



Australian Government  
Department of Industry,  
Science and Resources

Anti-Dumping  
Commission

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## **Consideration report number: 650**

Application for a dumping duty notice and countervailing duty notice

Submitted by: Rondo Building Services Pty Ltd

In relation to certain steel corner beads and angles exported to Australia from the People's Republic of China

6 August 2024

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## ABBREVIATIONS

Abbreviations/short form	Full reference
ABF	Australian Border Force
ABS	Australian Bureau of Statistics
applicant	Rondo Building Services Pty Ltd
China	People's Republic of China
commission	Anti-Dumping Commission
Commissioner	Commissioner of the Anti-Dumping Commission
CON 590	Continuation 590 – Hollow structural sections from China, Korea, Malaysia, Taiwan
CON 611	Continuation 611 – Zinc coated (galvanised) steel from China, Korea, Taiwan
CTMS	cost to make and sell
EXW	ex-works
FOB	free on board
GOC	Government of China
the goods	steel corner beads and angles
HRC	hot rolled coil
Minister	Minister for Industry and Science
Rondo	Rondo Building Services Pty Ltd
SCM Agreement	World Trade Organization Agreement on Subsidies and Countervailing Measures
SG&A	selling and general administrative
VAT	value added tax
WTO	World Trade Organization

## 1. FINDINGS AND RECOMMENDATIONS

This report outlines the consideration by the Anti-Dumping Commission (**the commission**) of an application under section 269TB(1) of the *Customs Act 1901*.<sup>1</sup> The application was lodged by Rondo Building Services Pty Ltd (referred to as the '**applicant**' or '**Rondo**'). Rondo requested the publication of dumping and countervailing duty notices in respect of steel corner beads and angles (**the goods**) imported into Australia from the People's Republic of China (**China**).

Rondo alleges that the Australian industry for steel corner beads and angles has suffered material injury caused by steel corner beads and angles exported to Australia from China at dumped and subsidised prices.

The legislative framework underpinning making an application and the commission's consideration of an application is in Divisions 1 and 2 of Part XVB of the Act.

### 1.1. Findings

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

- the application meets the requirements of section 269TB(4) (chapter 2.2)
- there is an Australian industry in respect of like goods (chapter 2.4)
- there appear to be reasonable grounds for the publication of dumping and countervailing duty notices in respect of the goods the subject of the application (chapters 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 to initiate an investigation to determine whether a dumping and countervailing duty notice should be published.

The Commissioner further specifies that:

- exports to Australia during the investigation period 1 July 2023 to 30 June 2024 be examined for dumping and subsidisation,<sup>2</sup> and
- details of the Australian market from 1 July 2020 be examined for injury analysis purposes.

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<sup>1</sup> All legislative references in this report are to the *Customs Act 1901* (**the Act**) 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 additional information from the applicant.

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

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

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

The procedures 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**

<b>Event</b>	<b>Date</b>	<b>Details</b>
Application lodged & received by the Commissioner under sections 269TB(1) and (5)	3 June 2024	The commission received an application from Rondo alleging the Australian industry has suffered material injury caused by the goods imported into Australia from China at dumped and/or subsidised rates.
Applicant provided further information in support of the application under section 269TC(2A)	Between 19 June 2024 and 17 July 2024	Rondo provided further information and data in support of the application. Each occasion restarted the 20 day period for consideration of the application.
Consideration decision due under section 269TC(1)	6 August 2024	The Commissioner shall decide whether to reject or not reject the application within 20 days after the applicant provided further information. <sup>3</sup>

**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).

#### **2.2.3. The commission’s assessment**

The Commissioner finds that Rondo’s application, along with the further information provided, complies with section 269TB(4). The table below summarises the commission’s assessment of the compliance of Rondo’s application with section 269TB(4).

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<sup>3</sup> The date for the Commissioner to decide is the first business day after 20 days after the applicant provided further information.

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Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	Rondo 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)	Rondo 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>• all relevant appendices</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 Rondo.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	As set out in chapter 2.4 of this report, the commission is satisfied that there is an industry producing like goods in Australia.  In its application, Rondo states it is the largest Australian manufacturer of like goods. Rondo has provided its production volumes and estimates of other Australian manufacturers' production volumes. The commission has reviewed the information provided and the Commissioner is satisfied that, in accordance with sections 269TB(6)(a) and (b), the applicant, which produces like goods in Australia, accounts for: <ul style="list-style-type: none"> <li>• more than 50% of the total production of like goods by that proportion of the Australian industry that has expressed either support for, or opposition to, the application, and</li> <li>• not less than 25% of the total production of like goods in Australia.</li> </ul> Chapter 2.5.1 discusses Australian manufacturers' production volumes further.
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>4</sup>

**Table 2: Commission's assessment of compliance with section 269TB(4)**

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<sup>4</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
Steel corner/finishing beading and angles, metallic coated, whether or not containing alloys, whether or not drilled, punched, perforated or expanded, of all angle types, of a base metal thickness up to and including 40 millimetres, of varying steel grades, with various leg profiles, at various widths and lengths.
Further information
Steel corner beading is a specialised building material used in construction to reinforce and protect the corners of walls where they meet. The most common types of steel corner beading include: <ul style="list-style-type: none"> <li>• angled steel bead: used for regular internal joins where walls meet/intersect/connect with other walls and/or ceilings and</li> <li>• angled steel bead: used for regular external joins where walls meet/intersect/connect with other walls and/or ceilings.</li> </ul> <p><u>Exclusions</u> Plastic and stainless steel corner beading and external render/texture beading is excluded from this application.</p>

**Table 3: The goods**

### 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	Statistical code	Description
7216	ANGLES, SHAPES AND SECTIONS OF IRON OR NON-ALLOY STEEL:	
7216.61.00	57	Angles, shapes and sections, not further worked than cold-formed or cold-finished: Obtained from flat-rolled products
7216.69.00	58	Plated or coated with zinc or with aluminium-zinc alloys, of a thickness less than 1.2 mm: Other
7216.91.00	59	Other: Cold-formed or cold-finished from flat-rolled products
7216.99.00	60	Other: Other
7308	STRUCTURES (EXCLUDING PREFABRICATED BUILDINGS OF 9406) AND PARTS OF STRUCTURES (FOR EXAMPLE, BRIDGES AND BRIDGE-SECTIONS, LOCK-GATES, TOWERS, LATTICE MASTS, ROOFS, ROOFING FRAMEWORKS, DOORS AND WINDOWS AND THEIR FRAMES AND THRESHOLDS FOR DOORS, SHUTTERS, BALUSTRADES, PILLARS AND COLUMNS), OF IRON OR STEEL; PLATES, RODS, ANGLES, SHAPES, SECTIONS, TUBES AND THE LIKE, PREPARED FOR USE IN STRUCTURES, OF IRON OR STEEL:	
7308.90.00	53	Other Columns, pillars, posts and beams, girders, bracing, gantries, brackets, struts, ties and similar structural units: Roll formed structures: Plated or coated with zinc or with aluminium-zinc alloys, of a thickness less than 1.2 mm

**Table 4: 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 are for convenience or reference only and do not form part of the goods the subject of the application. Please refer to the goods description in chapter 2.3.1 for authoritative detail on 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:

- Rondo produces goods that are identical in all respects to, or have characteristics that closely resemble, the goods the subject of the application
- the goods are wholly manufactured in Australia.

### **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 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 producing like goods.

### **2.4.3. Locally produced like goods**

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.

<b>Factor</b>	<b>The Applicant’s claims</b>	<b>The commission’s assessment</b>
Physical likeness	The goods and locally produced goods are alike in physical appearance.	The information presented by Rondo indicates that the locally produced and imported goods appear to have similar physical characteristics in terms of shape, dimensions, and appearance.
Commercial likeness	The goods and locally produced goods are commercially alike as they compete directly in the Australian market.	The commission reviewed the confidential attachments provided with the application and found that there appears to be direct price competition in the Australian market for the goods between the imported and locally produced goods.
Functional likeness	The goods and locally produced goods are used interchangeably in the same or comparable end-uses.	The commission reviewed the confidential attachments provided with the application and is satisfied that the imported and locally produced goods are used for similar (or the same) end-uses.



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Production likeness	The goods and locally produced goods are manufactured in a similar manner, i.e. by casting of liquid steel into flat rolled steel, which is then metallic coated, and roll-formed to produce the required shape and section.	The commission reviewed the application and conducted its own desktop research on the production process used by Chinese producers of the goods. The commission was satisfied that the production process and raw material inputs appear to be substantially identical for locally produced and imported goods. <sup>5</sup>
<b>Commission’s assessment</b>		
Based on the analysis above, the commission considers that locally produced steel corner beads and angles have characteristics that are identical to or closely resemble the goods subject to this application and are, therefore, like goods.		

**Table 5: Like goods assessment**

**2.4.4. Manufacture in Australia**

The commission is satisfied, based on the information in the application and the commission’s previous dealings with this industry, that Rondo wholly manufactures like goods in Australia.

<b>The Applicant’s claims</b>
Rondo states in its application that it manufactures the goods at its facility in Sydney, New South Wales, using primarily Australian inputs. Rondo describes its production process on pages 13-14 of its application, which includes cutting, forming, punching, and packaging of its steel corner beads and angles.
<b>The commission’s assessment</b>
Based on the description of the manufacturing process provided by Rondo in its application, the commission is satisfied that Rondo transforms galvanised steel, in the form of coils or sheets, into steel corner beads and angles through a substantial cutting, forming and punching process, before packaging the goods for shipment. This process takes place at facilities in Australia.
The commission is therefore satisfied the goods are manufactured in Australia, with at least one substantial process in the manufacture of these goods being carried out in Australia.

**Table 6: Manufacture of the goods in Australia**

**2.5. Australian industry information**

The table below summarises the Commissioner’s assessment of whether Rondo 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	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes

<sup>5</sup> See Confidential Attachment 1 – Market analysis.

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A7	Other injury factors	Yes
<b>General administration and accounting information – Rondo</b>		
History	Rondo was established in St. Mary’s in New South Wales in 1959.	
Ownership	Rondo is a joint venture between CSR Investments Pty Ltd and Knauf Gypsum Pty Ltd.	
Operations	Rondo is involved in the manufacturing and supply of a wide range of light gauge rolled formed steel products and systems, primarily for the construction industry in Australia, New Zealand, Asia Pacific and the Middle East.	
Financial year	1 July to 30 June	
Audited accounts and annual reports	Rondo included copies of its FY2022 and FY2023 audited financial statements in its application.	
<b>Production and sales information</b>	<b>Cost to make and sell information</b>	<b>Other injury factors</b>
The commission considers that there are no material concerns, subject to the commission’s usual verification practices.	The commission considers that there are no material concerns, subject to the commission’s usual verification practices.	The commission considers that there are no material concerns, subject to the commission’s usual verification practices.
<b>The commission’s assessment</b>		
Based on the information in the application, the Commissioner is satisfied that there is sufficient data to analyse the performance of the Australian industry between March 2020 and March 2024 – the period proposed by Rondo and the period the commission has examined to assess Rondo’s claims for the purposes of this report.		
The Commissioner has decided that an investigation period of 1 July 2023 to 30 June 2024 will be examined for dumping and subsidisation in relation to an investigation. The commission will request additional information from the Australian industry to cover the period 1 April 2024 to 30 June 2024 for this purpose.		

**Table 7: Australian industry information**

**2.5.1. Market size**

Applicant estimation

Rondo submitted that steel corner beads and angles are used in all levels of building and construction, with most demand driven by the residential sector.

Rondo has used data from Housing Industry Australia on Australian dwelling commencements and its own data on the average volume of steel corner beads and angles used per dwelling to estimate the total Australian market for the goods. Use of the goods in commercial construction is comparatively minor and so has not been included in this calculation.

Rondo’s own share of the market, that of other Australian industry members, and that of imports was estimated using its own sales data and market intelligence. Rondo then estimated the Chinese share of imports in Australia using Australian Bureau of Statistics (ABS) data for imports declared under the tariff codes listed in Table 4 in chapter 2.3.2.

Rondo completed *Confidential Appendix A2* to the application using the above data.

The commission’s assessment

The commission has examined the method used by Rondo for estimating the total Australian market for the goods and is satisfied Rondo’s approach is reasonable. The

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commission has compared the number of Australian dwelling commencements used by Rondo with that reported by the ABS and observed only a minor variance.

The commission is satisfied that the tariff classifications identified by Rondo include imports of the goods. However, these tariff classifications likely include many other products not covered by the goods description.

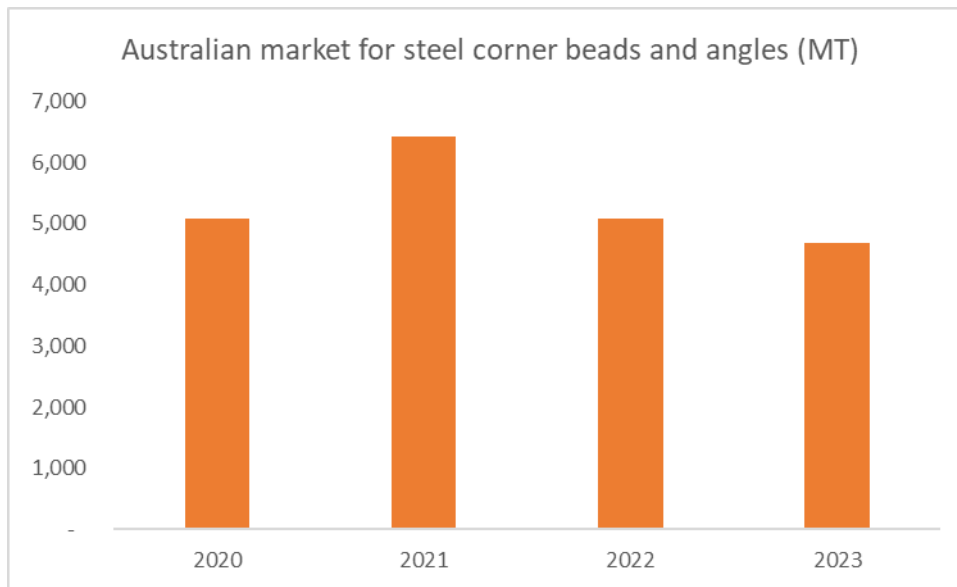
To estimate the volume of imports of the goods into Australia, the commission has used data extracted from the Australian Border Force (ABF) import database in respect of consignments declared under the identified tariff classifications. As multiple product types are covered by the tariff classifications, the commission then filtered data which may distort any findings by including only those transactions with a description under which the goods may be classified. The commission has compared Rondo's estimate of import volumes with its own calculations using ABF data and found only a minor variance.

### Findings

The commission has relied on Rondo's estimate of the total Australian market in its analysis but has used ABF data to determine the proportion of that market that is made up of imports because it enables a more granular analysis of import data. The commission has also relied on Rondo's own sales data to then calculate its share of the Australian market, with the remainder making up other Australian industry supply.

The commission's analysis of the size of the Australian market for the goods is provided at **Confidential Attachment 1**.

In line with the above, the size of the Australian market for calendar years 2020 to 2023 is estimated and depicted in Figure 1 below. All imports of the goods are included. The commission has used calendar years to compare properly Rondo's data provided in the application with ABF data.



**Figure 1: Australian market for the goods (MT)**

The size of the Australian market for the goods fluctuates with building construction in Australia. In 2023, the market for the goods was approximately 4,700 tonnes. The commission will further examine the size of the Australian market throughout the course of the investigation.

### 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 Rondo’s 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 aggregate volume of goods that appear to have been dumped is greater than 7% of the total Australian import volume in the period April 2023 to March 2024 and therefore is not negligible.

#### 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 (**Minister**) must be satisfied of 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 issue is considered in the following chapters.

#### 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 Rondo to estimate export prices and the evidence relied upon.

Basis of estimate	Details
Offers and quotes	Rondo received offers and quotes from Chinese exporters of the goods. Rondo used these calculate to calculate a weighted average quarterly export price in Australian Dollars (AUD) per kilogram at free on board ( <b>FOB</b> ) terms.

Table 8: Rondo’s estimate of export prices from China

##### 3.3.3. The commission's assessment

The commission examined the export price calculations and supporting evidence provided by Rondo in its application. The commission considers that Rondo’s approach to estimating export prices is reasonable, considering the potential limitations of the information available to it.

To assess the reliability of the export prices estimated by Rondo, the commission calculated export prices for China using data obtained from the ABF import database. The commission took 2 approaches to filter the data in this calculation; that described in chapter 2.5.1 and a narrower filter using selected goods descriptions that more closely aligned with the goods description provided by Rondo in its application. The commission found its more narrowly calculated export price

comparable to the export prices calculated by Rondo, while the calculation with a broader filter resulted in a lower export price (and therefore would result in a larger margin of dumping). Given the above, the commission considers that the export prices estimated by Rondo for China are reasonable.

Rondo's calculation of export price and the commission's comparison is in **Confidential Attachment 2**.

### **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
- whether 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 Rondo to estimate normal values and the evidence relied upon.

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Basis of estimate	Details
<p>Rondo states it does not have access to domestic selling price information for the goods in China as such prices are not published. It asserts there is a particular market situation in China due to distortions in the Chinese galvanised steel market which have a substantial impact on the selling price for the goods.</p> <p>On this basis, Rondo has constructed normal values under section 269TAC(2)(c) using:</p> <ul style="list-style-type: none"> <li>• a galvanised steel cost benchmark based on selling prices for Korea and Taiwan</li> <li>• estimated conversion costs</li> <li>• a labour cost adjustment</li> <li>• estimated selling and general administrative (<b>SG&amp;A</b>) costs</li> <li>• a profit margin.</li> </ul>	<p>Ronda has calculated a constructed normal value in accordance with section 269TAC(2)(c).</p> <p>Rondo has based the constructed normal value calculations on its own production costs plus the domestic selling prices for galvanised steel (the raw material cost for the goods) in Korea and Taiwan, based on its claim of a particular market situation in China.</p> <p>The normal values were constructed as follows:</p> <p><u>Cost to make and sell (CTMS)</u></p> <ul style="list-style-type: none"> <li>• Quarterly average price for galvanised steel in Korea and Taiwan based on data from an independent steel industry subscription service.</li> <li>• In the absence of Chinese manufacturing costs, Rondo has applied its own conversion and SG&amp;A costs, with a downward adjustment for Chinese labour costs.</li> <li>• The SG&amp;A costs include selling, distribution, administration, finance and other costs.</li> </ul> <p><u>Profit</u></p> <p>Rondo has applied a 6% profit, in accordance with the <i>European Commission's Agreement Resulting from Institution Negotiations</i> (Non-confidential attachment 8 to the application), which mandates a profit of no less than 6%.</p> <p><u>Adjustments</u></p> <p>Rondo determined normal values at ex-works (<b>EXW</b>) level, while export prices were determined at the FOB level. As Rondo does not have the relevant information to do so, Rondo has made no adjustments for:</p> <ul style="list-style-type: none"> <li>• domestic and export credit terms</li> <li>• domestic and export packing and</li> <li>• differences between value added tax (<b>VAT</b>) levied on domestic goods in China and VAT levied on exported goods in China.</li> </ul>

**Table 9: Rondo construction of normal value**

**3.4.3. The commission's assessment**

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.

For an estimated constructed normal value, as in the present application, the commission will assess whether the costs used by Rondo to construct the normal value reasonably reflect the costs of production in China. When making this assessment, the commission notes that applicants usually have access to limited data to enable them to estimate the costs in the country of production. The commission considers it reasonable for applicants to use their own costs, but where it is reasonable and practicable to do so, the commission considers that those costs should be adjusted to reflect costs in the country of export.

In certain circumstances, the commission will have access to information which will enable it to assess the reasonableness of the information relied on by the applicant,

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on a comparison basis. The commission may also have other sources of information that are directly relevant to the application, which the commission may prefer to use in making its own assessment, particularly if that information is considered more relevant and reliable than the information relied upon by the applicant.

### Particular market situation claims

Rondo claims that the sales of steel corner beads and angles in China are not suitable for use in determining the normal value of like goods sold in China because of the particular market situation in the Chinese market. The application specifically refers to previous findings by the commission relating to Government of China (**GOC**) interventions in the galvanised steel and hot rolled coil (**HRC**)<sup>6</sup> markets. Galvanised steel and HRC are the key raw materials used in the manufacture of steel corner beads and angles.

Rondo also submits that because of the GOC influence on the Chinese domestic steel industry, sales of steel corner beads and angles in the Chinese market are not suitable for determining a price under section 269TAC(1). Rondo sets out the reasons for this claim on pages 46 to 52 of the public version of its application.

Rondo claims that previous trade remedy inquiries are evidence that HRC raw material prices are influential in setting the selling prices for Chinese domestic and exported metallic coated steel, including galvanised steel, and that lower Chinese home galvanised steel prices translate to correspondingly low raw material input feed prices for Chinese steel corner beads and angles.

The commission considers it reasonable for Rondo to claim based on the information available to it that a particular market situation exists in the Chinese market for steel corner beads and angles.

The commission is satisfied that findings relating to galvanised steel are relevant to steel corner beads and angles, because it is the raw material input used to make the goods and the largest cost element. The commission is also satisfied that findings relating to HRC are relevant, as HRC is the primary input for galvanised steel. See for example, *Final Report 611 – Zinc coated (galvanised steel) – China, Korea and Taiwan*, chapter 4.4.1, on the commission's website.

The commission will seek the necessary information from exporters and from the GOC to independently assess Rondo's claims in the investigation.

### Normal value

The commission considers that the inputs used in the constructed normal value calculations by Rondo are reasonable. The cost of production has been based on Rondo's costs, with a downward adjustment to broadly reflect the labour costs in China. A 6% profit has been used in the normal value calculation, based on the *European Commission's Agreement Resulting from Institution Negotiations*.<sup>7</sup>

### Raw material costs

The commission notes that galvanised steel costs make up the majority of Rondo's estimate of the cost of production for steel corner beads and angles in China.

The commission considers the use of galvanised steel selling prices sourced from an independent steel industry subscription service is a reasonable basis for estimating the domestic raw material costs of galvanised steel. Rondo has used a benchmark comprising galvanised steel prices from Korea and Taiwan as a substitute for

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<sup>6</sup> *Final Report 611 – Zinc coated (galvanised steel) – China, Korea and Taiwan*

<sup>7</sup> Non-confidential attachment 8 to the application

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domestic prices, on the basis that Chinese domestic prices have been distorted by government interference.

On the basis that a particular market situation has been alleged by Rondo in respect of galvanised steel in China, the commission is satisfied that the use of galvanised steel prices from Korea and Taiwan is a reasonable basis at this stage of the investigation for estimating galvanised steel costs in China.

### Labour, conversion and SG&A costs

The commission considers the use of costs based on Rondo's own labour, conversion and SG&A costs in respect of the goods is a reasonable basis for estimating such costs in China. The commission notes that labour costs have been adjusted to account for an estimated difference in labour costs in China.

### Profit

At this stage of the investigation, the commission does not have any data on the production and sale of steel corner beads and angles in the Chinese domestic market which could be used to determine a profit amount. In previous consideration reports, the commission has used verified data from other investigations into similar goods in the same general category as the goods being investigated. However, this approach cannot be taken in the present case as the commission has not previously examined steel corner beads and angles.

Rondo has based the profit margin on the *European Commission's Agreement Resulting from Institution Negotiations*, which mandates a level of profit of no less than 6%. The commission considers this profit margin reasonable for the purposes of this report because:

- the commission considers the European Commission is a reputable trade remedies authority
- this profit is consistent with Rondo's profit prior to the period it claims injury from dumped and subsidised goods
- this profit is consistent with the profit determined for Chinese exporters in *Continuation 611 – Zinc coated (galvanised) steel from China, Korea, Taiwan (CON 611)*.<sup>8</sup>

The commission will examine profit as relevant to the calculation of normal value during the investigation.

### Adjustments to normal value

The commission's general practice is to compare export price and normal values at a FOB level. Comparing an export price and normal value on equal delivery terms provides an accurate estimate of a dumping margin. However, Rondo has access to limited information to adjust the EXW normal value it has calculated to ensure a fair comparison with FOB export prices. In the commission's consideration of previous applications where limited or no information has been provided to enable a fair comparison, the commission has used verified information from earlier cases examining similar goods. However, this approach cannot be taken in the present application, as the commission has not previously examined steel corner beads and angles .

As a result, the commission compared the estimated FOB price with the estimated EXW normal value.

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<sup>8</sup> The commission considers CON 611 relevant as zinc coated (galvanised) steel is an input used in the manufacture of the goods.



The commission notes that this approach results in a conservative estimate of the dumping margin, as any upwards adjustment to calculate the FOB normal value would have an effect of increasing the dumping margin.

Rondo's calculation of normal value is at **Confidential Attachment 3**.

### 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 investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

#### 3.5.2. The commission's assessment

The table below summarises the dumping margins estimated by the applicant and dumping margins calculated by the commission, using the export price and normal values described in chapters 3.3 and 3.4. Dumping margins are expressed as a percentage of the export price. The table also indicates whether the commission is satisfied that the dumping margin and volume of dumped goods is above negligible levels.

Rondo's estimate	The commission's estimate	Volume of imports
Between 57% and 89%	8.7%	99%

**Table 10: Estimated dumping margins**

The commission is satisfied that there appear to be reasonable grounds that the dumping margins are above negligible levels.

The commission's assessment of dumping margins is provided at **Confidential Attachment 4**.

#### 3.5.3. Volume of dumped goods

Sections 269TDA(3) and (4) provide that an investigation into dumping must be terminated if the total volume of goods exported to Australia over the relevant investigation period that may be dumped is negligible. A negligible volume of goods is less than 3% of the total Australian import volume.

Using the method set out in chapter 2.5.1, the commission has estimated the volumes of goods exported from China. Based on this assessment, the commission is satisfied that there appears to be reasonable grounds to consider that the volume of dumped goods is above negligible levels.

The commission's assessment of import volumes is provided at **Confidential Attachment 1**.

## 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<sup>9</sup>
- 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.<sup>10</sup>

### 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 to publish a countervailing duty notice is that subsidisation has taken place (to an extent that is not negligible). This issue is considered in the following chapters.

### 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 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 arriving at a mutually agreed solution.

To assist in determining whether it wished to undertake consultations and what it would like to consult on, the GOC was provided with a non-confidential version of the application.

The commission did not receive a response from the GOC.

### 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 269TAAC.

#### 4.4.2. The applicant's claims

Rondo states that the key raw material input used in the manufacture of the goods is zinc coated steel, often referred to as galvanised steel and/or pre-galvanised HRC. Rondo states that the commission has previously identified a range of countervailable subsidy programs applicable to Chinese steel producers. As the

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<sup>9</sup> China is a developing country and accordingly the threshold for determining whether countervailable subsidies are negligible is 2% (section 269TDA(16)).

<sup>10</sup> The threshold for determining whether countervailable volumes are negligible for a developing country is 4% (section 269TDA(8)).

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exported goods are products of the Chinese steel industry, and the commission has previously concluded that goods manufactured from galvanised steel attract a broad range of subsidies, Rondo considers it reasonable to conclude that previously identified subsidy programs are applicable to Chinese exporters of the goods.

The subsidy programs which Rondo claims would be relevant to steel corner beads and angles are those examined with respect to:

- galvanised steel exported from China in CON 611
- hollow structural sections (**HSS**) from China in *Continuation 590 – Hollow structural sections from China, Korea, Malaysia, Taiwan (CON 590)*.

### 4.4.3. The commission's assessment

The commission assessed the claims made by Rondo, with respect to the provision of subsidies granted by the GOC which impact HRC and galvanised steel production, which Rondo submits exporters of steel corner beads and angles from China may have received. In doing so, the commission assessed the relevance of the commission's previous findings to steel corner beads and angles.

#### Relevance of CON 611 and CON 590

The application draws its findings from both CON 611 and CON 590. Rondo submits that it is reasonable to conclude that subsidies applicable to one part of the Chinese steel industry may also apply to other parts of the industry. In this case:

- subsidies applying to galvanised steel (as identified in CON 611) may be relevant because subsidies applying to galvanised steel might also apply to other products made from galvanised steel, such as the goods
- subsidies applying to products made from HRC, such as HSS (as identified in CON 590), may be relevant to other products made from HRC, such as galvanised steel, which is then in turn used to make the goods.

Based on the production process described in the application and costs of production of the goods discussed in chapter 3.4, the commission is satisfied galvanised steel is a raw material input used to make the goods and is the largest cost element. The commission is further satisfied that HRC is a raw material input into galvanised steel. The commission therefore accepts that the subsidies applicable to galvanised steel and HSS may be applicable to the goods. It has therefore examined the evidence associated with the programs identified in CON 611 and CON 590.

#### Assessment of previously identified programs

In CON 611, the commission identified 37 programs applicable to zinc coated (galvanised) steel exported from China. In CON 590, the commission identified 59 countervailable programs applicable to Chinese exports of HSS.

In both CON 611 and CON 590, the commission found for each of the 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 notes Article 11.2 of the World Trade Organization (**WTO**) Agreement on Subsidies and Countervailing Measures (**SCM Agreement**) 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

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of the evidence is 'less than that required to reach a final determination'.<sup>11</sup> However, there must be adequate evidence of the elements of subsidy.<sup>12</sup>

Noting the above, the commission has considered the:

- eligibility requirements of each identified program
- whether the program was likely relevant to production of the goods during the investigation period (including whether the program has expired)
- whether any benefit under the program may be a subsidy in respect of the goods.

The commission has assessed each of the programs identified by Rondo and considers that based on the historical evidence before it, there is adequate evidence indicating 61 out of the 96 identified programs are relevant to steel corner beads and angles. For these programs, the commission has previously found producers in the Chinese steel industry received a benefit, and that eligibility criteria were not limited to the specific goods in those investigations, in other words, exporters of steel corner beads and angles may also be eligible to receive a benefit. These programs were specific for reasons other than being limited to the specific goods in question (such as location) which may be satisfied by producers of steel corner beads and angles. In this regard, the commission examined Chinese exporter data in the ABF import database and observed many exporters located in regions where the commission had identified recipients of countervailable subsidies in CON 611 and CON 590.

The commission also looked at the evidence before it to determine whether the identified programs may have expired. A number of programs were found to have expired prior to the investigation period and so were removed from consideration. Other programs were listed as still active in notifications by the GOC to the WTO.<sup>13</sup> For the remaining programs, the commission could not identify any expiry period from the historical information previously considered by the commission in CON 611 and CON 590 and no information before it indicating these programs had otherwise ceased.

### Reasonable grounds that there has been subsidisation

The commission does not consider all countervailable subsidies listed by Rondo are relevant to the goods, but there appears to be reasonable grounds for the claim made by Rondo in its application that countervailable subsidies in some form may have been received in respect of exports of the goods from China.

The commission will use as a basis for its subsidy investigation those 61 subsidies it has identified from CON 611 and CON 590 as potentially relevant to the goods.

Noting also that the commission found in CON 611 that galvanised steel is subsidised, the commission will investigate whether galvanised steel may have been provided to producers of the goods at less than adequate remuneration (**LTAR**).

The commission will further assess during the investigation to what extent Chinese exporters utilised countervailable subsidy programs for the production or export of the goods.

The list of subsidy programs for investigation and a summary of the commission's analysis is at **Non-confidential Attachment 1**.

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<sup>11</sup> Panel Report, *US – Softwood Lumber V*, para. 7.84; Panel Report, *China – GOES*, para. 7.55.

<sup>12</sup> Panel Report, *US – Supercalendered Paper*, para. 7.148.

<sup>13</sup> See Non-confidential Attachment 1.

The commission's assessment of countervailable subsidies is in **Confidential Attachment 5**.

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

### **4.5.1. Legislative framework**

Subsidy margins are determined under section 269TACD.

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**

Rondo has not provided an estimated amount of countervailable subsidy received overall, or subsidy margins for the programs it identified. Under Article 11.2 of the SCM Agreement, 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'.

Based on the information provided by Rondo, 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.

The subsidy margin calculated for galvanised steel in CON 611 with respects to exports from China was 12.1%.

The subsidy margins calculated for HSS in CON 590 with respects to exports from China ranged from 0.0% to 51.0%.

On the basis that galvanised steel (made from HRC) is the primary raw material used in the manufacture of the goods, the commission considers, that based on its assessment in chapter 4.4, for the purposes of this report the subsidy margins determined in CON 611 and CON 590 are a reasonable basis for concluding that the subsidy margins for exports of the goods for China are not negligible.

### **4.5.3. Volume of subsidised goods**

Sections 269TDA(7) and (8) provide that an investigation into whether there are countervailing subsidies must be terminated if the total volume of goods exported to Australia over the relevant investigation period that may be subsidised is negligible. A negligible volume of goods is less than 4% of the total Australian import volume.

Using the method set out in chapter 2.5.1, the commission has estimated the volumes of goods exported from China.

Based on the commission's assessment, it is satisfied that there appears to be reasonable grounds to consider that the volume of subsidised goods is above negligible levels for China.

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

### **5.1. Findings**

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant, the commission 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
- loss of market share
- price suppression
- price depression
- loss of profits
- loss of profitability
- decline in asset values
- reduced return on investment
- reduced capacity utilisation
- reduced productivity

### **5.2. Legislative framework**

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

### **5.3. The Applicant's claims**

Rondo claims that the Australian industry has been injured through:

- loss of sales volume
- lower production volumes
- loss of market share
- price suppression
- price depression
- loss of profits
- loss of profitability
- decline in asset values
- lower revenue
- reduced return on investment
- reduced capacity utilisation
- reduced employment
- reduced productivity

Rondo claims that it suffered material injury because of dumped and subsidised imports of the goods from March 2021.

### **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 chapter analyses the economic condition of the Australian industry and provides an assessment as to whether there appears 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 Rondo on Australian industry sales and import data from the ABF import database, as discussed in chapter 2.5.1.

The commission’s assessment of the economic condition of the Australian industry is in **Confidential Attachment 6**.

**5.4.3. Injury analysis period**

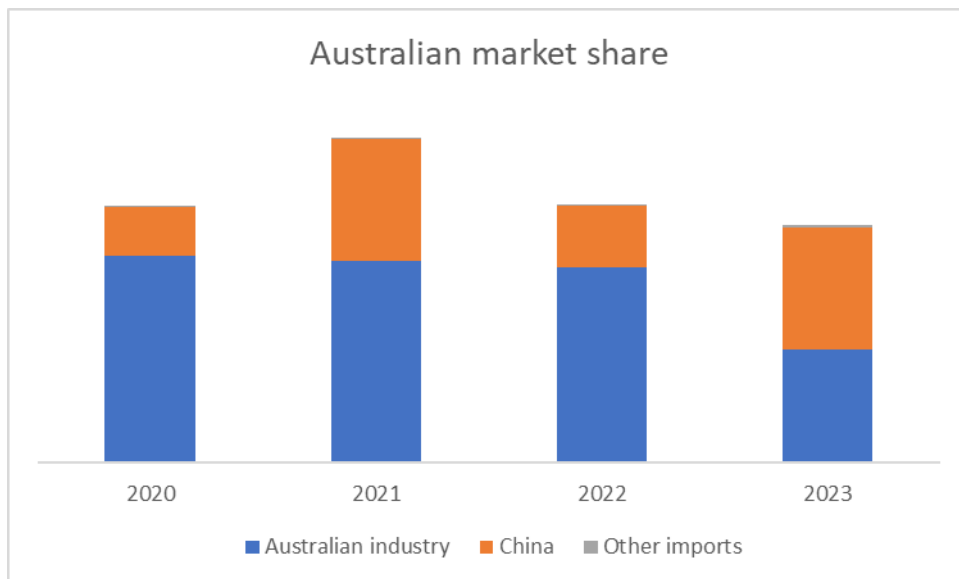
The purpose of the injury analysis period is to enable the commission to identify and examine trends in the Australian market, which in turn assists the commission in its examination of whether material injury has been caused by dumping and subsidisation. Rondo has provided data from 1 January 2020 to 31 December 2023 for this purpose.

**5.5. Volume effects**

Rondo reports that it suffered a drop in sales and production volumes and market share since March 2020 due to increased imports from China.

**5.5.1. Sales volume and market share**

Figure 2 depicts the sales volume of Australian industry since 2020. Volumes have dropped consistently from 2020, despite a generally steady demand for the goods.



**Figure 2: Australian industry sales volume**

Rondo has also reported a fall in its own sales volumes each year since March 2020, consistent with the overall fall in Australian sales volumes over a similar period.

	YE March 2020	YE March 2021	YE March 2022	YE March 2023
<b>Sales volumes</b>	100	92	80	79

**Table 11: Index of Rondo sales volumes (year ending March)**

**5.5.2. Production volume**

Rondo’s production volumes have closely followed sales volumes since March 2020.

	<b>YE March 2020</b>	<b>YE March 2021</b>	<b>YE March 2022</b>	<b>YE March 2023</b>
<b>Production volumes</b>	100	92	81	84

**Table 12: Index of Rondo production volumes (year ending March)**

**5.5.3. Import volumes**

Figure 3 depicts import volumes from China and other countries.



**Figure 3: Imports of steel corner beads and angles**

Chinese imports of the goods dominate the supply to the Australian market from outside of Australia. Import volumes increased significantly in 2021, but there was a noticeable decline in 2022, which follows a decline in the total market in the same year as shown in Figure 1. However, import volumes increased again in 2023, while the total Australian market declined between 2022 and 2023.

**5.5.4. Conclusion – volume effects**

The commission’s analysis above supports Rondo’s claims of injury through loss of sales volume, loss of market share and lower production volumes. The commission is therefore satisfied there appear to be reasonable grounds to conclude that the Australian industry has suffered injury through loss of sales volume, loss of market share and lower production volumes.

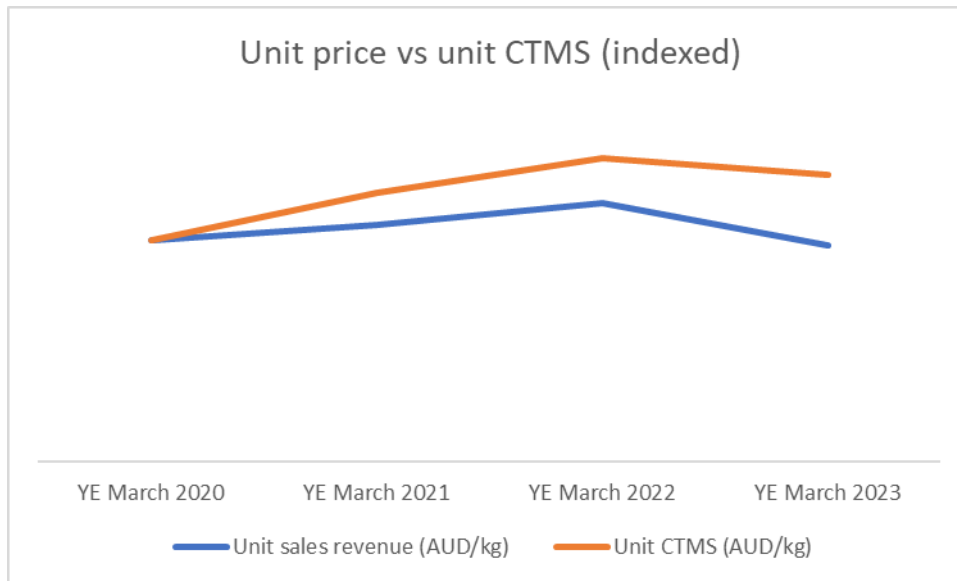
**5.6. Price effects**

Rondo reports that it suffered injury through price suppression and price depression. 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.

**5.6.1. Price depression and price suppression**

Figure 4 depicts the movement in the weighted average unit CTMS and weighted average selling price since 1 April 2020.





**Figure 4: Unit price and Unit CTMS comparison (indexed)**

Unit CTMS has increased since the year ending March 2020, with unit selling prices also increasing, but more slowly, resulting in less sales revenue

**5.6.2. Conclusion – price effects**

Based on the above, there appears to be evidence of price suppression, with Rondo not raising its prices to keep up with an increase in costs. There is also some evidence of price depression, with prices falling at a greater rate than a corresponding fall in costs for the year ending March 2023.

Based on the above, the Commissioner is satisfied to that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of price suppression and price depression.

**5.7. Profit and profitability effects**

Rondo reports that it suffered injury in the form of a loss of profits and profitability due to the dumped and subsidised goods from China.

**5.7.1. Profit and profitability**

Figure 5 depicts Rondo’s unit profit and profitability for the injury analysis period.

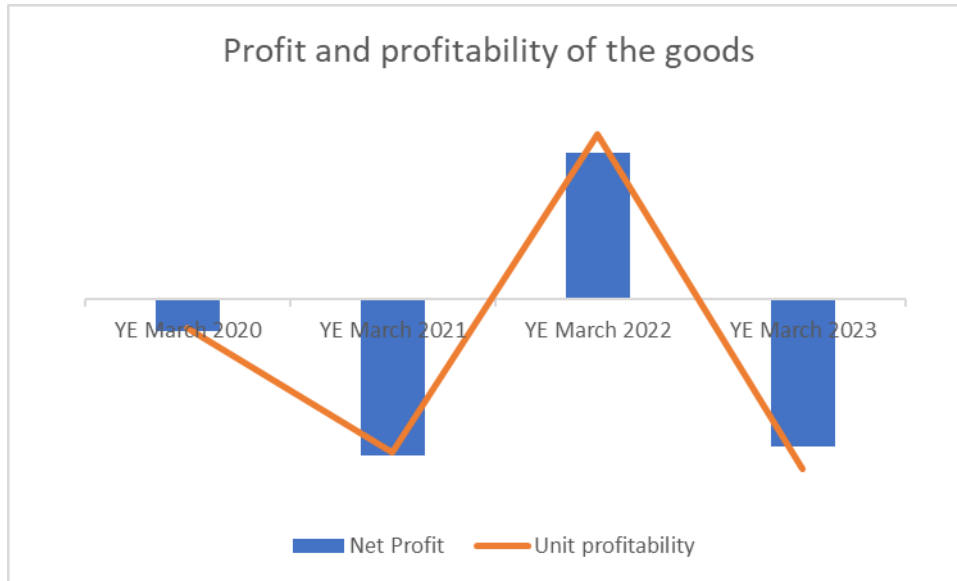


Figure 5: Profit and profitability

Rondo claims in its application that dumped imports influence its profits and profitability. Broadly, during periods of export price inflation the Australian industry’s profits and profitability grew, compared to the periods of export price deflation.

**5.7.2. Conclusion – profit and profitability effects**

There appears to be a correlation between a decrease in Rondo’s profits and profitability with an increase in import volumes from China. Based on this, the commission is satisfied there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of lost profit and reduced profitability.

**5.8. Other injury factors**

Rondo has additionally claimed injury from:

- decline in asset values
- lower revenue
- reduced return on investment
- reduced capital utilisation
- reduced hours worked
- reduced productivity

Rondo has provided data relating to the above injury factors by financial year.

**5.8.1. Asset values**

Rondo provided in its application the value of its assets over the injury analysis period associated with the production of steel corner beads and angles. The commission notes a decline in asset values since the 2020/21 financial year.

	2020/21	2021/22	2022/23	2023/2024
Asset values	100	88	96	69

Table 13: Index of Rondo asset values

**5.8.2. Revenue**

Rondo provided in its application its revenue over the injury analysis period associated with the sale of steel corner beads and angles. Revenue has remained generally flat over the period.

	2020/21	2021/22	2022/23	2023/2024
<b>Revenue</b>	100	106	116	97

**Table 14: Index of Rondo revenue**

**5.8.3. Return on investment**

Rondo claims there has been a decline in its return on investment (**ROI**) associated with the sale of steel corner beads and angles since 2020/21. ROI in 2023/24 is significantly lower than in 2020/21.

	2020/21	2021/22	2022/23	2023/2024
<b>ROI</b>	100	81	129	-320

**Table 15: Index of Rondo ROI**

**5.8.4. Capacity utilisation**

Rondo claims there has been a decline in capacity utilisation associated with the production of steel corner beads and angles since 2020/21, which is supported by the data provided in the application.

	2020/21	2021/22	2022/23	2023/2024
<b>Capacity utilisation</b>	100	86	80	80

**Table 16: Index of Rondo capacity utilisation**

**5.8.5. Employment**

Rondo claims there has been a decline in employment, demonstrated by a decline in the hours worked, associated with the production of steel corner beads and angles. However, there does not appear to have been a decrease in employment over the injury period.

	2020/21	2021/22	2022/23	2023/2024
<b>Employment</b>	100	100	100	100

**Table 17: Index of Rondo employment**

The commission notes that the data provided in support of Rondo’s claims of employment injury provide a difference index than that provided in its application.

**5.8.6. Productivity**

Rondo claims there has been a decline in productivity associated with the production of steel corner beads and angles since 2020/21. The commission notes that productivity decreased in 2021/22 but has remained steady since.

	2020/21	2021/22	2022/23	2023/2024
<b>Productivity</b>	100	93	93	95

**Table 18: Index of Rondo productivity**

## **6. REASONABLE GROUNDS – CAUSATION FACTORS**

### **6.1. Findings**

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

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

#### **6.2.1. Legislative framework**

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

<b>Injury caused by dumping and/or subsidisation</b>
<p><u>Volume effects</u></p> <ul style="list-style-type: none"> <li>• There is a direct correlation between the ongoing presence and increase in volumes of steel corner beads imported from China and decline in the Australian industry's sales volume and market share for the like goods.</li> <li>• Across the injury analysis and its proposed investigation periods, imports of steel corner beads from China have dominated the Australian market. From 2021, imports from China increased and have remained at those higher levels. The Australian market over the injury analysis period has declined which has translated to a material loss of market share for the Australian industry while China has maintained its presence.</li> </ul> <p><u>Price effects</u></p> <ul style="list-style-type: none"> <li>• Rondo has responded to the presence of imports of the allegedly dumped (and subsidised) goods by suppressing its price increases for like goods, particularly during the proposed investigation period. Absent dumped (and subsidised) imports from China Rondo would have achieved prices indicative of a level playing field in the Australian market.</li> <li>• Rondo provided with its application multiple examples of price undercutting, price depression and price suppression to compete with Chinese imports.</li> </ul> <p><u>Profit and profitability</u></p> <ul style="list-style-type: none"> <li>• Rondo competes on price to maintain production volume. Therefore, the Australian industry's profits (expressed as net gains or loss) and profitability are affected by factors impacting its ability to raise prices sufficient to cover costs, such as the price suppression and depression caused by dumped imports.</li> <li>• The ongoing prevalence of price suppression observed has impacted negatively on the profits and profitability of Rondo over the proposed injury analysis and investigation periods. Rondo considers that its unit revenue would have improved if the price suppression and depression were not occurring. Therefore, Rondo considers that it has suffered injury in the form of reduced profits and profitability and that injury was caused by sales of steel corner beads exported from China at dumped and subsidised prices, and that the injury was material.</li> </ul>
<b>Injury caused by other factors</b>
<ul style="list-style-type: none"> <li>• Rondo states that the demand for the goods and like goods generally declined across the injury analysis period, reaching its lowest volumes in the proposed investigation period.</li> </ul>

**Table 19: Rondo's injury causation claims**

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

The table below sets out the commission's assessment of Rondo's causation claims.

### **6.4.1. Margins of dumping and subsidisation**

Under section 269TAE(1)(aa), the Minister may have regard to the size of the dumping margins worked out in respect of the goods exported to Australia. As set out in chapter 3.5.2, the commission considers there are reasonable grounds for concluding that the goods exported from China are dumped at a margin of 8.7%.

Under section 269TAE(1)(ab), the Minister may have regard to the particulars of any countervailable subsidy received in respect of the goods exported to Australia. As set out in chapter 4.5.2, the commission considers that there are reasonable grounds for concluding that the amount of countervailable subsidy received in respect of the goods exported from China is greater than 2%.

#### **6.4.2. Volume effects**

As discussed in chapter 5.5, Australian industry sales volume has decreased every year since 2020, while import volumes of the goods from China has increased. Over this period, Australian demand for steel corner beads and angles has remained steady.

As a result, Australia industry market share has decreased since 2020, while the share made up of Chinese imports has increased, Chinese imports of the goods made up the largest source of supply in 2023.

This supports Rondo's claims of a direct correlation between the ongoing presence and increase in volumes of steel corner beads imported from China and decline in the Australian industry's sales volume and market share for the like goods.

The commission considers this correlation, along with the significant volume of Chinese imports, provides reasonable grounds to establish that the Australian industry has experienced volume injury as a result of dumped or subsidised goods exported from China.

#### **6.4.3. Price effects**

The commission accepts that customers can purchase either from the Australian industry or from an import supply source. Import offers and movement in the price of import offers can therefore be used to negotiate prices with the Australian industry.

Rondo states that it has suppressed its price increases for like goods to compete with Chinese imports. This is supported by the examples of sale negotiations presented by Rondo in its application.<sup>14</sup> Rondo states that absent dumped and subsidised Chinese imports, it would not suffer price suppression or depression.

As discussed in chapter 5.6, the commission is satisfied that Rondo has suffered injury in the form of price depression and price suppression. This coincides with the finding made commission in chapters 3.5.2 and 4.5.2 that there are reasonable grounds for concluding dumped and subsidised goods from China were imported in the year ending March 2023.

The commission is also satisfied that the margins of dumping and subsidisation for imports from China provides exporters from China with a price advantage over Australian industry.

Considering the above, the commission considers there appear to be reasonable grounds to support Rondo's claim that the importation of dumped goods and subsidised goods from China has led to Australian industry suffering price suppression and depression.

#### **6.4.4. Price undercutting**

Rondo has provided examples in its application to demonstrate it has been undercut by Chinese exporters. The examples are based on its own experiences within the Australian market.

The Commission will conduct an undercutting analysis as part of the investigation once it has obtained sufficient information to compare export price information for China with Australian industry prices for the goods.

#### **6.4.5. Profit effects**

The commission accepts that Rondo competes on price to maintain production volume and that its profit and profitability is affected by factors impacting its ability to

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<sup>14</sup> Pages 28-32 of the confidential version of Rondo's application.

raise prices sufficient to cover costs, such as the price suppression and depression caused by dumped imports.

The decline in Rondo's profit and profitability discussed in chapter 5.7 coincides with the dumping and subsidy allegations. The commission considers that there appear to be reasonable grounds to support Rondo's claim that the dumped and/or subsidised goods have caused injury to the Australian industry in the form of reduced profit and profitability.

#### **6.4.6. Injury caused by factors other than dumping and subsidisation**

Rondo claims that the only relevant factor other than dumping and subsidisation that may have caused injury to Australian industry is a decline in demand for steel corner beads and angles.

As discussed in chapter 5.5, demand has been generally steady since 2020, while Chinese imports of the goods have increased. Imports from other countries were negligible over the injury period.

In accordance with section 269TAE(2A), the commission will assess this and other potential causes of injury to the Australian industry during the course of the investigation.

#### **6.4.7. Is the injury material?**

Based on the levels of injury Rondo has suffered, particularly in terms of sales volumes, market share, price suppression, profit and profitability, the commission considers that there appear to be reasonable grounds to conclude that any injury to the Australian industry caused by dumping and subsidisation is material in degree.

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

The commission considers that:

- the level of the dumping and countervailing margins indicated in the application and in the commission's calculations
- the preliminary assessment of lost sales volume and market share
- the preliminary assessment of price suppression and depression
- the preliminary assessment of reduced profit and profitability
- the preliminary assessment of a decline in asset values, reduced return on investment and reduced capital utilisation

support Rondo's claim that there appear to be reasonable grounds that exports of the goods from China at dumped and subsidised prices have caused it material injury.

## 7. ATTACHMENTS

Attachments	Title
Non-confidential Attachment 1	Subsidy programs
Confidential Attachment 1	Market analysis
Confidential Attachment 2	Export price analysis
Confidential Attachment 3	Rondo calculation of Normal Value
Confidential Attachment 4	Dumping margin calculation
Confidential Attachment 5	Subsidy analysis
Confidential Attachment 6	Economic condition

**Table 20: List of attachments**



**NON-CONFIDENTIAL ATTACHMENT 1 – IDENTIFIED SUBSIDY PROGRAMS**

Program No <sup>15</sup>	Name	Type	Region	Evidence the program is no longer active	Could a producer of the goods be eligible?	Relevance to the goods
2	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant	Guangdong	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
5	Matching Funds for International Market Development for Small and Medium Enterprises	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
6	Superstar Enterprise Grant	Grant	Huzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

<sup>15</sup> The commission has used the same program numbers used in CON 590 but has renumbered those programs found in CON 611.

**PUBLIC RECORD**

7	Research & Development (R&D) Assistance Grant	Grant	Jinzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
8	Patent Award of Guangdong Province	Grant	Guangdong	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
13	Preferential Tax Policies in the Western Regions	Tax	Western regions	None	Yes	Notified by the GOC to the WTO in G/SCM/N/372/CHN, dated 27 August 2021
14	Tariff and VAT Exemptions on Imported Materials and Equipment	Tax	N/A	None	Yes	Notified by the GOC to the WTO in G/SCM/N/372/CHN, dated 27 August 2021
15	Innovative Experimental Enterprise Grant	Grant	Zhejiang	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

16	Special Support Fund for Non State-Owned Enterprises	Grant	Yunnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
17	Venture Investment Fund of Hi-Tech Industry	Grant	Chongqing	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
18	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant	Guangzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
19	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant	Zhongshan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
20	Hot rolled steel provided by government at less than fair market value	LTAR	N/A	None	Yes	HRC used in the manufacture of goods exported to Australia.

**PUBLIC RECORD**

21	Water Conservancy Fund Deduction	Grant	Zhejiang	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
22	Wuxing District Freight Assistance	Grant	Wuxing	None	Yes	Refunded income tax and turnover tax provided under this subsidy is based on annual freight cost. It is considered that this financial contribution would be made in connection to the export of all goods of the recipient enterprise (including goods exported to Australia).
27	Huzhou City Quality Award	Grant	Huzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
28	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant	Huzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

29	Land Use Tax Deduction	Tax	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
30	Wuxing District Public Listing Grant	Grant	Wuxing	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
31	Anti-dumping Respondent Assistance	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
32	Technology Project Assistance	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

34	Balidian Town Public Listing Award	Grant	Balidian	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
35	Preferential Tax Policies for High and New Technology Enterprises	Tax	N/A	None	Yes	Notified by the GOC to the WTO in G/SCM/N/372/CHN, dated 27 August 2021
36	Local Tax Bureau Refund	Tax	N/A	None	Yes	The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).
37	Return of Farmland Use Tax	Tax	N/A	None	Yes	The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).
38	Return of Land Transfer Fee	Tax	N/A	None	Yes	The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).
39	Return of Land Transfer Fee From Shiyou	Tax	Shiyou	None	Yes	The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

40	Dining lampblack governance subsidy of Jinghai County Environmental Protection Bureau	Grant	Jinghai	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
41	Discount interest fund for technological innovation	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
42	Energy conservation and emission reduction special fund project in 2015	Grant	Daqiuozhuang	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
43	Enterprise famous brand reward of Fengnan Finance Bureau	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

44	Government subsidy for construction	Grant	Handan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
45	Infrastructure Construction Costs Of Road In Front Of No.5 Factory	Grant	Jinghai	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
46	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission	Grant	Jinghai	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
47	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).



**PUBLIC RECORD**

48	Subsidy for Coal-Fired Boiler Rectification	Grant	Handan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
49	Subsidy for District Level Technological Project	Grant	Daqiu Zhuang	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
50	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
51	Subsidy from Science and Technology Bureau of Jinghai County	Grant	Jinghai	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

52	Subsidy of Environment Bureau transferred from Shiyou	Grant	Shiyou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
53	Supporting fund for exhibition from Hongqiao District Commerce Commission	Grant	Hongqiao	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
54	Government subsidy for job stability	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
55	Commercial Committee Support Fund	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

56	Tianjin Municipal Bureau of Commerce July 2018-December 2018	Grant	Tianjin	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
57	Aiding fees for cases of technology information collection	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
58	Patent supporting fund from Science and Technology Bureau of Jinghai District 2019	Grant	Jinhai	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
60	Subsidy for patent from Science and Technology Bureau Fengnan District, Tangshan City	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

61	Subsidy for Energy collection from the Tangshan Quality and Technology Supervision Bureau	Grant	Tangshan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
62	Award to the Patent Innovation from Science and Technology Bureau Fengnan District	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
64	Awards to technology innovation from Bureau of Industry and Information Technology Fengnan District	Grant	Fengnan	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
65	Awards to "Well-Known Trademarks" from Hebei Province Market Supervision administration Bureau	Grant	Hebei	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

66	Grant for Technology ERP	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
590-1	Hebei Province Quality Awards.	Grant	Hebei	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-30	Equity injection	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-31	Environmental Protection Grant	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

611-32	High and New Technology Enterprise Grant	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-33	Independent Innovation and High-Tech Industrialisation Program	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-34	VAT refund on domestic sales by local authority	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-35	Environmental Prize	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

**PUBLIC RECORD**

611-36	Jinzhou District Research and Development Assistance Program	Grant	Jinzhou	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
611-37	Enterprise support fund	Grant	N/A	None	Yes	Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
650-1	Galvanised steel provided by government at less than fair market value	LTAR	N/A	New subsidy	Yes	Galvanised steel used in the manufacture of goods exported to Australia.

**Table 21: Analysis of countervailable programs**