject of the application and are, therefore, like goods.		

**Table 6: Like goods assessment**

**2.4.4. Manufacture in Australia**

The table below summarises the commission's assessment of whether at least one substantial process of manufacture is carried out in Australia and whether the like goods are therefore considered to have been manufactured in Australia.

<b>The Applicant's claims</b>
<p>Abey Australia claims that at least one substantial process of manufacture is carried out in Australia. Abey Australia provided a summary of the production process in its application.</p> <p>Abey Australia manufactures interchangeable brackets from HRC (galvanised or stainless steel). Abey Australia source the HRC from local suppliers who source the coils from overseas and domestic suppliers.</p> <p>During production the coil is fed through a press tool that has multiple stages of progression which help transform the slit coil into the finished product (interchangeable brackets). The finished interchangeable brackets are packed into carton boxes with appropriate labelling (which at times is based on the customer's requirements).</p> <p>More detail on the production process is contained in the application.</p>

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<b>The commission’s assessment</b>
<p>The commission is satisfied that at least one substantial process of manufacture in the production of like goods is performed by the applicant in Australia, and therefore the goods may be taken to have been produced in Australia. The commission inspected Abey Australia’s manufacturing facility at Melton, Victoria and observed the manufacturing processes undertaken by the applicant.</p> <p>The commission also notes that the interchangeable brackets are each packaged and sold with a nut and bolt included. The nuts and bolts are imported.</p>

**Table 7: Manufacturing in Australia**

## 2.5. Australian industry information

The table below summarises the commission’s assessment of whether Abey Australia has provided sufficient information in the application to analyse the performance of the Australian industry.

<b>Have the relevant appendices to the application been completed?</b>		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Not applicable
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Not applicable
A7	Other injury factors	Yes
<b>General administration and accounting information – Abey Australia</b>		
History	<p>Abey Australia is a private company that commenced manufacturing safety belt components for passenger vehicles in 1956. Around this time, Abey Australia also began manufacturing masonry, plumbing and timber connectors.</p> <p>Today Abey Australia is a manufacturer of plumbing and building products, as well as an importer of global designer kitchen and bathroom products.</p>	
Ownership	<p>Abey Australia is privately owned by 2 shareholders with a share of 53% and 47% respectively.</p>	
Operations	<p>Abey Australia is a manufacturer of plumbing and building products, including interchangeable brackets and clip-heads, building and masonry ties and strapping. Abey Australia also sells other plumbing and building products through its trade business.</p> <p>Abey Australia also offers a range of kitchen and bathroom products including basin taps and sink ware for retail customers.</p>	
Financial year	<p>Abey Australia’s financial year is 1 July to 30 June.</p>	
Audited accounts	<p>Abey Australia’s accounts are not audited. Abey Australia has provided its annual tax returns for 2022 and 2023.</p>	

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Annual reports	Abey Australia provided its 2022 and 2023 annual reports. Abey Australia also provided internal quarterly financial reports (management reports) for March 2023, June 2023, September 2023 and December 2023.	
Production and sales information	Cost to make and sell information	Other injury factors
The commission considers the information relating to sales and production to be reasonable.	The commission considers the information relating to cost to make and sell to be reasonable.	The commission has no significant concerns or observations in relation to the data provided in Appendix A7.
The commission's assessment		
<p>Based on the information in the application, the Commissioner is satisfied that there is sufficient data on which to analyse the performance of the Australian industry between 1 January 2020 and 30 December 2023.<sup>9</sup> This period is proposed by Abey Australia and is the period the commission has examined to assess Abey Australia's claims for the purposes of this report.</p> <p>Consistent with the commission's usual practice, the investigation will instead examine the four most recently completed financial quarters (i.e. the 12 months ending 31 March 2024) for dumping and countervailing, and the four years commencing 1 April 2020 for the assessment of the economic condition of the Australian industry.</p>		

**Table 8: Application completeness assessment**

**2.5.1. Market size**

The commission has observed that since 2021, the market size for interchangeable brackets has increased year on year. This observation is based on data provided by Abey Australia in its application.

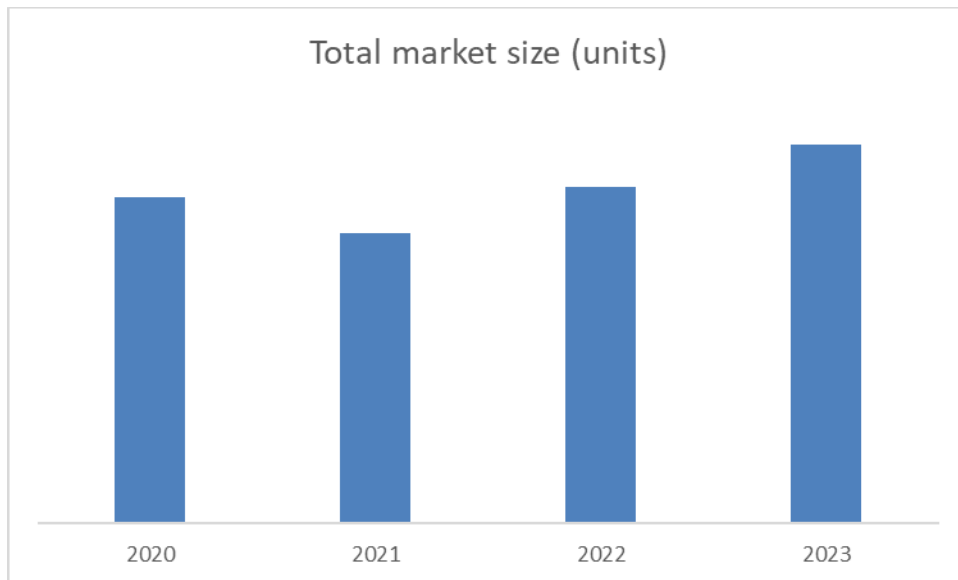
Abey Australia has relied upon market intelligence received from customer feedback in order to estimate the size of the Australian market for interchangeable brackets. Abey Australia stated that import data for interchangeable brackets is not separately identifiable in published Australian Bureau of Statistics (ABS) import statistical data. This is due to the tariff classification for the goods being a generic category that includes a broad range of manufactured items of iron or steel. There is no separate statistical code classification for the subject goods.

The commission has been unable to rely on the Australian Border Force (ABF) import database to estimate the market size of interchangeable brackets in Australia. The commission extracted data from the ABF import database based on the tariff classifications and statistical codes listed in Table 5 in section 2.3.2. While the commission was able to identify some potential exporters and importers that have been listed in the application, the commission was unable to distinguish between the goods and non-goods. The identified importers appear to import a wide range of products under these tariff codes that may or may not be the goods. These tariff codes also do not require a unit of measurement to be included on the import declaration, further making any estimated market size based on ABF data not reliable.

The commission has therefore relied on data from Abey Australia provided with its application in its confidential appendix A2 to estimate the market size. This estimate can be seen below in Figure 1.

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<sup>9</sup> Cost to make and sell (CTMS) data is provided from 1 April 2019. Other injury factors (A7) data includes the Financial Year ending 30 June 2020. The commission may request additional data.



**Figure 1: Size of the Australian market for interchangeable brackets**

Following a downturn in the overall market size in 2021, the size of the market has trended upwards from then onwards.

The commission notes that a clearer understanding of the volume of imported interchangeable brackets in the Australian market will only be obtained through the verification of data throughout the investigation. This may result in volumes which are different to the information presented in this report.

The commission's assessment of the Australian market size for integrated brackets is found in **Confidential Attachment 1**.

## 3. REASONABLE GROUNDS - DUMPING

### 3.1. Findings

Pursuant to section 269TC(1)(c), the Commissioner considers that there appear to be reasonable grounds to support the claims that:

- the goods have been exported to Australia from China at dumped prices
- the estimated dumping margin for exports from China is greater than 2% and therefore is not negligible, and
- the estimated volume of goods from China that appear to have been dumped is greater than 3% of the total Australian import volume of goods and therefore is not negligible.

The Commission's volume analysis and dumping analysis is at **Confidential Attachment 1**.

### 3.2. Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister for Industry and Science must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This is considered in the following sections.

### 3.3. Export price

#### 3.3.1. Legislative framework

Export price is determined by applying the requirements in section 269TAB taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

#### 3.3.2. The applicant's estimate

The table below summarises the approach taken by Abey Australia to estimate export prices and the evidence relied upon.

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Country	Basis of estimate	Details
China	Deductive export price based on Abey Australia's market intelligence from customers, its own costs and knowledge of the industry.	<p>Abey Australia has estimated a deductive export price based on selling prices of the goods sold in the Australian market from the importer to wholesalers/distributors of plumbing supplies.</p> <p>The export price is based on competitive price offers for imported Chinese interchangeable brackets across the five model codes that account for approximately 96% of Abey Australia's sales.</p> <p>Abey Australia has calculated an export price at free on board (FOB) level in the country of export by estimating the costs that an importer would incur.</p> <p>Abey Australia calculated the deductive export price as the price paid by a wholesaler/distributor in Australia to the importer, less amounts for:</p> <ul style="list-style-type: none"> <li>• profit (5%)</li> <li>• delivery to buyer</li> <li>• warehousing</li> <li>• selling, general and administration (SG&amp;A) expenses</li> <li>• freight from wharf to store</li> <li>• import clearance and handling</li> <li>• ocean freight.</li> </ul> <p>Abey Australia considers that the importer would incur similar domestic freight and warehousing costs, and similar SG&amp;A expenses to those incurred by itself. Abey suggests a level of importer profit of 5% to be reasonable.</p> <p>These amounts (with exception of profit) have been sourced from Abey Australia's average expenses for calendar year 2023.</p>

**Table 9: Abey Australia's estimate of export prices from China**

**3.3.3. The commission's assessment**

The Commissioner considers that the deductive export price method is a reasonable and reliable basis on which to assess the applicant's claims regarding alleged dumping.

As discussed in section 2.5.1, the commission has been unable to obtain relevant data from the ABF import database. Abey Australia was also unable to obtain import data from the ABS to estimate import pricing. The commission is not able to establish an export price, as there is no tariff classification sub-category covering interchangeable brackets and they are classified under a broader general category.

The commission examined the calculations and supporting evidence provided by Abey Australia for the estimation of export prices and finds that these are reasonable. The commission accepts that an applicant can only provide information in its application that is reasonably available to it. The commission considers that the evidence provided is sufficient, and the assumptions and methodology used is appropriate for the evidence available.

The commission does not have any other information to estimate export prices at this stage.

As a result, based on the assessment of the information provided by Abey Australia, for the purposes of this report, the Commissioner considers that the deductive export price method is a reasonable and reliable basis on which to assess the applicant's claims regarding alleged dumping.



Abey Australia's calculation of export price and the commission's analysis is provided at **Confidential Attachment 1**.

### **3.4. Normal value**

#### **3.4.1. Legislative framework**

Normal value is determined by applying the requirements in section 269TAC, taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA
- the goods were sold in the ordinary course of trade under section 269TAAD
- there has been an absence or low volume of sales of like goods in the country of export, and
- the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

#### **3.4.2. The applicant's estimate**

The table below summarises the approach taken by the Abey Australia to estimate normal values and the evidence relied upon.

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Country	Basis of estimate	Details
China	<p>Abey Australia understands that the goods subject to the application are not sold on the Chinese domestic market.</p> <p>If the goods manufactured were sold in China, Abey Australia claims that due to Government of China (GOC) influence on raw material HRC selling prices in China, that a particular market situation (PMS) for the goods exists.</p> <p>Abey Australia has therefore relied on constructed selling prices for the range of bolted clipping system brackets for normal value purposes.</p> <p>They have been constructed under section 269TAC(2)(c).</p>	<p>Abey Australia has estimated constructed normal values in accordance with section 269TAC(2)(c).</p> <p>Abey Australia has based this on its own production costs, adjusted for steel input costs for Korea and Taiwan on a quarterly basis (between January 2023 and December 2023) due to a PMS in China for interchangeable brackets.</p> <p>A constructed normal value for the five main models that account for approximately 96% of Abey Australia's locally produced interchangeable brackets was calculated. These being:</p> <ul style="list-style-type: none"> <li>• light hanging brackets (300 mm)</li> <li>• stand-off brackets</li> <li>• adjustable stand-off brackets</li> <li>• all thread brackets</li> <li>• welded nut brackets (10 mm).</li> </ul> <p>The normal values were constructed as follows:</p> <p><u>Cost to make (CTM)</u></p> <ul style="list-style-type: none"> <li>• Quarterly average price for HRC in Taiwan and Korea based on MEPS data.</li> <li>• Abey Australia's production costs for metal pressing, packaging, nuts and bolts, and fixed manufacturing costs.</li> </ul> <p><u>SG&amp;A costs</u></p> <ul style="list-style-type: none"> <li>• SG&amp;A costs are based upon Abey Australia's estimate of 10% of CTM, which it considers is reasonable for a manufacturer.</li> </ul> <p><u>Profit</u></p> <ul style="list-style-type: none"> <li>• 10% profit has been applied to arrive at a selling price for each quarter during the 2023 calendar year.</li> </ul> <p><u>Adjustments</u></p> <ul style="list-style-type: none"> <li>• Abey Australia has not made any adjustments and has based constructed normal values on the best available information.</li> </ul>

**Table 10: Abey Australia's estimate of normal value**

**3.4.3. The commission's assessment**

The Commissioner considers that the constructed normal value calculations by Abey Australia are reasonable.

The Commissioner must determine whether there appear to be reasonable grounds for supporting a claim that the goods have been exported at dumped prices. The Commissioner is therefore required to assess whether the estimated normal values provided in the application are reasonable.

Based on the information available, the Commissioner considers that the inputs used in the constructed normal value calculations by Abey Australia are reasonable. The cost of production has been based on publicly available information using MEPS International Ltd (MEPS) Taiwan and Korean HRC prices for the raw material input. This price is unlikely to have included slitting costs and may even slightly understate the final raw material cost. The commission considers it

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reasonable for Abey Australia to add its own production costs to convert this from the raw material to the end product (interchangeable brackets). The SG&A costs, plus profit added also appear reasonable and are consistent with previous investigations undertaken by the commission.

### Particular market situation claims

Based on the information available, the Commissioner considers it reasonable for Abey Australia to claim that a PMS exists in the Chinese interchangeable brackets market.

Abey Australia has based its claim that a PMS exists within China, and that prices in the domestic market cannot be properly compared with prices in the export market, on previous findings by the Commissioner. The application specifically refers to findings from *Anti-Dumping Commission Report No 590* (REP 590) for hollow structural sections (HSS) exported to Australia from China.

Abey Australia states that interchangeable brackets are produced from either galvanised (or black) steel HRC. This being similar to HSS, which was confirmed by the Commissioner in REP 590 to be produced from HRC, including some HRC that is galvanised (similar to interchangeable brackets). Abey Australia outlined that the Commissioner concluded that manufacturers of HSS had access to lower priced raw materials (HRC) (due to the PMS in China), than producers in Korea, Taiwan and Australia. Abey Australia outlined in its application at Table B-4.1 that prices during 2023 for HRC in China were still substantially lower than in Korea and Taiwan (33% and 27% lower respectively).

The Commissioner considers it reasonable for Abey Australia to claim that a PMS exists in the Chinese interchangeable brackets market. This due to the fact that both HSS (REP 590) and interchangeable brackets have a similar raw material input of HRC, and the findings made regarding a PMS in REP 590.

### Proper comparison between domestic and export sales

The Commissioner considers it reasonable for Abey Australia to rely on findings from REP 590 as a basis for its claims about the Chinese interchangeable brackets market.

Abey Australia has also outlined that in REP 590, after being satisfied of a PMS pursuant to section 269TAC(2)(a)(ii), the Commissioner then examined, whether because of the PMS in the country of export, the sales of like goods in that market are not suitable for determining a price under section 269TAC(1).

Abey Australia claims that there is an absence of domestic sales of the subject goods in China. However, even if there were domestic sales of the subject goods (interchangeable brackets), Abey Australia doesn't consider there has been a change in the circumstances established by the Commissioner in REP 590, concerning the impact of the PMS on domestic and export sales of HSS, and that these conditions of competition similarly apply to other products made from HRC, such as interchangeable brackets.

As in REP 590, where the Commissioner found that Chinese domestic selling prices are not suitable for determining normal values for cooperating Chinese exporters under section 269TAC(1) because 'the price of such sales do not permit a proper comparison with the export prices' for HSS, Abey Australia contends that the same situation is evident for galvanised steel brackets exported to Australia from China due to the GOC influence on domestic and selling prices of the subject goods.

Abey Australia therefore contends that the Commissioner's findings in REP 590 concerning the GOC's influence on HRC input prices into further steel manufacturing (i.e. HSS and galvanised steel products including interchangeable bolted clipping system brackets) continues into the 2022/23 year and that normal values for interchangeable bolted clipping system brackets cannot be determined under section 269TAC(1).

Based on the information available, and detailed above, the commission considers it reasonable for Abey Australia to rely on findings from REP 590 as a basis for its claims about the Chinese interchangeable brackets market.

Abey Australia’s calculation of normal value forms **Confidential Attachment 1**.

### 3.5. Dumping margins

#### 3.5.1. Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB.

Dumping margins and dumping volumes cannot be negligible, otherwise the Commissioner must terminate the investigation. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

#### 3.5.2. The commission's assessment

The Commissioner finds that there appear to be reasonable grounds to support Abey Australia’s claims that dumping has occurred, and the dumping margin is not negligible.

The table below summarises the dumping margins estimated by the applicant. Dumping margins are expressed as a percentage of the export price.

Model	The Applicant’s estimate
Light Hanging brackets (300mm)	2.7% to 21.3%
Stand-Off brackets	Negative 16.2% to 20.8%
Adjustable Stand-Off brackets	Negative 18.8% to 3.9%
All-Thread brackets	34.1% to 297.7%
Welded Nut bracket (10mm)	7.8% to 21.3%

**Table 11: Abey Australia's estimate of dumping margins**

These dumping margins that were outlined in Abey Australia’s application covered a period of April 2022 to June 2023 and were based on export prices and normal values outlined in section 3.3 and 3.4 of this report. There is a range of dumping margins for each model as the calculations are transaction based.

The commission reviewed these dumping margin estimates and calculated an average dumping margin for 2023.

Commission’s estimate
33.6%

**Table 12: Estimate of dumping margin for 2023**

The above dumping margins demonstrate that there appear to be reasonable grounds to support Abey Australia’s claims that dumping has occurred and the dumping margin is not negligible under section 269TDA(1)(b)(ii).

The commission’s assessment of dumping forms **Confidential Attachment 1**.

#### 3.5.3. Volume of dumped goods

The Commissioner finds it reasonable to be satisfied that exports from China account for greater than 3% of imports.

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Section 269TDA(3) provides that an investigation into dumping must be terminated by the Commissioner if it is found that the total volume of goods exported to Australia over the relevant investigation period that have been or may be dumped, is negligible. A negligible volume of goods is less than 3% of the total Australian import volume pursuant to section 269TDA(4). Based on the data provided by Abey Australia as outlined in section 2.5.1 of this report, the Commissioner is satisfied that there appears to be reasonable grounds to consider that the volume of dumped goods is above negligible levels.

Abey Australia is not aware of any like goods exported from any other country. The commission examined the ABF import data under the tariff codes listed in Table 5 of this report. The commission found that China accounts for approximately 60% of all imports listed under these tariff codes when examining by value. Therefore, the Commissioner finds it reasonable to be satisfied that exports from China account for greater than 3% of imports.

## 4. REASONABLE GROUNDS – SUBSIDISATION

### 4.1. Findings

Pursuant to section 269TC(1)(c), the Commissioner considers that there appear to be reasonable grounds to support the claims that:

- the goods exported to Australia from China have been subsidised
- the estimated subsidy margin for exports from China is greater than 2% and therefore is not negligible
- the estimated volume of goods from China that appear to have been subsidised is greater than 4% of the total Australian import volume of goods and therefore is not negligible.

### 4.2. Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a countervailing duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a countervailing duty notice.

Under section 269TJ, one of the matters that the Minister must be satisfied of in order to publish a countervailing duty notice is that subsidisation has taken place (to an extent that is not negligible). This is considered in the following sections.

### 4.3. Consultation with the Government of China

In accordance with section 269TB(2C), the commission invited the GOC for consultations during the pre-initiation phase. The commission provided the GOC with a non-confidential version of Abey Australia's application.

The GOC accepted the commission's invitation, and consultations were held via videoconference on 7 June 2024. The purpose of the consultations was to provide an opportunity for the GOC to respond to the claims made within the application in relation to countervailable subsidies, including whether they exist and, if so, whether they are causing, or are likely to cause, material injury to an Australian industry, with the 'aim of clarifying the situation [...] and arriving at a mutually agreed solution'.<sup>10</sup>

The GOC outlined its view that the application for dumping and countervailing duties should be rejected. The GOC stated that the information in the application regarding countervailable subsidies was outdated and lacked evidence to prove the existence of the subsidy programs listed in the application.

The GOC raised the following key points in the consultations:

- REP 590 and the different type of steel used to make interchangeable brackets
- reliance on previous findings in REP 590 and REP 529
- amount of subsidy in Abey Australia's application
- evidence regarding specificity.

The GOC provided a written submission repeating the issues raised during the consultations. The commission has detailed its consideration and assessment of the GOC's submission in section 4.4.3.

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<sup>10</sup> As set out in Article 13.1 of the *WTO Agreement on Subsidies and Countervailing Measures*.

## 4.4. Subsidy programs

### 4.4.1. Legislative framework

The determination as to whether there is a countervailable subsidy is made in accordance with sections 269T(1), 269T(2AA), 269TACC and 269TAAD.

### 4.4.2. The applicant's claims

The table below summarises the claims by Abey Australia that the goods exported to Australia have benefited from countervailable subsidies and the evidence relied upon.

Basis of claims	Summary of claims
<p>Previous findings from REP 590</p>	<p>Abey Australia claims that the findings of the commission in REP 590 involving HSS exported to Australia from China. Abey Australia claims that it is reasonable to conclude that subsidy programs that benefit Chinese manufacturers of HSS would also benefit Chinese manufacturers of interchangeable brackets. The reason for this is that interchangeable brackets are produced from HRC, which is the same raw material input as HSS.</p> <p>Abey Australia submits that the countervailable subsidy programs listed in its application and identified in REP 590 are considered to equally apply to producers of interchangeable brackets.</p> <p>Abey Australia has identified one key supplier of steel brackets to Australia, Ningbo Fenghui Metal products Co., Ltd. This company is based in Ningbo, which is a major sub-provincial city within northeast Zhejiang province.</p> <p>Abey Australia has identified the countervailable subsidy programs listed in REP 590 that apply to entities within Zhejiang province, as well as those programs that apply nationally. It has not included programs that apply to specific areas outside of Zhejiang province that were countervailed in REP 590.</p> <p>These programs are summarised in <b>Non-Confidential Attachment 1</b>.</p> <p>Abey Australia does not consider that the identified subsidy programs represent the full range of available subsidy programs from the GOC that may be available to producers/exporters of interchangeable brackets (i.e. programs available to producers/exporters from outside Zhejiang province).</p> <p>Abey Australia stated that it does not have access to information to quantify the amount of the benefit received under each program by the Chinese exporter. Abey Australia does consider that the Chinese manufacturer/exporter is in receipt of benefits from the GOC under one or more subsidy programs that enable it to price significantly below Abey Australia's selling prices in Australia. Abey Australia submits that the benefits received from the GOC by exporters of the subject goods in China are in excess of negligible levels.</p> <p>To support its application Abey Australia provided Non-Confidential Attachment C-1.2 that provides detailed information (from REP 590) on each of the listed programs, including whether each program is specific and therefore countervailable.</p>

**Table 13: Summary of Abey Australia's claims**



#### 4.4.3. The commission's assessment

The Commissioner considers that the evidence relied on by Abey Australia in relation to the existence of countervailable subsidies is reasonable.

With respect to subsidy programs, the commission assessed the relevance of the commission's previous findings in relation to HSS and considered those findings having regard to the goods the subject of this application. In particular, the Commissioner had regard to the findings of *Anti-Dumping Commission Report No 529* (REP 529) and REP 590, concerning measures for goods (HSS) exported from China that have similar input materials, namely HRC.<sup>11</sup>

In REP 590, the commission determined that 60 assessed programs were countervailable in respect of HSS. Abey Australia identified 22 of these programs as appearing to be applicable to the production of interchangeable brackets.

The commission notes the concerns raised by the GOC during the consultations held on 7 June 2024 and its written submission received on 8 June 2024. The commission has considered the GOC's points raised and has made the following assessments.

##### REP 590 – different type of steel

The GOC contends that there is no basis for the commission to investigate all subsidies assessed in REP 590 as if they apply to brackets, because brackets are manufactured from a different type of steel, namely galvanized steel sheet and not hot rolled coil.

The commission has considered Abey Australia's application and notes the relevant input is stated as 'galvanised hot rolled coil'. As such, based on the evidence provided by Abey Australia, the commission finds that galvanised hot rolled coil is a type of hot rolled coil.

##### Relying on REP 590 and REP 529

The GOC considers the evidence in the application, as it only relates to REP 590 and REP 529, does not amount to 'sufficient evidence' under the *WTO Agreement on Subsidies and Countervailing Measures* (ASCM).

The commission notes Article 11.2 of the ASCM requires an application include sufficient evidence of the existence of a subsidy. This requirement has been considered by previous WTO panels, who have found that the quantity and the quality of the evidence required to meet the threshold of sufficiency of the evidence is 'less than that required to reach a final determination'.<sup>12</sup> However, there must be adequate evidence of the elements of subsidy.<sup>13</sup>

The application draws its findings from REP 590. In REP 590, the commission found for each of the 22 programs referred to in the application, there was a financial contribution by a government or public body that confers a benefit on the recipient. The commission also found each subsidy to be specific. The commission has reconsidered the historical evidence associated with REP 590 and considers there is adequate evidence tending to prove the ongoing existence of the relevant subsidy programs.

##### Amount of subsidy in the application

The GOC also submits there is no evidence of the 'amount' of subsidy in the application.

Under Article 11.2 of the ASCM, unlike the existence of a subsidy, the 'amount' of a subsidy is only required to be evidenced 'if possible' and when 'such information is reasonably available to the applicant'.

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<sup>11</sup> EPR 590, document no 41.

<sup>12</sup> Panel Report, *US – Softwood Lumber V*, para. 7.84; Panel Report, *China – GOES*, para. 7.55.

<sup>13</sup> Panel Report, *US – Supercalendered Paper*, para. 7.148.



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Based on the information provided by Abey Australia, the commission has assessed it was not possible for the applicant to determine the amount of the subsidy. Accordingly, such information is not required to justify initiation of the investigation.

### Evidence regarding 'specificity'

The GOC submits there is no evidence regarding the specificity of the alleged subsidies in the application.

It is noted that the application states 'please refer to Non-Confidential Attachment C-1.2 that provides detailed information (sourced from REP 590) on each of the above programs including... whether the *subsidy is countervailable*'.<sup>14</sup> Section 269TAAC(1) of the Act states 'a *subsidy is a countervailable subsidy if it is specific*.' In other words, when the application states the subsidy is countervailable, this means the subsidy is specific. Accordingly, the commission considers the application has addressed specificity in relation to the alleged subsidies.

### Conclusion

The Commissioner considers that the evidence relied on by Abey Australia establishes a reasonable basis for the alleged subsidisation of interchangeable brackets exported to Australia. The commission notes that this assessment for the purposes of section 269TC(1)(c) does not constitute a final finding and will further assess the existence of subsidy programs during the course of the investigation.

The Commissioner considers that there are reasonable grounds to conclude that the benefits of the 22 programs identified by Abey Australia and found to be countervailable in REP 590 could be relevant to exports of interchangeable brackets from China.

#### **4.4.4. Volume of subsidised goods**

The Commissioner is satisfied that there appears to be reasonable grounds to consider that the volume of subsidised goods is above negligible levels.

Section 269TDA(7) provides that an investigation into whether there are countervailable subsidies must be terminated where the Commissioner is satisfied that the total volume of goods exported to Australia over the relevant investigation period, that have or may be subsidised is negligible.

Section 269TDA(8) provides that a negligible volume of goods for a developing country is less than 4% of the total Australian import volume.

Abey Australia is not aware of any like goods exported from any other country. The commission examined the ABF import data under the tariff codes listed in Table 5 of this report. The commission found that China accounts for approximately 60% of all imports listed under these tariff codes when examining by value. Therefore, the Commissioner finds it reasonable to be satisfied that exports from China account for greater than 4% of imports.

The commission's assessment concludes that the volume of goods imported from China during the investigation period is greater than 4%. Accordingly, the Commissioner is satisfied that there appears to be reasonable grounds to consider that the volume of subsidised goods is above negligible levels.

## **4.5. Amount of countervailable subsidy**

### **4.5.1. Legislative framework**

Subsidy margins are determined under section 269TACD.

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<sup>14</sup> EPR 644, document no.1, p. 51 (emphasis added).

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The amount of the countervailable subsidisation and the volume of subsidised goods cannot be negligible. Whether the countervailable subsidisation and the volume of subsidised goods are negligible is assessed under section 269TDA.

### **4.5.2. The commission's assessment**

In its application, Abey Australia has not provided an estimated amount of subsidy received by Chinese exporters. The commission notes that the applicant can only provide information available to it.

The subsidy margins calculated in REP 590 for exports of HSS from China ranged from 0.0% to 51%. The subsidy margins for the 2 cooperative exporters in REP 529 were found to be above negligible levels (3.3% and 3.6%). The Commissioner considers that, given the assessment in section 4.4.3, for the purposes of this report, the subsidy margins determined in REP 529 and REP 590 are a reasonable basis for concluding that the subsidy margins for exports of the goods for China are not negligible.

## 5. REASONABLE GROUNDS – INJURY TO THE AUSTRALIAN INDUSTRY

### 5.1. Findings

The Commissioner considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of:

- loss of sales volume
- lower production volumes
- reduced market share
- reduced assets
- reduced capacity utilisation
- reduced capital investment
- reduced wages

pursuant to section 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant.

### 5.2. Legislative framework

Under sections 269TG and 269TJ of the Act, one of the matters that the Minister must be satisfied of in order to publish a dumping duty and/or a countervailing duty notice is that the Australian industry has experienced material injury. This is considered in the following sections.

### 5.3. The applicant's claims

Abey Australia claims that the Australian industry has been injured through:

- loss of sales volume
- lower production volumes
- reduced market share
- loss of profits
- reduced profitability
- reduced capacity utilisation
- reduced capital investment
- reduced wages

In its application, Abey Australia claims that injury commenced in 2022.

### 5.4. Approach to injury analysis

#### 5.4.1. Legislative framework

The matters that may be considered in determining whether the industry has suffered material injury are set out in section 269TAE.

#### 5.4.2. The commission's approach

This section analyses the economic condition of the Australian industry and provides an assessment as to whether there appear to be reasonable grounds to support a claim that the Australian industry has suffered material injury.

In its analysis of volume effects and market share, the commission has used data provided by Abey Australia in its application in respect of Australian industry sales and volume of imports. As discussed in section 2.5.1 the commission has not been able to use import data from the ABF import database.

The commission’s assessment of the economic condition of the Australian industry is found at **Confidential Attachment 1**.

**5.4.3. Injury analysis period**

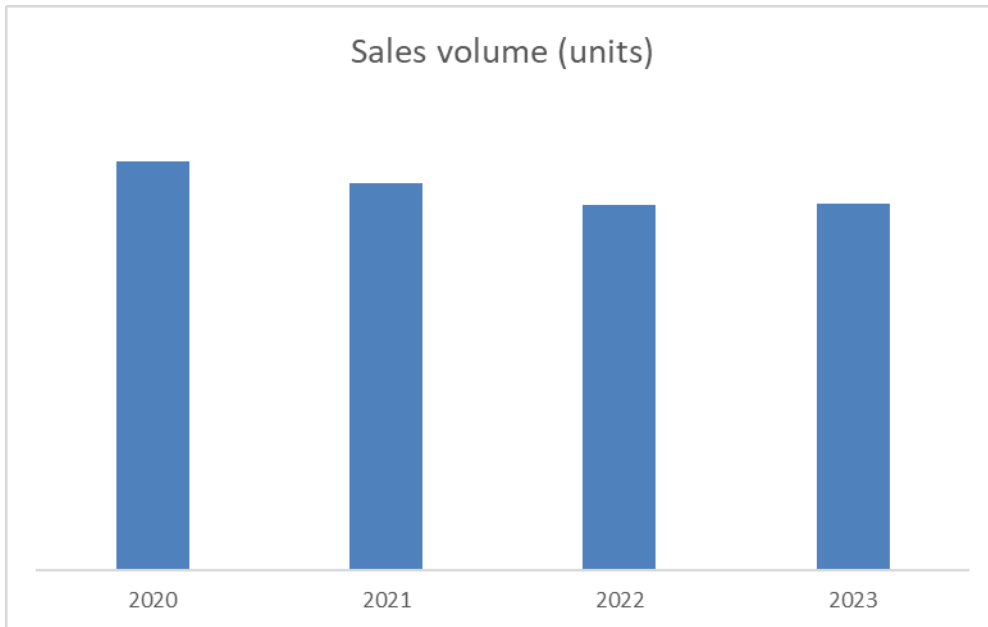
The injury analysis period is to enable the commission to identify and examine trends in the Australian market. This assists the commission in its examination of whether material injury has been caused by dumping and subsidisation. Details of the Australian market provided by Abey Australia, have been examined from 1 January 2020 to analyse injury for the purpose of considering Abey Australia’s injury claims.

**5.5. Volume effects**

The Commissioner considers that there appear to be reasonable grounds to support the claim that the Australian industry has suffered injury on the form of lost sales volume, decreased production volumes and reduced market share.

**5.5.1. Sales volume**

Figure 2 below outlines Abey Australia’s total sales volumes for interchangeable brackets for the last four years.

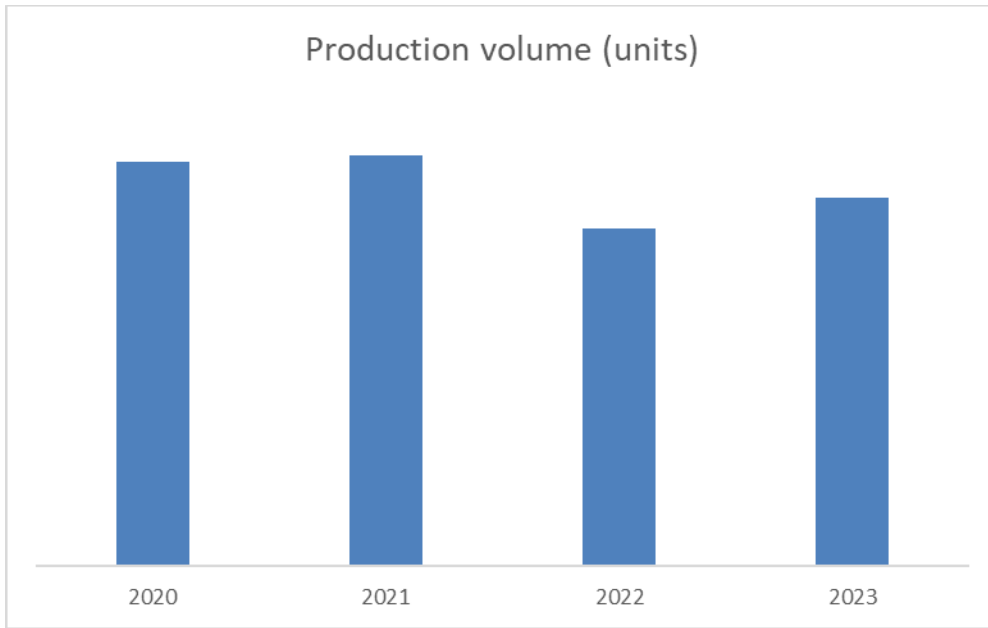


**Figure 2: Abey Australia’s sales volume**

The commission observes that sales volumes have decreased year on year from 2020 to 2022, with a stabilisation of sales volumes in 2023.

**5.5.2. Production volume**

Figure 3 below outlines Abey Australia’s total production volumes for interchangeable brackets for the last four years.

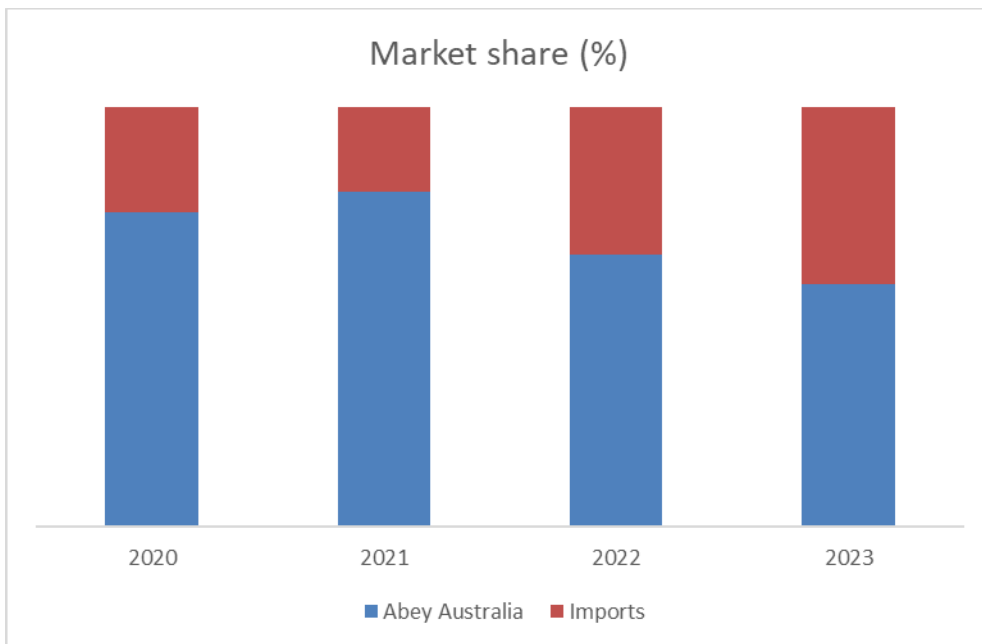


**Figure 3: Abey Australia’s production volume**

The commission observes that production volumes experienced a sharp decline in 2022, before a slight increase in 2023 (albeit below production levels of 2020 and 2021).

**5.5.3. Market share**

Figure 4 below outlines the commission’s assessment of market share held by Abey Australia, against imports from China.



**Figure 4: Market share**

The commission observes that Abey Australia was able to increase its market share slightly from 2020 to 2021, before experiencing declines in market share in both 2022 and again in 2023. This loss of market share is at the expense of imports from China. This trend in decreasing market share also correlates with decreases in both sales volume and production volumes that Abey Australia experienced, which is shown in Figure 2 and Figure 3.

**5.5.4. Conclusion – volume effects**

Based on the above analysis the Commissioner considers that there appear to be reasonable grounds to conclude that Australian industry has suffered injury in the form of lost sales volume, decreased production volumes and reduced market share.

**5.6. Price effects**

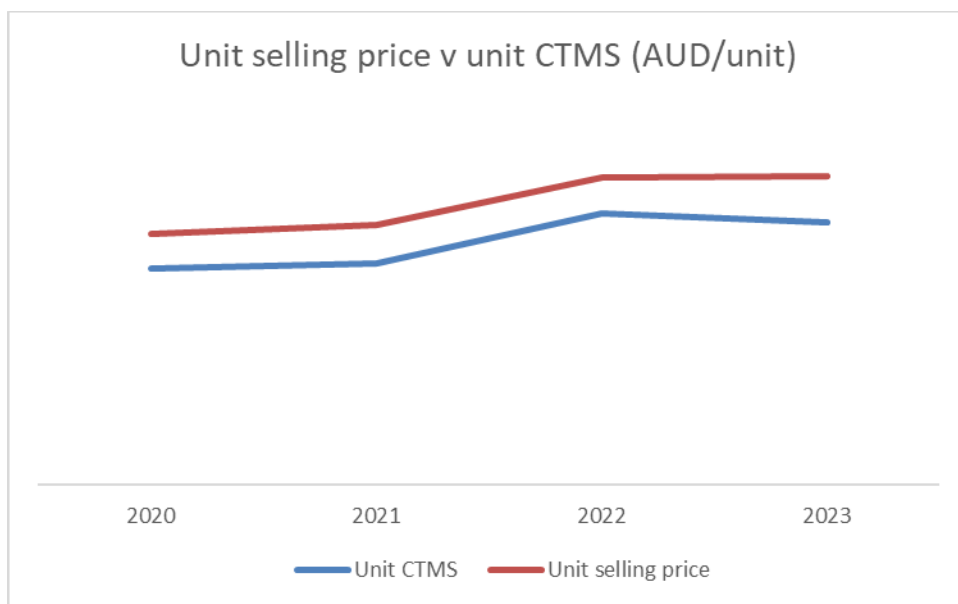
The Commissioner does not consider that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of price depression and suppression.

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 prices and costs.

Abey Australia has not made specific claims that it has experienced price depression or suppression. As Abey Australia stated in its application, prices have been heavily influenced by HRC input costs. Abey Australia has passed these increased costs to customers where possible. Abey Australia claims that this has resulted in lost sales (reduction of approximately 10% over last 2 years) to imports that undercut Abey Australia’s selling prices.

**5.6.1. Price depression and suppression**

Figure 5 below outlines Abey Australia’s unit selling price against its unit CTMS for interchangeable brackets over the last four years.



**Figure 5: Abey Australia’s unit price and unit CTMS**

The data provided by Abey Australia depicted in Figure 5 supports its claim that it has passed on costs increases to the customer, at the expense of market share and sales volumes. The commission observes that when costs increased from 2020 to 2022, Abey Australia increased prices at a similar rate and then maintained prices while costs decreased slightly in 2023.

**5.6.2. Conclusion – price effects**

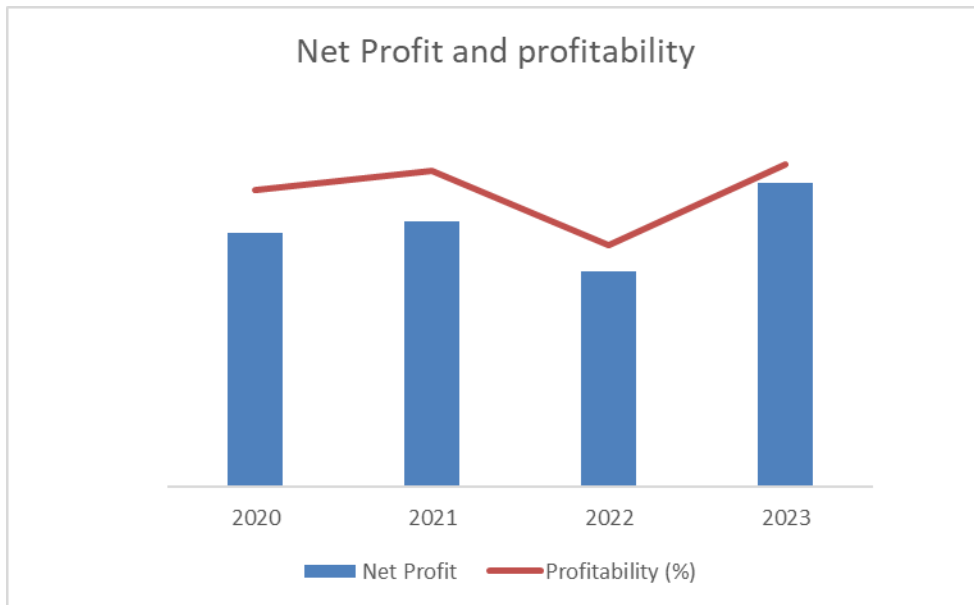
Based on the above analysis the Commissioner does not consider that there appear to be reasonable grounds to conclude that Australian industry has suffered injury in the form of price depression and suppression.

## 5.7. Profit and profitability effects

The Commissioner considers that Australian industry has not suffered injury in the form of lost profit and profitability during the injury analysis period.

### 5.7.1. Profit and profitability

Figure 6 below outlines Abey Australia’s net profit and profitability from interchangeable brackets.



**Figure 6: Abey Australia’s profit and profitability**

Abey Australia stated that its profit from interchangeable brackets was down in 2020 before experiencing an increase in 2021 on the back of covid-19. This was before a decrease in profit and profitability in 2022 that Abey Australia claimed was on the back of lost sales volumes. However, in 2023 the commission observes that profits have recovered to levels that are the highest over the period examined. The commission has observed this trend as outlined by Abey Australia in Figure 6.

### 5.7.2. Conclusion – profit and profitability effects

Based on the data analysed the Commissioner does not consider that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of lost profit and profitability during the injury period.

## 5.8. Other injury factors

The Commissioner is satisfied that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of reduced assets, reduced capital utilisation, reduced capital investment and reduced wages.

Abey Australia has additionally claimed injury from:

- reduced capacity utilisation
- reduced capital investment
- reduced wages.

The commission observes the following over the injury analysis period regarding other injury factors for interchangeable brackets produced by Abey Australia:

- a reduction in the value of assets utilised in the production of interchangeable brackets (this was not claimed in Abey Australia’s application but observed in the data provided).

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- reduced capacity utilisation in the production of interchangeable brackets.
- reduced capital investment on capital equipment for manufacturing interchangeable brackets. Abey Australia claims that this reflects the deterioration in production volumes and profit.
- reduced wages from 2021 onwards (across the company and not specific to interchangeable brackets). Abey Australia claims this is a result of cost saving initiatives that has allowed it to reduce the number of employees required in the production process.

Analysis of other injury factors is at **Confidential Attachment 1**.

### 5.8.1. Conclusion – other injury factors

Based on the above, the Commissioner is satisfied that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of reduced assets, reduced capital utilisation, reduced capital investment and reduced wages.

## 5.9. The commission's assessment

The Commissioner considers that there appear to be reasonable grounds to support the claim that the Australian industry has experienced injury in the form of:

- loss of sales volume
- lower production volumes
- reduced market share
- reduced assets
- reduced capacity utilisation
- reduced capital investment
- reduced wages

The commission's assessment of the economic condition of the Australian industry is at **Confidential Attachment 1**.



## 6. REASONABLE GROUNDS – CAUSATION FACTORS

### 6.1. Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commissioner considers that there appear to be reasonable grounds to support the claims that the Australian industry has suffered injury caused by dumping and subsidisation, and that the injury is material.

### 6.2. Cause of injury to the Australian industry

#### 6.2.1. Legislative framework

Under sections 269TG and 269TJ, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice and a countervailing duty notice, is that the material injury suffered by the Australian industry was caused by dumping and subsidisation. This is considered in the following sections.

Matters that may be considered in determining whether the Australian industry has suffered material injury caused by dumped or subsidised goods are set out in section 269TAE.

### 6.3. The applicant's claims

The table below summarises the causation claims of the applicant, Abey Australia.

Injury caused by dumping and subsidisation
<p><u>Volume and market share:</u></p> <ul style="list-style-type: none"> <li>Abey Australia claims it lost sales volumes and market share to Chinese exporters during the injury analysis period</li> <li>In particular, Abey Australia claims it has lost sales to customers who have sourced the cheaper goods from China</li> <li>Abey Australia claims it provided sales offers to customers which were declined based on price, including when it kept price offers the same even though HRC prices were increasing.</li> <li>While Abey Australia was able to increase sales volumes and market share in 2021 when importers had difficulty sourcing Chinese goods due to Covid-19, imports from China returned to pre-pandemic levels in 2022, resulting in reduced sales volumes and market share.</li> <li>Abey Australia has lost sales to a number of customers who now source their goods from Chinese imports.</li> </ul> <p><u>Price effects:</u></p> <ul style="list-style-type: none"> <li>Abey Australia has experienced aggressive undercutting from Chinese sourced interchangeable brackets undercutting local prices by 30% to 66%.</li> <li>Customers of Abey Australia have switched suppliers to Chinese sourced interchangeable brackets (likely from Ningbo Fenghui Metal Products).</li> <li>Higher HRC prices have not translated to higher import offers for interchangeable brackets.</li> </ul> <p><u>Profit and profitability:</u></p> <ul style="list-style-type: none"> <li>Abey Australia's profit on interchangeable clipping system brackets is lower than it otherwise should be due to the loss of profit on forgone sales to identified customers.</li> </ul> <p><u>Materiality</u></p> <ul style="list-style-type: none"> <li>Interchangeable bolted clipping system brackets are a product range within the broader plumbing accessories product lines that Abey Australia manufactures at its Cobblebank, Victoria production site.</li> <li>The interchangeable brackets market is high volume and is a product that is complimentary to a further broad range of accessories.</li> <li>Sales of interchangeable brackets market contributes a substantial proportion of the revenues in the plumbing accessories range and the decline in sales volumes and reduced profits and profitability are considered material in Abey Australia's total local manufacturing base.</li> </ul>

**Injury caused by other factors**

Abey Australia does not consider that there are factors other than dumping and subsidisation that have had a material impact on the interchangeable brackets market.

**Table 14: Applicants claims regarding causation factors**

#### **6.4. The Commission's assessment**

The Commissioner considers there are reasonable grounds for expecting that the Australian industry could have achieved greater sales volumes, and therefore been able to maintain market share, if not for the dumped and subsidised goods.

The commission has examined the evidence provided by Abey Australia, including that of price negotiations and its claims of injury experienced. The commission notes that the injury experienced by the Australian industry is loss of sales volume, loss of production volume and reduced market share.

The *Ministerial Direction on Material Injury 2012* provides that injury from dumping need not be the sole cause of injury to the industry, where injury caused by dumping is material in degree.<sup>15</sup>

On the information presented by the applicant, the presence of the dumped and subsidised goods in the market has influenced price negotiations and as a result, its sales volumes.

But for the dumped and subsidised goods, the Commissioner considers there are reasonable grounds for expecting that the Australian industry could have achieved greater sales volumes, and therefore been able to maintain market share. This increase in sales volume may have led to higher profits and profitability.

#### **6.5. Conclusion – material injury caused by dumping and subsidisation**

The Commissioner is satisfied that there appear to be reasonable grounds for finding that interchangeable brackets have been exported from China at dumped and subsidised prices, and that the dumping and subsidisation has caused material injury to the Australian industry producing like goods. Accordingly, the Commissioner is satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice and countervailing duty notice in respect of the goods the subject of the application.

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<sup>15</sup> Anti-Dumping Notice No 2012/24.

## 7. APPENDICES AND ATTACHMENTS

Appendices	Title
Non-Confidential Appendix 1	Abey Australia's claims of countervailable programs relevant to China

Attachments	Title
Non-Confidential Attachment 1	Public notice
Confidential Attachment 1	Commission's assessment of application

## 8. NON-CONFIDENTIAL APPENDIX 1

Summary of Abey Australia's claims of countervailable programs relevant to China.

Program Number	Program name	Type
1	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones	Tax
2	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant
5	Matching Funds for International Market Development for Small and Medium Enterprises	Grant
6	Superstar Enterprise Grant	Grant
7	Research & Development (R&D) Assistance Grant	Grant
10	Preferential Tax Policies for Foreign Invested Enterprises—Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years	Tax
11	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)	Tax
14	Tariff and VAT Exemptions on Imported Materials and Equipment	Tax
15	Innovative Experimental Enterprise Grant	Grant
20	Hot rolled steel provided by government at less than fair market value	LTAR <sup>16</sup>
21	Water Conservancy Fund Deduction	Grant
29	Land Use Tax Deduction	Tax
32	Technology Project Assistance	Grant
35	Preferential Tax Policies for High and New Technology Enterprises	Tax
36	Local Tax Bureau Refund	Tax
37	Return of Farmland Use Tax	Tax
38	Return of Land Transfer Fee	Tax
54	Government subsidy for job stability	Grant
55	Commercial Committee Support Fund	Grant
57	Aiding fees for cases of technology information collection	Grant
63	Technical innovation subsidy for deducting equipment and boiler	Grant
66	Grant for Technology ERP	Grant

Abey Australia provided further details of each program with its application at Non-Confidential Attachment C-1.2

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<sup>16</sup> Less than adequate remuneration.