



Public File

Application for the publication of
dumping and
countervailing duty notice

Ceiling Steel Framing Members

Exported from the People's Republic
of China

July 2024

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice.

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Please note that giving false or misleading information is a serious offence.

Signature:

Name:	██████████ ██████████
Position:	Executive General Manager
Company:	Rondo Building Services Pty Limited
ABN:	69 000 289 207
Date:	26 July 2024

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

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

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

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

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

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

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

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

Phone: 13 28 46

Email: clientsupport@adcommission.gov.au

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

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

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and

- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

The application form requests data over several periods (P¹, P²...Pⁿ) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels P¹...Pⁿ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).
Provision of data	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none"> • The data should be submitted on a media format compatible with Microsoft Windows. • Microsoft Excel, or an Excel compatible format, is required. • If the data cannot be presented electronically please contact the Commission’s client support section for advice.
Lodgement of the application	This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either: <ul style="list-style-type: none"> • preferably, email, using the email address clientsupport@adcommission.gov.au, or • post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or • facsimile, using the number (03) 8539 2499.
Public Record	During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission’s website at www.adcommission.gov.au . At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked “FOR OFFICIAL USE ONLY” or “PUBLIC RECORD”. The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name:	██████████
Position in company:	Executive General Manager
Address:	57-87 Lockwood Road, ERSKINE PARK, NSW, 2759
Telephone:	██████████
Facsimile:	N/A
E-mail address:	██████████
ABN:	69 000 289 207

Alternative contact

Name:	██████████
Position in company:	General Manager – Finance and Procurement
Address:	57-87 Lockwood Road, ERSKINE PARK, NSW, 2759
Telephone:	██████████
Facsimile:	N/A
E-mail address:	██████████

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	Chad Uphill
Business name:	Chad Uphill Trade Advisory
Address:	P.O. Box 3004, Minnamurra, NSW 2533
Telephone:	+61 2 412 377 603
Facsimile:	N/A
E-mail address:	chad@cutrade.com.au
ABN:	31 207 328 729

A-2 Company information

1. State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.

The Australian manufacturer applicant requesting the imposition of anti-dumping and countervailing duties applicable to ceiling steel framing members (or **CSFMs**) exported from the People's Republic of China (**China**) is Rondo Building Services Pty Limited (**Rondo**) (ABN: 69 000 289 207).

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Refer Confidential Attachment A-2.2. The functions performed by each group within the organisation can be described as follows [**confidential text deleted: commercially sensitive organisational details**].

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Rondo is a [**confidential text deleted: ownership details**].

4. If your company is a subsidiary of another company list the major shareholders of that company.

Not applicable.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Not applicable, on the basis that Rondo is [**confidential text deleted: ownership details**].

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

Not applicable. Rondo does however have a branch office and facilities in New Zealand.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

Not applicable.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Not applicable.

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Refer A-6.3 below.

10. Provide details of any relevant industry association.

Rondo is a member of the following industries associations:

- Australian Steel Institute (ASI);
- Association of Wall & Ceiling Industries;
- National Association of Steel-Framed Housing (NASH);
- Housing Industry Association (HIA);
- Masters Builders Association; and
- Australian Institute of Building.

A-3 The imported and locally produced goods

1. Fully describe the imported product(s) the subject of your application:
- Include physical, technical or other properties.
 - Where the application covers a range of products, list this information for each make and model in the range.
 - Supply technical documentation where appropriate.

The imported goods from China the subject of this application are:

Ceiling steel framing members, metallic coated, whether or not containing alloys, with a height of up to and including 45 millimetres, a width (face) up to and including 60mm, of a base metal thickness of up to and including 0.65 millimetres, of varying steel grades.

Further information

A CSFM is a horizontal structural member used to support ceiling linings or other internal ceiling systems. Further worked from either zinc coated (**galvanised**) steel or aluminium zinc coated steel as the raw material (including all variants thereof, for example whether or not containing magnesium or other alloys), CSFMs are installed perpendicular to the ceiling joists or rafters and are fixed into place using screws or other fasteners.

CSFMs come in various sizes and profiles depending on the specific requirements of the ceiling system and the load it needs to support. The goods provide a framework onto which ceiling materials such as plasterboard, gypsum board, or metal panels can be attached.

Trade or common/generic names and terminology often used to describe the subject goods include, but are not limited to:

- steel ceiling battens;
- steel furring channels; and
- steel top hats.

Rondo considers that the Australian manufactured like goods are fully substitutable with all

types of imported CSFMs.

Exclusions

Excluded from the application are the direct fix clips used to install CSFMs. Excluded also are CSFMs made from stainless steel.

By this application, Rondo is seeking anti-dumping and countervailing measures in respect of Chinese exports of CSFMs to Australia (by all Chinese exporters).

2. List the tariff classification(s) and statistical code(s) of the imported goods.

The imported goods may be generally, but not exclusively,¹ classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

Tariff sub-heading	Statistical code	Description
7216.61.00	57	Angles, shapes and sections, of iron or non-alloy steel, not further worked than cold-formed or cold-finished, obtained from flat-rolled products.
7216.69.00	58	Angles, shapes and sections of iron or non-alloy steel, not further worked than cold-formed or cold-finished, other than those obtained from flat-rolled products.
7216.69.00	59	Angles, shapes and sections of iron or non-alloy steel, not further worked than cold-formed or cold-finished, from flat-rolled products.
7308.90.00	52	Columns, pillars, posts, beams, girders, bracing, gantries, brackets, struts, ties & similar structures, roll formed structures, ..Hot rolled.
7308.90.00	53	Columns, pillars, posts, beams, girders, bracing, gantries, brackets, struts, ties & similar structures, roll formed structures, plated or coated with zinc or aluminium-zinc alloys, < 1.2mm thick, of iron or steel.
7308.90.00	55	Columns, pillars, posts, beams, girders, bracing, gantries, brackets, struts, ties & similar structures, roll formed structures, ..Other.
7308.90.00	56	Columns, pillars, posts, beams, girders, bracing, gantries, brackets, struts, ties & similar structures, roll formed structures, ..Other.

Given the multitude of steel items and components classified under the above tariff subheadings (including the Chinese subject goods), and as will be detailed further below and in Part B of this application, Rondo has undertaken an Australian market based assessment for establishing that Chinese subject goods imports meet the statutory requirement of above negligible volumes, for the purposes of establishing injury causation, and for ascertaining export prices and therefore prima facie dumping margins.

¹ The goods are defined by the goods description, not the tariff classification.

3. Fully describe your product(s) that are 'like' to the imported product:
- Include physical, technical or other properties.
 - Where the application covers a range of products, list this information for each make and model in the range.
 - Supply technical documentation where appropriate.
 - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

Rondo manufactures CSFMs its facility in Sydney (New South Wales). The locally produced goods are considered to be like products to the imported CSFMs.

Rondo manufactures a range of CSFM products for residential applications. Rondo's CSFMs are manufactured from aluminium zinc coated steel (containing magnesium alloys). The locally produced goods look the same/similar and perform the same function as the interchangeable Chinese subject goods.

The locally produced goods are the same or similar across all relevant product characteristics, including the type of metallic coated steel used, yield strength, BMT, face width, and height. The relevant product characteristics that are consistent between the subject goods and locally produced like goods have been defined below at A-10.

CSFMs are manufactured and installed in accordance with class 1 and 10a of the *National Construction Code*.² The below image depicts a Rondo CSFM in a direct fix application:



Figure A-3.3.1: A Rondo CSFM attached with clips to a timber truss

Confidential Attachment A-3.3.1 provides the relevant technical documentation and illustrative material for the like goods. Refer section B2.6 beginning at page 106, then specifically page 108.

Rondo has examined the range of CSFM product offers by Chinese exporters, and notes that the product attributes are the same/similar to those produced and supplied by Rondo.

² Refer [National Construction Code | NCC \(abcb.gov.au\)](http://www.ncc.gov.au)

Rondo provides at Confidential Attachment A-3.3.2 these details.

The imported goods are therefore alike to the locally manufactured goods, including all physical characteristics and appearances, and are wholly interchangeable and substitutable for the locally produced CSFMs.

4. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.

Rondo considers that the essential characteristics of imported CSFMs are the same or similar to locally produced CSFMs. The essential characteristics include:

- i. Physical likeness

Rondo-manufactured CSFMs are alike in physical appearance to the imported goods.

- ii. Commercial likeness

The locally produced CSFMs compete directly with imported CSFMs in the Australian market.

- iii. Functional likeness:

The imported and Australian-produced CSFMs are used interchangeably in the same or comparable end-uses.

- iv. Production likeness:

CSFMs produced in Australia are manufactured in a similar manner to the imported goods. Liquid steel is cast into flat rolled steel, which is then metallic coated, then roll-formed to produce the required CSFM shape/section.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to CSFMs is category 30 (Building Construction).

6. Provide a summary and a diagram of your production process.

CSFMs are used to support ceiling linings or other ceiling systems. Provided below is a summary of the manufacturing process for CSFMs:

1. Material selection: The primary material used is aluminium zinc coated steel, which offers corrosion resistance and durability. The steel is typically sourced in coils or sheets.
2. Cutting and shaping: Steel coils or sheets are first cut into appropriate lengths based on the desired dimensions of the CSFM. They are then shaped into the required profile. This involves roll forming, where the steel is passed through a series of rollers to gradually form the desired shape.
3. Punching or Drilling: Holes or slots may need to be punched or drilled into the CSFM to facilitate attachment to the ceiling structure, or to allow for wiring and other

installations.

4. Packaging: Once CSFMs have been manufactured and passed Rondo's quality control checks, they are packaged for protection during transportation and storage. They are then shipped to Australian distributors, construction sites, or other end users.
7. If your product is manufactured from both Australian and imported inputs:
 - describe the use of the imported inputs; and
 - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

CSFMs are manufactured primarily using Australian inputs. Rondo [**confidential text deleted**: raw materials sourcing details].

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Not applicable.

9. Supply a list of the names and contact details of all other Australian producers of the product.

Other Australian producers who manufacture CSFMs are:

- Etex (branded *Siniat*); and
- Studco Building Systems.

An estimate of production volumes and values for these producers has been made at Confidential Appendix A1 and Confidential Appendix A2. Rondo makes this application under sub-section 269TB(6)(a) of the *Customs Act 1901* as accounting for more than 50 percent of the total production of like goods.

10. If different models can be established for the goods subject to the application:
 - What are the differences in physical characteristics that give rise to distinguishable and material differences in price?
 - Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.
 - In providing the list of physical differences, identify the characteristics in order of significance.
 - Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.
 - Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.
 - Complete the table below having regard to the information provided above.

The Commission will consider this information in establishing a model control code structure for the investigation.

The Model Control Code for the subject goods and like goods is proposed as follows:

Item	Category	Sub-category	Identifier	Sales Data	Cost Data
1	Alloy content	Alloy	A	Mandatory	Not applicable
		Non-Alloy	NA		
2	Coating Type	Zinc coated	Z	Mandatory	Mandatory
		Zinc Aluminium coated	ZA		
		Zinc Magnesium coated	ZM		
		Aluminium Zinc coated	AZ		
		Aluminium Zinc Magnesium coated	AM		
		Other	B		
3	Coating Mass	$\leq 100 \text{ g/m}^2$	1	Mandatory	Mandatory
		$>100 \text{ g/m}^2 - \leq 200 \text{ g/m}^2$	2		
		$>200 \text{ g/m}^2 - \leq 300 \text{ g/m}^2$	3		
		$>300 \text{ g/m}^2$	4		
4	Base Metal Thickness (BMT)	$\leq 0.20\text{mm}$	1	Mandatory	Mandatory
		$>0.20\text{mm} - \leq 0.35\text{mm}$	2		
		$>0.35\text{mm} - \leq 0.50\text{mm}$	3		
		$>0.50\text{mm} - \leq 0.65\text{mm}$	4		
		$>0.65\text{mm} - \leq 0.85\text{mm}$	5		
5	Width (face)	$\leq 30\text{mm}$	A	Mandatory	Mandatory
		$>30\text{mm} - \leq 45\text{mm}$	B		
		$>45\text{mm} - \leq 60\text{mm}$	C		
6	Height	$\leq 10\text{mm}$	1	Mandatory	Mandatory
		$>10\text{mm} - \leq 20\text{mm}$	2		
		$>20\text{mm} - \leq 35\text{mm}$	3		
		$>35\text{mm} - \leq 50\text{mm}$	4		

A-4 The Australian market

1. Describe the end uses of both your product and the imported goods.

CSFMs are attached to timber joists in houses to support plasterboard in flush ceiling applications. The use of CSFMs provides a flat even structure and accommodates movement, therefore limiting the chances of plasterboard cracking. It can be used with clips to reduce noise between levels of a residential home.

2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

Sources of product demand

Primarily in residential construction.

Marketing and distribution arrangements

Local Australian manufacturers of light gauge steel source their steel coils from BlueScope to produce their products. These products are then sold through various channels: either to trade store distributors or directly to product installers (contractors). Trade store distributors obtain imported finished steel products in one of two ways: either directly from overseas manufacturers or from local importers who source finished products from overseas. These local importers also supply products directly to contractors. This can be represented as follows:

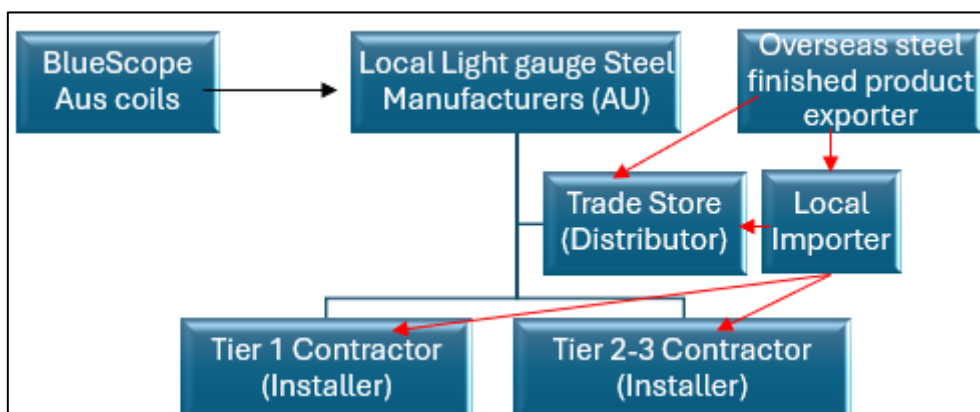


Figure A4.6.1: CSFM marketing and distribution arrangements

Typical customers/users/consumers

Resellers purchase CSFMs to sell alongside plasterboard, while plasterers install CSFMs and attach plasterboard to create ceilings in residential buildings.

Market segmentation – geographic or product

CSFMs are mostly installed in residential homes as standard in the Australian States of Victoria and Queensland, and in the Australian Capital Territory, due to preferred construction methods of builders in those regions.

Causes of demand variability

Factors contributing to overall market demand include:

- Government housing incentives such as first homeowner and stamp duty grants;
- Australian population growth and housing requirements (including migration levels);
- Changes to Australian Standards and the National Construction Code; and
- Interest rates impacting borrowing for new home builds and investment trends.

Ways in which the imported and Australian product compete

Local Australian manufacturers of light gauge steel source their steel coils from BlueScope to produce their products. These products are then sold through various channels: either to trade store distributors or directly to product installers (contractors). Trade store distributors obtain imported finished steel products in one of two ways: either directly from overseas manufacturers or from local importers who source finished products from overseas. These local importers also supply products directly to contractors.

Foreign steel product suppliers and local importers compete with Australian manufacturers by offering CSFM pricing deals to the same trade store distributors.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

The main substitutable process to using CSFMs is to directly attach plasterboard to timber joists, which can save on costs. For example, in New South Wales, it is common in housing construction to omit CSFMs altogether.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Rondo has completed Confidential Appendix A1 for total production (local and export sales) for the twelve months ending March 2024.

5. Complete appendix A2 (Australian market).

Rondo has completed Confidential Appendix A2 – Australian market for CSFMs.

6. Use the data from appendix A2 (Australian market) to complete this table:

Indexed table of sales quantities

Year Ending March	(a)	(b)	(c)	(d)	(e)	(f)	Total Market
	Applicant Sales	Other Aust. Sales	Total Aust. Sales	Dumped Imports	Other Imports	Total Imports	
2021	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2022	104.43	101.68	103.38	122.32	122.32	122.32	114.53
2023	91.62	89.11	90.66	99.39	99.39	99.39	95.80
2024	86.26	83.94	85.37	95.19	95.19	95.19	91.15

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

Rondo has completed Confidential Appendix A3 for all sales of CSFMs.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Quantity (kg's)	Year Ending March			
	2021	2022	2023	2024
All Products				
Australian market	100.00	95.14	89.99	87.13
Export Market	100.00	110.70	75.31	80.67
Total	100.00	95.81	89.35	86.86

Like goods				
Australian market	100.00	104.43	91.62	86.26
Export Market	100.00	100.00	100.00	100.00
Total	100.00	104.43	91.62	86.26

*Indexed table of Applicant's sales values**

Sales value (\$)	Year Ending March			
	2021	2022	2023	2024
All Products				
Australian market	100.00	115.41	133.96	126.30
Export Market	100.00	125.65	123.43	129.17
Total	100.00	115.95	133.40	126.45

Like goods				
Australian market	100.00	125.70	135.68	119.27
Export Market	100.00	100.00	100.00	100.00
Total	100.00	125.70	135.68	119.27

3. Complete appendix A5 (sales of other production) if you have made any:
 - internal transfers; or
 - domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Rondo has completed Confidential Appendix A5.

4. Complete appendix A4 (domestic sales).

Rondo has completed Confidential Appendix A4 for the twelve months ending 31 March 2024.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Rondo does not have any associations with the customers listed in Confidential Appendix A4.

6. Attach a copy of distributor or agency agreements/contracts.

Rondo does not maintain agency or distributor agreements for the sale of CSFMs.

7. Provide copies of any price lists.

Rondo does not maintain price lists for the sale of CSFMs. Selling prices are negotiated on customer case-by-case basis.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.
 - Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
 - If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

Refer Confidential Appendix A4.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Refer Confidential Attachment A-5.9.

10. Provide a list of model control codes from appendix A4.

Refer Confidential Appendix A4.

A-6 General accounting/administration information

1. Specify your accounting period.

Rondo's annual accounting period is July to June.

2. Provide details of the address(es) where your financial records are held.

Rondo's financial records are maintained at 57-87 Lockwood Road Erskine Park, New South Wales, 2759.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;

Refer Confidential Attachment A-6.3.1.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Refer Confidential Attachment A-6.3.2.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

Refer Confidential Attachment A-6.3.3.

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Not applicable.

6. Describe your accounting methodology, where applicable, for:

- the recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised at a point in time when a customer obtains control of the goods in accordance with *AASB 15 Revenue from Contracts with Customers*.

- provisions for bad or doubtful debts;

Trade receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

- the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

Non-manufacturing overhead expenses are not included in the cost of goods. They are reported in their respective cost categories in the profit & loss below the gross profit line. Interest costs are also not allocated to the cost of goods, but are reported separately under financing expenses in the profit & loss.

- costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;

Costing methodology is by production/sales in lineal metres.

- the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the standard cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

- valuation methods for scrap, by-products, or joint products;

Rondo does not generate joint-products or by-products. Scrap is either valued at cost plus the additional rework cost to recover (recovered scrap) or is sold externally.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Valuations are made at cost plus the cost of rework to bring the items to saleable quality. Otherwise, treated in accordance with the scrap methodology above.

- valuation and revaluation of fixed assets;

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and impairment losses. The costs of self-constructed assets includes the costs of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of construction overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. Gains and losses on disposal are recognised net within “other income and expenses” in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

- average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;

Depreciation is calculated on a straight-line basis to write-off the net cost of each item of property, plant and equipment (except land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives for the current and prior period are as follows:

- Leasehold improvements 10 - 33 years; and
- Plant and equipment 5 - 20 years.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

- treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and

Foreign currency differences are recognised in other comprehensive income and presented in the Foreign Currency Translation Reserve in equity. When a foreign operation is disposed of, whether in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and they are recognised other comprehensive income and presented in the Foreign Currency Translation Reserve in equity.

- restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.

Any such costs are treated as an overhead expense. The costs of plant closures and/or plant shut downs, if planned, are reflected in the calculation/setting of standard costing rates for the relevant period, and form part of the standard cost of goods. For unplanned closure/shut-downs, costs are reported as factory variance.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

Not applicable.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Rondo has completed Confidential Appendix A6.1 and A6.2.

2. Provide a list of model control codes from appendix A6.1 and A6.2.

The full list of Model Control Codes is provided above at A-3(10).

A-8 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

Rondo alleges that the material injury in its various forms, and arising from the volume and price effects of the dumped goods from China, has transpired across the full proposed injury analysis and investigation periods (the years ending March 2021 through to 2024).

Specifically, Rondo claims, and will establish in the subsequent parts of this application, that it has experienced material injury during the proposed injury and investigation periods in the form of:

- lost sales volume;
- lower production volumes;
- price suppression;
- price depression;
- loss of profits;
- loss of profitability;
- decline in asset values;
- reduced capital investment;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.

Index of production variations

Year Ending March	2021	2022	2023	2024
CSFM	100.00	105.08	91.85	85.73

Index of cost variations

Year Ending March	2021	2022	2023	2024
CSFM	100.00	126.61	147.58	135.45

Index of price variations

Year Ending March	2021	2022	2023	2024
CSFM	100.00	120.36	147.62	138.26

Index of profit variations

Year Ending March	2021	2022	2023	2024
CSFM	100.00	388.03	122.88	21.87

Index of profitability variations

Year Ending March	2021	2022	2023	2024
CSFM	100.00	308.71	90.85	18.34

3. Complete appendix A7 (other injury factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

Index of relevant Appendix A7 factors

CSFM	2020/21	2021/22	2022/23	2023/24
Asset values	100.00	104.05	116.79	95.38
Capital investment	100.00	100.00	111.48	101.02
Return on investment	100.00	135.31	76.74	31.95
Capacity utilisation	100.00	91.25	85.12	82.42
Productivity	100.00	91.30	100.00	98.55

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

There is a direct correlation between the ongoing presence and increase in volumes of CSFMs imported from China and the Australian industry's annual sales volume and market share for the like goods. Confidential Chart A-9.1.1 below highlights this:



Confidential Chart A-9.1.1: Year Ending March 2021-2024 Australian market share (source: Appendix A2)

Following the 2021 base year, imports from China increased year-on-year. Critically, the Australian market over the injury analysis period has declined by an estimated [XX] percent. This has translated to a material loss of market share for the Australian industry while China has maintained its presence:



Confidential Chart A-9.1.2: Year Ending March 2021-2024 sales volume comparison (source: Appendix A2)

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

Influence on prices

The correlation between the Australian industry's quarterly selling prices for the like goods

and the annual FOB export prices for the dumped and subsidised imports across the injury analysis and investigation period exists because the Australian industry's prices were heavily influenced by the presence and prices of the dumped and subsidised imports. Specifically, Rondo has responded to the presence of imports (by importers of the dumped goods) by suppressing its price increases for like goods. This has been of particular prevalence during the proposed 2023/24 investigation period.

The Commission's Dumping and Subsidy Manual (**the Manual**)³ states that price suppression, in terms of Article 3.2 of the ADA, is where price increases for the Australian industry's products, which otherwise would have occurred, have been prevented to a significant degree.⁴ In determining whether price suppression has occurred, the Commission may examine:⁵

- a comparison of prices with costs to assess whether over time (e.g. the injury analysis period) or within a specified period (e.g. the investigation period) prices have not increased at the same rate as cost increases; and/or
- an assessment as to whether the prices for the Australian industry's product are lower than prices that may have been achieved in the absence of dumping.

In either case, the Commission will base its price suppression analysis on a counterfactual conclusion – assessing what trend in, or level of, prices the Australian industry would have achieved in the absence of dumping.⁶

Rondo submits that, absent imports from China at material margins of dumping, it would have achieved prices indicative of a level playing field in the Australian market.

Injury Case Studies

Rondo provides the following evidence of customer price correspondence and negotiations for supply of CSFMs for the 2023/24 period. The price undercutting, price depression, and price suppression evident has caused material injury to Rondo.

[confidential text deleted: injury case study details]⁷

This analysis indicates that Australian industry prices have been undercut and that Rondo would have achieved higher prices in the absence of the presence of CSFMs exported from China at dumped and subsidised prices. In other words, the systemic underselling and price undercutting caused the Australian industry to experience price depression and suppression that it would not have otherwise experienced if not for the offers for sale of dumped and subsidised goods.

Influence on profits and profitability

Rondo competes on price in order 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.

Confidential Charts A-9.2.1 and A-9.2.2, below, show the influence of the price of dumped

³ Dumping and Subsidy Manual, December 2021.

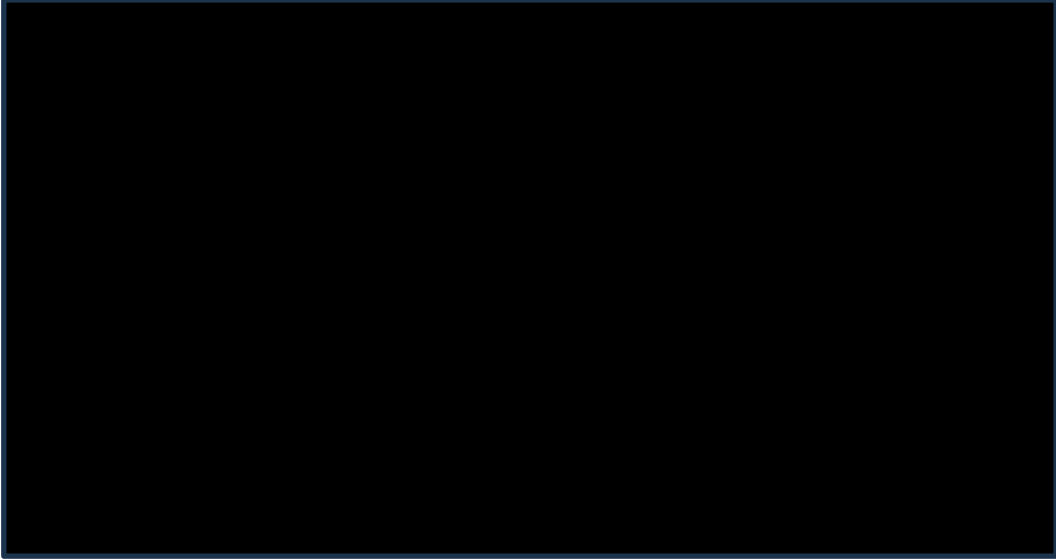
⁴ The Manual, p. 16.

⁵ Ibid.

⁶ Ibid.

⁷ Refer Confidential Attachments A-9.2(1)-(5).

imports on the Australian industry's quarterly 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:



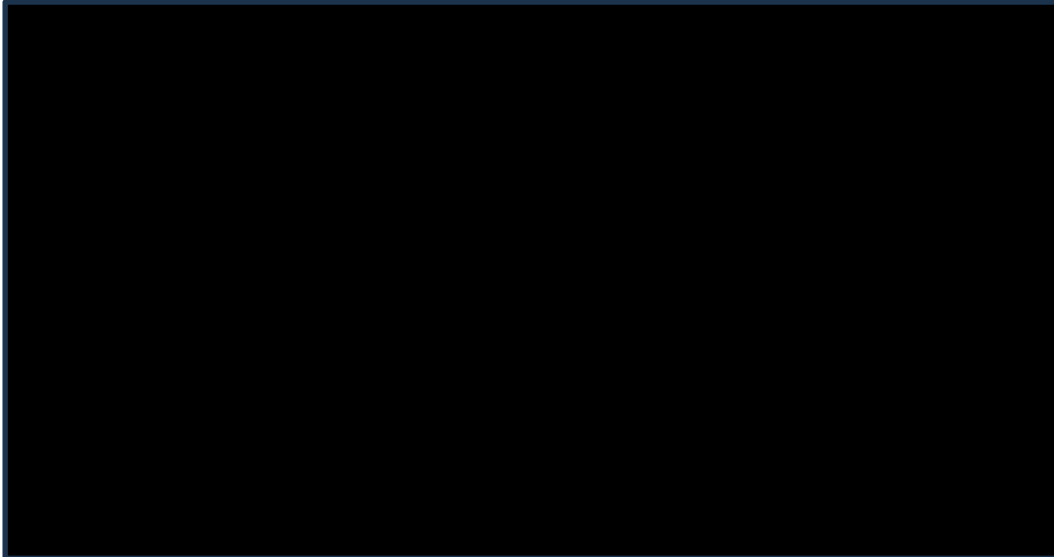
Confidential Chart A-9.2.1: Quarterly export prices of dumped goods and Australian industry net gain/loss (sources: Appendices A2 and A6.1)



Confidential Chart A-9.2.2: Quarterly export prices of dumped goods and Australian industry profitability (sources: Appendices A2 and A6.1)

- 3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Confidential Chart A-9.3.1 below indicates that the Australian industry experienced price suppression throughout the assessment period, in accordance with a consistent presence Chinese export volumes preventing Rondo from raising its selling prices sufficient to cover its full absorbed cost to make and sell:



Confidential Chart A-9.3.1: China volume influence on net prices, together with unit CTMS of Australian industry's own production (Sources: Appendix A2 and A6.1)

4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at [appendix A7](#) (other economic factors). If factors other than those listed at [appendix A7](#) (other economic factors) are relevant, include discussion of those in response to this question.

The impact of the dumped CSFMs from China has been significant in terms of price-effect and volume injury. Rondo can demonstrate at Confidential Appendix A7 that it has also experienced injury in other forms, including:

- decline in asset values;
- reduced capital investment;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

The deterioration in each of the identified 'other' indicators can be readily attributed to the increase in imports from China, and a subsequent deterioration in sales of the locally produced like goods.

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.

Rondo considers that it has experienced material injury during the proposed injury assessment and dumping periods in the form of:

- lost sales volume;
- lower production volumes;

- price suppression;
- price depression;
- loss of profits;
- loss of profitability;
- decline in asset values;
- reduced capital investment;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

Volume/market share effects

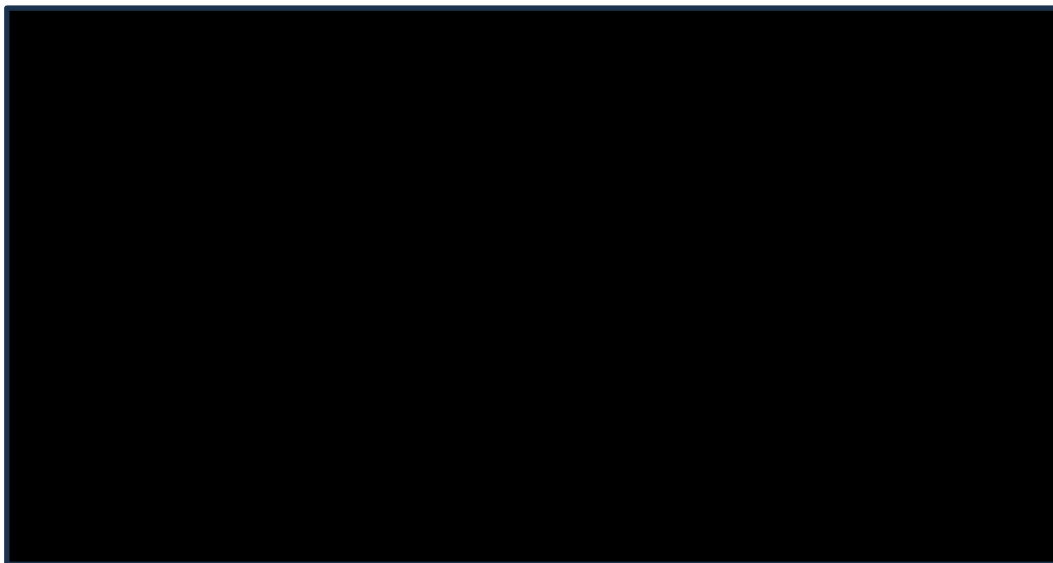
Rondo has been unable to maintain and/or increase sales volume across the injury analysis period, which has been reflected in its material loss of market share to dumped imports from China.

Table A-9.5.1 below indicates that Rondo’s total domestic sales volume for CSFMs has decreased by approximately [XX] percent:

CSFMs	YE Mar. 2021	YE Mar. 2022	YE Mar. 2023	YE Mar. 2024
Sales quantity	100.00	103.73	90.53	84.60

Non-Confidential Table A-9.5.1: Index of Australian industry’s sales of CSFMs (source: Appendix A6.1)

Confidential Chart A-9.5.2 below shows that Rondo’s share of the Australian market for CSFMs has progressively declined since 2021:



Confidential Chart A-9.5.2: Australian market share for CSFMs (source: Appendix A2)

As noted above and reemphasised here – China has maintained its Australian market share of CSFMs in a declining overall market. This has placed even greater pressure on the Australian industry to maintain sales volumes and market share, albeit unsuccessfully. Rondo therefore considers it has suffered material injury in the form of lost sales volumes since 2020/21, which continued through to 2023/24.

Price depression and suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. One indicator of price suppression is the margin between revenues and costs. This approach is proposed by Rondo in its analysis, as it contends that a normal business unaffected by dumping would look to increase prices to, at a minimum, cover its Cost to Make and Sell (**CTMS**) and attempt to maximise profits.

Confidential Charts A-9.5.3 and A-9-5.4 below demonstrate movements in Rondo’s net sales revenue and total CTMS, and domestic weighted average unit costs and prices for CSFMs during the proposed injury analysis period:



Confidential Chart A-9.5.3: Net revenue and total CTM&S (source: Appendix A6.1)



Confidential Chart A-9.5.4: Australian selling price and CTM&S (source: Appendix A6.1)

At Confidential Chart A-9.5.3, there is clear evidence of price depression. At Confidential Chart A-9.5.4, Rondo’s weighted average unit costs have remained consistent with unit selling prices during the proposed dumping analysis period.

Rondo therefore considers that it has suffered material injury in the form of price suppression. This is demonstrated by the inability of Rondo to increase prices sufficiently to cover increases in the fully absorbed CTMS of the goods.

Profits & profitability

As explained above, Rondo considers that it has suffered injury in the forms of price suppression and depression and that injury was caused by sales of CSFMs exported from China at dumped and subsidised prices.

Confidential Chart A-9.5.5 below indicates that the Australian industry experienced materially negative profits and profitability over the proposed full injury analysis period:



Confidential Chart A-9.5.5: Australian industry profits and profitability (source: Appendix A6.1)

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 CSFMs exported from China at dumped and subsidised prices, and that the injury was material.

Furthermore, due to the relatively high fixed costs required to produce products such as CSFMs, the loss of sales volume results in fixed costs being higher than they otherwise would be resulting in reduced profitability.

Other economic factors

Rondo considers that it has also experienced material injury vis-à-vis several other relevant economic factors as set out in s.269TAE(3). Specifically, injury in the form of:

- decline in asset values;
- reduced capital investment;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

Decline in asset values

Rondo has provided its value of assets over the injury analysis period, as determined for the like goods based on cost centre reporting. As indicated in Table A-9.5.6 below, there was a decline in asset values throughout the injury analysis period:

Period	2020/21	2021/22	2022/23	2023/24
Asset values	100.00	104.05	116.79	95.38

Non-Confidential Table A-9.5.6: Index of changes to asset values (source: Appendix A7)

Reduced capital investment

Rondo has provided its capital investment expenditure over the injury analysis period. As indicated in Table A-9.5.7 below, Rondo outlaid capital funds from 2022 onwards. This capital expenditure would have otherwise been greater but for the prevalence of dumped and injurious Chinese goods in the Australian market, and Rondo's expectations that this will continue:

Period	2020/21	2021/22	2022/23	2023/24
Capital investment	100.00	100.00	111.48	101.02

Non-Confidential Table A-9.5.7: Index of changes to capital investments (source: Appendix A7)

Reduced return on investment

As indicated in Table A-9.5.8 below, there was a decline in return on investment (**ROI**) in the proposed investigation period, a trend that would not have been apparent but for dumped and material injurious subject goods imports:

Period	2020/21	2021/22	2022/23	2023/24
ROI	100.00	135.31	76.74	31.95

Non-Confidential Table A-9.5.8: Index of changes to ROI (source: Appendix A7)

Reduced capacity utilisation

As indicated in Table A-9.5.9 below, capacity utilisation declined over the proposed investigation period. The declining demand for Rondo's CSFM products is directly attributable to dumped Chinese subject goods imports:

Period	2020/21	2021/22	2022/23	2023/24
Capacity utilisation	100.00	91.25	85.12	82.42

Non-Confidential Table A-9.5.9: Index of changes to capacity utilisation (source: Appendix A7)

Reduced productivity

Table A-9.5.10 below indicates that production for the production of like goods declined over the proposed injury analysis period:

Period	2020/21	2021/22	2022/23	2023/24
Productivity	100.00	91.30	100.00	98.55

Non-Confidential Table A-9.5.10: Index of changes to productivity (source: Appendix A7)

Materiality of Injury

In the context of a stable Australian market for CSFMs, Rondo contends that the injury suffered by it (and caused by the dumped and subsidised imports from China) is greater than that likely to occur in the normal ebb and flow of business.

Rondo has experienced declines in revenue over the injury analysis and investigation periods, alongside corresponding declines in profitability.

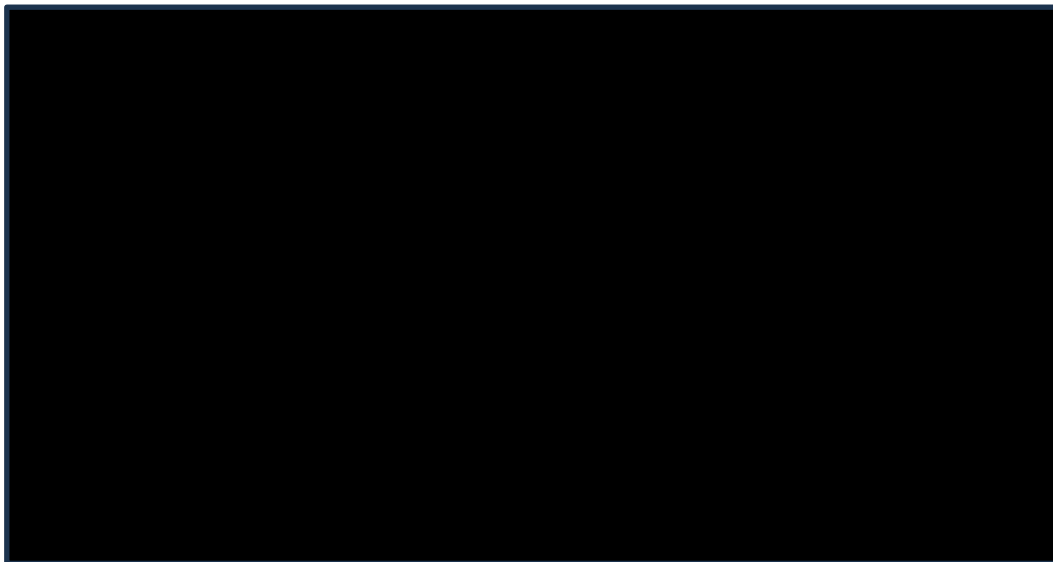
Rondo has lost market share and has experienced price suppression and depression within the investigation period. When considered as a whole, these factors have adversely impacted on CSFM profits and profitability, collectively and not in isolation, and when also taking into account all relevant economic factors, Rondo has experienced injury from dumped imports from China, and this injury is considered material.

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

Subsection 269TAE(2A) contains a non-exhaustive list of factors that the Minister must have regard to when considering whether injury is being caused by factors other than exportation of the dumped goods.

The volume and prices of imported like goods that are not dumped

Confidential Chart A-9.6.1 below indicates that imports from China constitute the single largest source (by volume) of CSFMs exported to Australia, and to a material degree, of no less than [XX] percent of total imports:



Confidential Chart A-9.6.1: Source country imports summary (source: Appendix A2)

Rondo contends that China exported the subject goods to Australia during the proposed investigation period at sufficient volumes and at sufficiently low prices, as compared to the export volumes and prices from other sources, to cause the Australian industry the material injury alleged. Therefore, despite any effect of imports from other sources, the injury to the Australian industry caused by the goods from China is material and significant.

Contractions in demand or changes in patterns of consumption

Confidential Chart A-9.6.2 below illustrates 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.



Confidential Chart A-9.6.2: Australian CSFM market (source: Appendix A2)

Rondo is not aware of any material changes in patterns of consumption in the proposed investigation period such that reduced the demand for the goods and like goods in the Australian market.

Developments in technology

Rondo is unaware of any developments in technology that would otherwise explain any aspect of the material injury experienced by the Australian industry.

Export performance and productivity of the Australian industry

As Rondo didn't export the like goods, it cannot be a factor causing injury.

Productivity

Confidential Appendix A7 indicates that across the proposed injury analysis period Rondo experienced a decline in productivity attributable to the production of CSFM's.

Causation

For all the reasons discussed above, Rondo considers that the injury suffered by it is directly attributable to the alleged dumped and subsidies exports from China. It is not necessary that the dumping be the sole cause of injury to the Australian industry. It must however not be insignificant or immaterial.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Rondo seeks to compete in the Australian market with fairly priced imports. Rondo does not consider that imports from China are priced on a fair basis. This application demonstrates that exports from China are at dumped and subsidised prices that have undercut Rondo's selling prices throughout the proposed investigation period. As a result, Rondo has experienced injury in the following forms:

- lost sales volume;
- lower production volumes;
- price suppression;
- price depression;
- loss of profits;
- loss of profitability;
- decline in asset values;
- reduced capital investment;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

Rondo contends that the injury experienced is material in nature and can be directly attributed to the dumped and subsidised imports from China. The trajectory of Chinese exports to Australia over the injury analysis and investigation periods, and the consequent maintaining of its market share at the expense of Australian industry, will certainly continue unabated in the absence of appropriate trade measures. The forecast impact on the Australian industry is therefore a continued deterioration in sales volume, market share, profits and profitability, the continued inability to raise prices sufficient to cover CTMS, and ongoing deleterious effects on asset values, capital investment, revenues, return on investment, capacity utilisation, and productivity.

By this application therefore, Rondo is seeking the imposition of dumping measures to address dumped exports and consequently return import prices to non-dumped levels.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

The goods the subject of this application are exported from China.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Rondo understands that the country of export is also the country of origin of the goods the subject of this application.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Not applicable.

4. Where possible, provide the names, addresses and contact details of:
 - producers of the goods exported to Australia;
 - exporters to Australia; and
 - importers in Australia.

The following are understood by Rondo to be the Chinese producers and exporters of CSFMs:

[confidential text deleted: commercially sensitive Chinese producer/exporter details]

The following are understood by Rondo to likely be Australian importers of Chinese origin CSFMs:

- Australian Building & Construction Depot
Unit 1, 125 Highbury Road Burwood
Victoria, 3125, Australia
Ph: +61 3 9808 8640
URL: <https://www.abcdepot.com.au/>
 - KEWARM Building Materials / ABC Trade Outlet
F2/272-284 Frankston Dandenong Road
Dandenong South, Victoria, 3175, Australia
Ph: +61 3 8759 5118
URL: <https://kewarm.com.au/> / <https://www.abctradeoutlet.com.au/>
 - Intex International
Ph: 1300 107 108
URL: <https://www.intex.com.au/>
5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Not applicable as the import volume from China is estimated to exceed 3 percent of all

imports of the goods the subject of this application.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

Not applicable as the import volume from China is estimated to exceed 4 percent of all imports of the goods the subject of this application.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.

Chinese FOB export prices of the imported goods have been provided based on documented Chinese import offers for the proposed investigation period. Rondo has included FOB values for the subject goods per Confidential Appendix A2. The FOB prices are the basis for determining prime facie dumping margins.

2. Specify the terms and conditions of the sale, where known.

The export prices for the imported goods from China are FOB, export point of sale.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

The researched export price data for China is considered adequate for the purposes of this application.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Refer to Confidential Appendix A2 for import volume and value details for the goods the subject of this application.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

Introduction

Rondo does not have access to domestic selling price information for CSFMs in China as such prices are not published in industry newsletters or other publications. Domestic Chinese selling prices for CSFMs are considered artificially low due to the Government of China's (GOC)⁸ influence on the key raw material input, metallic coated steel (either galvanised steel or aluminium zinc coated steel).⁹

Metallic coated steel accounts for more than [XX] percent of the production cost of CSFMs, and it is considered that distortions in the Chinese galvanised steel market have a substantial impact on the selling prices for CSFMs. Consequently, Rondo asserts that a particular market situation (PMS) applies for the subject goods that are manufactured from raw material metallic coated steel.

Market Situation – ceiling steel framing members

The Commission has previously determined, for certain products manufactured in China where locally sourced hot-rolled flat steel (including galvanised steel and aluminium zinc coated steel) is the raw material input, that a 'market situation' exists for the value-added product.¹⁰ The investigations by the Commission as they relate to metallic coated steel produced and sold in China have enabled the Commission to progressively build its knowledge and understanding of the dynamics of the Chinese galvanised and aluminium zinc coated steel markets since 2012.

The Commission's analysis of the Chinese steel industry has established that the GOC plays a significant influencing role in the industry. This has impacted selling prices for steel products, including metallic coated steel, such that they are lower than they otherwise would be.

Rondo therefore submits that during the proposed investigation period (1 April 2023 to 31 March 2024) there exists a particular market situation in the Chinese domestic market for CSFMs that renders sales in that market unsuitable for determining normal values under subsection 269TAC(1), due to the influence of the GOC in the Chinese iron and steel industry.

A. The Chinese iron & steel industry

GOC interventions in the Chinese iron and steel industry specific to metallic coated steel

⁸ In this assessment, GOC refers to all levels of government in China, unless otherwise specified. Similarly, Rondo refers to Chinese state owned and state invested enterprises collectively as "SOEs".

⁹ See REP 590 (Hollow Structural Sections), at p. 37 and elsewhere.

¹⁰ Refer, for example, Trade Measures Report No.'s 177, 190, 285, 379, 419, 441, 521, 522, 590, 610, 611, and 617.

were recently addressed by the Commission in the findings from:

- Anti-Dumping Continuation Inquiry No. 610 (**CON 610**) and the final report in relation thereto (**REP 610**);¹¹ and
- Anti-Dumping Continuation Inquiry No. 611 (**CON 611**) and the final report in relation thereto (**REP 611**).¹²

Building on the substantial body of Chinese PMS precedent, the key current GOC policy mechanisms identified by the Commission within these two recent inquiries which have influenced prices and costs in the Chinese steel industry include:¹³

- initiatives influencing Chinese steel markets;
- Chinese steel industry planning guidelines and directives;
- role and operation of SOEs;
- the role of the GOC in private firms;
- direct and indirect financial support;
- taxation arrangements; and
- competition in Chinese steel markets.

In assessing all the above, REP 610/611 concluded that the Chinese steel market is characterized by firms, particularly SOEs, making unprofitable sales (including “zombie” firms). This circumstance arose from overcapacity attributable to GOC policy interventions, as well as other forms of GOC influence, which collectively placed downward pressure on prices in the Chinese steel market.

The Commission found that such firms – particularly SOEs – sustained ongoing operational losses and to sell at unprofitable rates due to a suite of government support mechanisms and disincentives/barriers to entering bankruptcy.¹⁴ Critically for CSFMs, these findings related to the Chinese steel market as a whole, including both upstream and downstream steel products.

Furthermore:

...based on the available evidence, the sales prices of firms sustaining ongoing operational losses have affected the market as a whole, particularly given the extent of SOE involvement in steel production. The commission finds that both SOEs and private firms operating in the Chinese steel market often make decisions on the terms of transactions based on GOC policy goals as opposed to properly functioning price signals.¹⁵

The Commission found that the above conclusions applied to the HRC sector in particular, and that HRC sales in China are characterized by downwards price pressure attributable to GOC interventions and relatedly, the non-functioning of price signals and unprofitable sales.

B. GOC influence in the metallic coated steel and downstream steel markets

On the GOC’s influence on the Chinese metallic coated steel market, in CON 611 the Commission assessed the significance of HRC costs in the production of galvanised steel goods, and made a comparison of raw material prices between China and countries where

¹¹ Aluminium zinc coated steel (of greater than 600 mm wide) from China.

¹² Zinc coated (galvanised) steel from China, Korea and Taiwan.

¹³ REP 611, p. 108-123.

¹⁴ REP 611, p. 123.

¹⁵ Ibid.

normal competitive market conditions are considered to prevail.

Significance of HRC costs in production

The Commission found that hot rolled coil (HRC) was the major input used in the production of galvanized steel, as depicted in the following table excerpt from REP 611:

Country of production	Percentage of total CTM made up by HRC	Percentage of raw material costs made up by HRC
Australia	79%	100%
China	92%	100%
Korea	91%	90%
Taiwan	95%	100%

Table 23 excerpt from REP 611

Previous trade remedy inquiries evidence that HRC raw material prices are influential in setting the selling prices for Chinese domestic and export metallic coated steel, with lower raw material prices resulting in lower selling prices.¹⁶

In the above analysis, the Commission considered that the high proportion of HRC in the production of metallic coated steel had a significant impact on both the production cost and selling price of the subject goods and like goods.¹⁷

Assessed here in relation to CSFMs, Rondo submits that lower Chinese home market aluminium zinc coated and galvanised steel prices translate to correspondingly lower raw material input feed prices for Chinese CSFM producers (as noted above, metallic coated steel steel accounts for more than [XX] percent of the production cost of CSFMs). This then translates to lower selling prices for CSFMs in the Chinese home market.

Comparison of raw material prices

The Commission's subsequent comparison of Chinese vis-à-vis other economies operating under competitive market conditions was such that the purchase prices of HRC in the Korean and Taiwanese markets, as unaffected by PMS's, was suitable for comparison with HRC purchases in China. This quantified the effect of the PMS on Chinese pricing during the CON 611 inquiry period.¹⁸

The Commission concluded that:¹⁹

...HRC prices in China are consistently lower than equivalent prices for HRC purchased in Korea and Taiwan. The commission considers that the difference between prices represents, to a not insignificant degree, the GOC influences and distortions on HRC prices in the Chinese domestic market. This, in turn, corroborates the commission's conclusion...with respect to the HRC sector specifically. That is, based on the available evidence, the level and nature of the downward price pressure arising from GOC influence in the steel market is such that those prices do not reliably correspond to the cost of production in China.

Applied here to CSFMs, Rondo submits that the cost of production in China is lower by virtue of GOC interventions in the metallic coated steel markets. The Commission's raw material

¹⁶ REP 611, p. 124-25.

¹⁷ Ibid, p. 125.

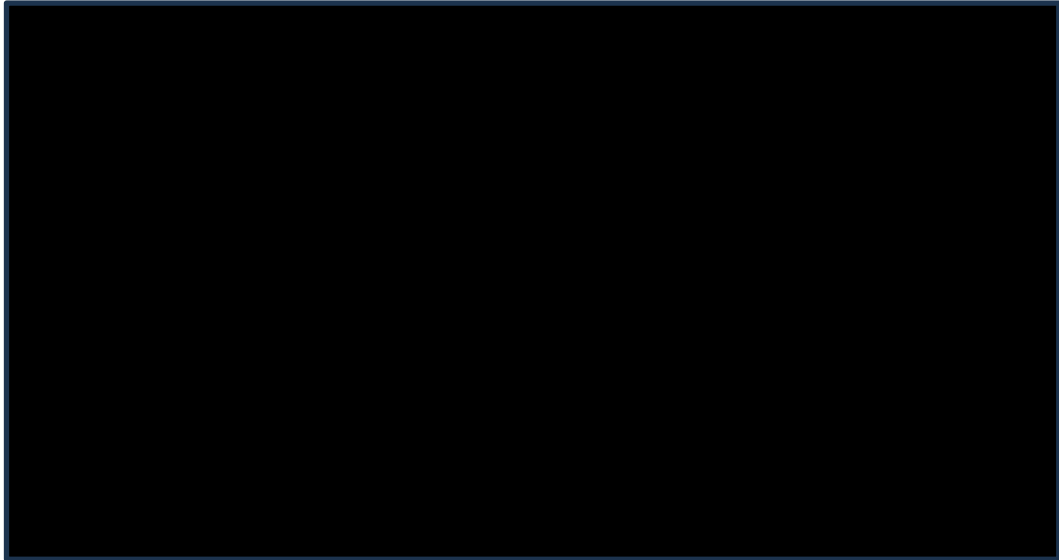
¹⁸ Ibid, p. 126.

¹⁹ Ibid, p. 129.

price comparison of HRC for Chinese aluminium zinc coated and galvanised steel producers would apply equally to a price comparison of aluminium zinc coated and galvanised steel for Chinese CSFM producers. To substantiate this, Rondo provides at Confidential Attachment B-3 a home-market price comparison for galvanised steel between China, Korea, and Taiwan over the calendar year 2023 period. As shown, the Chinese galvanised steel price is [XX] percent lower than Korea and [XX] percent lower than Taiwan. This is depicted as follows:



Confidential Chart B-3.1: Monthly galvanised steel price comparison



Confidential Chart B-3.2: Monthly galvanised steel % comparison
(A = China, B = Korea, C = Taiwan)

C. Proper comparison of domestic and export prices

Where a PMS is found, the Commission must also consider whether, because of the situation in the market of the country of export, sales of like goods in that market are not suitable for determining a price under section 269TAC(1).

To make this assessment, the Commission’s approach to assessing proper comparison considers the relative effect of the specific situation in the foreign market on both domestic sales and Australian export sales. If there is a finding that the particular market situation

does not equally affect domestic sales and export sales, such a finding may render domestic sales unsuitable for the purposes of section 269TAC(1).

The Commission considers this approach consistent with Australia's obligations under the Anti-Dumping Agreement and the WTO Panel's interpretation of these obligations set out in DS529 (Australian Anti-Dumping Measures on A4 Copy Paper).

In CON 610 and CON 611, the Commission examined the Australian and Chinese conditions of competition across the requisite factors of market structure, raw materials, and import penetration. Conclusively, the Commission's analysis indicated that the relationship between price and cost and the prevailing conditions of competition in China was different in comparison to the relationship between price and cost and the prevailing conditions of competition in Australia.²⁰ Specifically, the effect of the particular market situation in China is a decrease in input costs across all production that results in a lower level of competitive pricing throughout the market in China. This relationship defines the conditions of competition in China.²¹

On the Chinese market:

...the effect of the particular market situation on the domestic sales prices in China does not result in any competitive advantages or disadvantages between market participants, being Chinese producers. In other words, while there may be competition between Chinese producers based on manufacturing efficiencies and other factors (no evidence of which was presented to the commission during the inquiry), the particular market situation nonetheless modifies the conditions of competition in a consistent manner for market participants.²²

On the Australian market:

In Australia, where no particular market situation or input cost decrease exists, competitive pricing prevails at a higher level. Higher production costs for those participants producing without the benefit of a particular market situation establishes a higher minimum threshold for competitive prices. Under these circumstances, the effect of the particular market situation in China on the price of Chinese zinc coated (galvanised) steel sold into the Australian market results in competitive advantages and disadvantages between market players.²³

The Commission found that Chinese exporters enjoy a cost advantage that manifests as an increased margin at the prevailing level of competitive pricing in the Australian market, a lower export price that undercuts the Australian industry pricing, or a combination whereby the Chinese manufacturer can enjoy a higher margin while still undercutting Australian industry:²⁴

In other words, the effect of the particular market situation on export price is to modify the conditions of competition in Australia to the benefit of Chinese exporters and, to the extent that benefit manifests as a low price, to the detriment of Australian manufacturers. Thus, the relative effect of the particular market situation on domestic

²⁰ REP 611, p. 137.

²¹ Ibid.

²² Ibid.

²³ Ibid, p. 138.

²⁴ Ibid

*and export prices is different in the relevant markets.*²⁵

The Commission therefore considered that sales in the domestic Chinese market were not suitable for determining a normal value for cooperating Chinese exporters pursuant to section 269TAC(1) on the basis that the price of such sales did not permit a proper comparison with the export price of the goods exported to Australia.²⁶

Applied to this application, Rondo submits for the following reasons, that because of the GOC's influence in the Chinese steel industry, sales of CSFMs in the Chinese market are not suitable for determining a price under section 269TAC(1):

1. Australian conditions of competition:

a. Market structure:

- i. Australian industry and imports supply the Australian market, selling directly to customers;
- ii. the Australian produced goods and the imported goods have similar end uses, meet similar quality specifications and standards, are sold to the same types of customers and compete directly with each other in the same markets; and
- iii. demand for CSFMs is driven by the demand in the Australian residential and commercial construction industry, is closely aligned to domestic economic performance, and is therefore susceptible to changes in both government and private investment.

b. Raw material:

- i. the major raw material used in the production of the goods in Australia is metallic coated steel, purchased from Australian suppliers;
- ii. Australian producers of metallic coated steel set prices based on an import benchmark pricing strategy where known import offers in the Australian market are used to determine the level at which it sets its selling price; and
- iii. Australian produced metallic coated steel competes with imported goods, mostly at the distribution level of trade.

c. Import penetration in the Australian market:

- i. the presence of three Australian producers of the goods and several importers with material import volumes from numerous countries indicates that the Australian market for CSFMs can be characterised as having a high level of import penetration contributing to a highly competitive market for the goods between participants.

2. Chinese conditions of competition:

a. Market structure:

²⁵ Ibid.

²⁶ Ibid.

As a downstream consumer of Chinese metallic coated steel as the feed material for CSFMs, the Commission's analysis in CON 610/611 is highly relevant. Just as Chinese metallic coated steel producers operate under market conditions which differ from those of the Australian industry, so to do Chinese CSFM producers by virtue of the prevalence of the GOC in the Chinese metallic coated steel industry. The PMS in China reduces CSFM production and selling risks, and lowers input costs. This then lowers CSFM selling prices throughout the Chinese market – these prices reflect the lower marginal cost of the metallic coated steel input.

Rondo highlights with the Commission recent economic analysis and commentary suggesting that the GOC's industrial interventions continue to increase, as industrial policy is seen as vital to reducing China's economic dependence on other countries, while increasing their dependence on China.²⁷

According to the Centre for Strategic and International Studies (CSIS), Beijing's industrial initiatives have become more ambitious in recent years. In a recent study, the CSIS concluded that:²⁸

- China's industrial policy spending is enormous, totalling at least 1.73 percent of GDP in 2019. This is equivalent to more than US\$248 billion at nominal exchange rates and US\$407 billion at purchasing power parity exchange rates. This is higher than China's defence spending for 2019, estimated at US\$240 billion.
- China is an outlier; it spends far more on supporting its industries than any other economy. As a share of GDP, China spends over twice as much as South Korea, which is the second-largest relative spender. In dollar terms, China spends more than twice as much as the U.S.
- China's approach to industrial policy is exceptional, as Beijing is sustaining or increasing vertical industrial policy at a level of development when other economies have dialled back. China stands out in terms of both quantifiable spending as well as non-quantifiable policy tools.

In June 2022, The Australian Strategic Policy Institute (**ASPI**) assessed that:²⁹

China's trade surplus hit an extraordinary US\$292 billion in the first five months of the year—more than double its pre-pandemic level—and its aggressive pursuit of export markets is likely to become a flashpoint in a slowing world economy.

The Chinese export surge includes Australia, despite Beijing's continuing campaign of illegal trade sanctions against Australian exports.

China's exports to Australia over the last reported five months were up 44% from a year ago, while Australia's shipments in the other direction were down

²⁷ Non-Confidential Attachment 1: *China spends far more than others to help favoured industries, report finds*. The Wall Street Journal, 23 May, 2022.

²⁸ Non-Confidential Attachment 2: *Red Ink, Estimating Chinese Industrial Policy Spending in Comparative Perspective*. Centre for Strategic & International Studies. May 2022. Accessible at <https://www.csis.org/analysis/red-ink-estimating-chinese-industrial-policy-spending-comparative-perspective>

²⁹ Non-Confidential Attachment 3: *China's relentless export machine*. Australian Strategic Policy Institute, The Strategist. 21 June, 2022.

5%, despite soaring commodity prices.

There is no hint of a concerted Western response to China's mercantilist strategy, which treats trade surpluses as a manifestation of national power. The World Trade Organization's rules place no restriction on either the preponderance of state-owned enterprises in the Chinese economy or the subsidies China extends to its private sector, which are fuelling its export boom.

In February 2024, the ASPI further assessed that:³⁰

China's mills shipped 90 million tonnes of steel to export markets last year, a 36% increase from the previous year and the highest since 2016. China's steel exports were equivalent to Japan's total steel production.

'The ongoing steel excess capacity crisis is currently escalating,' the OECD said in a review of the industry. The 57 million tonnes of new capacity added last year was the highest in a decade, despite actual sales of steel falling 2.5%. China accounted for just under half the new capacity while Chinese mills are also investing heavily in new capacity in ASEAN nations.

'The bleak outlook for steel demand and the increasing relocation of steel capacity from China to other regions create a worrying outlook for the coming years. This is also a major obstacle to achieving steel decarbonisation targets,' the OECD report said.

Specific to Chinese steel manufacturing, Platts/S&P Global have recently noted that:³¹

In order to revive China's manufacturing sector that took a blow from the pandemic, the government recently introduced a series of stimulus policies. Among the key measures include financing aid to manufacturers. A reduction in passenger car purchase tax has so far been the most direct and effective policy aiding the manufacturing sector.

China's finance ministry May 31 cut the purchase tax to 5% from 10% for passenger cars of two liters and below, with a price tag under Yuan 300,000/unit (\$45,000/unit). This tax will come into effect June 1 and will run through Dec. 31. According to Cui Dongshu, the secretary of the China Passenger Car Association, the purchase tax cut will boost China's passenger car retail sales by 2 million units over June-December, taking China's total retail sales in 2022 to 21 million units, up 4% on the year.

China will continue to pose a threat to the global steel industry in 2024, as it continues to focus on export markets with subsidised prices arising from insufficient growth in its own market.³²

³⁰ Refer <https://www.aspistrategist.org.au/as-chinas-housing-market-slumps-australias-iron-ore-budget-bonanza-is-unlikely-to-last/>

³¹ Confidential Attachment 4: S&P Global Commodity Insights; Platts SBB Steel Markets Daily. *China's manufacturing sector recovery to stay modest, weigh on steel demand*. P. 7.

³² Confidential Attachment 4: *China may continue to be a threat to the global steel industry in 2024*: Turkish Steel Producers Association. 3 March 2024.

On 23 February 2024, The Office of the United States Trade Representative (USTR) released its 2023 Report to the United States Congress on China's WTO Compliance, which details an assessment of China's membership in the World Trade Organisation (WTO). It has found that China remains the biggest challenge to the international trading system, and, notwithstanding its WTO membership, it continues to embrace a state-directed, non-market approach to the economy and trade, running counter to the norms and principles embodied by the WTO.³³ In summary:³⁴

As has been previously documented, China has a long record of violating, disregarding and evading existing WTO rules. China has also sought to frustrate WTO oversight and accountability mechanisms, such as through its poor record of adhering to its WTO transparency obligations. In addition, and more critically, after more than two decades of WTO membership, China still embraces a state-led, non-market approach to the economy and trade, despite other WTO Members' expectations – and China's own representations – that China would transform its economy and pursue the open, market oriented approach endorsed by the WTO. In fact, China's embrace of a state-led, non-market approach to the economy and trade has increased rather than decreased over the past decade, and the mercantilism that it generates has harmed and disadvantaged U.S. companies and workers, as well as companies and workers of other WTO Members, often severely. The vast majority of the harm that China inflicts upon other WTO Members is attributable not to China's periodic non-compliance with existing WTO rules, but rather to the daily impact of China's state-led, non-market approach to the economy and trade, which relies heavily on interventions in the market by the Chinese government and, increasingly in recent years, the Chinese Communist Party (CCP or the Party). As is well-documented, the Chinese government and the CCP routinely intervene in the market using a wide array of non-market policies and practices, both to provide artificial competitive advantages to Chinese industries and enterprises and to actively disadvantage foreign industries, enterprises and workers.

China's decision to continue pursuing a state-led, non-market approach to the economy and trade after acceding to the WTO takes on significantly added importance because China is the second largest economy in the world and the largest trader among WTO Members. As a result, as time has borne out, the policies and practices that it pursues can have a tremendous impact on bilateral and global trade.

The USTR have found that the non-market policies and practices that China has deployed as it seeks to achieve and maintain the dominance of Chinese industries and enterprises are numerous and extensive. They are also constantly evolving.³⁵ In relevant part for this application, the USTR have identified the following most common (non-exhaustive) non-market policies and practices:

- adopting and pursuing industrial plans that target specific industries for domination by Chinese enterprises, including by establishing capacity, production and export levels or market share targets;

³³ Non-Confidential Attachment 5: Notice advising of USTR China annual report release.

³⁴ Non-Confidential Attachment 6: 2023 Report to Congress on China's WTO Compliance, United States Trade Representative, February 2024. Executive Summary (beginning p. 10).

³⁵ *Ibid.*

- directing, pressuring or otherwise acting to ensure that Chinese enterprises adhere to the objectives set forth in the state's industrial plans;
- placing CCP officials in state-owned enterprises and private Chinese enterprises in management positions in order to monitor, direct, pressure or otherwise influence commercial decision making;
- deploying massive and frequently non-transparent subsidies relentlessly in pursuit of industrial plan objectives, including via policy banks, state-owned commercial banks and government investment and guidance funds at all levels of government;
- transferring risk to the state through loan guarantees and loan rollovers for Chinese enterprises in targeted industries;
- directing, pressuring or otherwise acting to ensure that Chinese enterprises purchase Chinese-made products over imported products in accordance with the state's industrial plan objectives;
- directing, pressuring or otherwise acting to ensure that Chinese enterprises invest in and secure access to raw materials outside of China for the sole use of Chinese enterprises producing downstream products in accordance with the state's industrial plan objectives; and
- creating or maintaining persistent non-market excess capacity in industries through state-owned enterprises and private Chinese enterprises, to the detriment of competing foreign enterprises in the China market and in global markets around the world;

On 10 April 2024, the European Commission (**EC**) released its working document detailing its current views on significant market distortions in China, for the purposes of trade defence investigations.³⁶ The EC defines significant distortions as *..those which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces because they are affected by substantial government intervention.*³⁷ In assessing significant distortions, the EC has regard to one or more of the following elements:³⁸

- the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;
- State presence in firms allowing the State to interfere with respect to prices or costs;
- public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;
- the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;

³⁶ Non-Confidential Attachment 7: COMMISSION STAFF WORKING DOCUMENT ON SIGNIFICANT DISTORTIONS IN THE ECONOMY OF THE PEOPLE'S REPUBLIC OF CHINA FOR THE PURPOSES OF TRADE DEFENCE INVESTIGATIONS. Brussels, 10.4.2024.

³⁷ Ibid, p. 2.

³⁸ Ibid.

- wage costs being distorted;
- access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the State.

The EC's current assessment has examined distortions across three fronts:

1. by an examination of the core features of the Chinese economy, including the concept of a 'socialist market economy', the role of the Chinese Communist Party in relation to the economy, the extensive system of plans issued and followed by various levels of government under the leadership of the CCP, the State-owned sector with its numerous state-owned enterprises including the various supervision and control mechanisms, the financial market, the procurement market, and the system of investment screening;³⁹
2. by a detailed assessment of factors of production on the provision of land, energy, capital, material inputs (e.g. raw materials) and labour in China;⁴⁰ and
3. by an examination of industry sectors, including steel, aluminium, chemicals, ceramics, telecommunications, semiconductors, railway equipment, environmental goods and new energy vehicles.⁴¹

Relevant to this application, the EC's steel industry assessment concluded that:

- as a key/pillar industry, the GOC guides the development of the steel sector in accordance with a broad range of policy tools and directives related to market composition and restructuring, raw materials, investment, capacity elimination, product range, relocation, upgrading etc. Through these and other means, the GOC directs and controls virtually every aspect in the development and functioning of the sector.⁴²
- over several decades, GOC policies have supported the rise of 'national champions' in the steel industry. To accomplish this, the GOC has employed an elaborate set of financial and other subsidies for the sector and engineered strategic mergers that have consolidated industry players. SOEs are therefore a key instrument through which the government continues to develop the steel sector, not least by promoting the creation of ever-larger steel producers. This is achieved through policies intended to shape the structure of the steel market, e.g. through mergers and regulation of market access. Furthermore, Chinese financial institutions play a key role in implementing the GOC's policies in the steel sector. They provide access to finance following the GOC's direction and implementing the GOC's policy objectives.⁴³
- numerous trade defence investigations in various jurisdictions have confirmed that Chinese steel producers benefit from a wide array of State support

³⁹ Ibid, p. 3.

⁴⁰ Ibid.

⁴¹ Ibid. The sectors were selected based on a number of criteria, such as their frequent occurrence in the EC's trade defence investigation practice, or for their particular economic or strategic importance.

⁴² Ibid, p. 416.

⁴³ Ibid.

measures and other market distortive practices such as export restrictions affecting raw materials and inputs.⁴⁴

- the GOC's control prevents free market forces from prevailing in the Chinese steel sector. The problem of overcapacity is arguably the clearest illustration of the implications of the government's policies and the distortions resulting therefrom. Overcapacity built up triggered a surge of low-priced Chinese exports causing a depression of steel prices globally and having a negative impact on, inter alia, the financial situation of steel producers worldwide. While the government has committed to addressing the overcapacity problem, it remains to be seen whether this and other targets for the sector are successfully met, given in particular that (i) during the 14th planning cycle, the declared objectives for the steel sector appear contradictory as far as overcapacity reduction is concerned, and (ii) following China's departure from Global Forum on Steel Excess Capacity, it's become difficult to get accurate information related to the reduction of steel overcapacity in China.⁴⁵

Amongst many others, this economic analysis and commentary highlights the ongoing prevalence and involvement of the GOC in Chinese industry broadly, and the steel industry specifically. Applied here, it is Rondo's firm position that the GOC influences the domestic market in China for CSFMs through the broad range of policies and plans that result in Chinese domestic selling prices for the goods being lower than they otherwise would be.

b. Raw material:

- i. the major raw material used in the production of the goods is metallic coated steel, purchased from Chinese suppliers; and
- ii. as evidence above, metallic coated steel prices in China are consistently and materially lower than equivalent prices for galvanised steel in Korea and Taiwan.

Rondo considers that Chinese manufacturers of the goods generally have access to lower priced raw material inputs relative to Korean, Taiwanese, and Australian manufacturers. Rondo considers the Chinese domestic market conditions lead to lower prices for metallic coated steel due to the distortions in the Chinese market.

c. Import penetration in the Chinese market:

Rondo considers that, given the highly likely large volume of Chinese producers supplying the Chinese market for CSFMs, and based on the lower cost of raw material inputs available to those producers, relative to comparable international benchmarks absent a market situation, there would appear to be a competitive disadvantage in respect of the importation of the goods into China.

Conclusion

Rondo submits that the GOC has exerted influence on the Chinese steel industry and, as has been determined in previous steel trade remedy cases involving exports from China, the

⁴⁴ Ibid.

⁴⁵ Ibid.

GOC has substantially distorted competitive market conditions in the domestic steel industry in China.

Rondo contends that as the GOC materially influenced conditions in the Chinese steel market during the proposed investigation period, and that the prices for CSFMs are substantially different to those that would prevail in normal competitive market conditions. It is evident, therefore, that a particular market situation for CSFMs exists in the Chinese domestic market.

2. Specify the terms and conditions of the sale, where known.

Rondo generally understands that Chinese exporters of CSFMs to the Australian market sell at Free-on-Board (FOB) terms.

3. Provide supporting documentary evidence.

Refer Section B-4 of this application below.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

The known sellers of like goods on the Chinese domestic market are the same as those listed above at B-1(4). These details are considered commercially sensitive to Rondo.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

As outlined in Section B-3(1) above, Rondo considers that domestic selling prices for CSFMs sold in China are artificially low, and conditions exist in that market that render sales of CSFMs not suitable for use in determining normal values under subsection 269TAC(1).

Rondo has therefore determined normal values for CSFMs in China on a constructed selling basis. As detailed in Section B-3(1) above, the costs and selling prices for the subject goods in China are adversely affected by the GOC's interventions in the Chinese iron and steel industry. Rondo therefore contends that domestic selling prices for CSFMs in China are not suitable and are therefore not representative of competitive market costs.

Rondo has demonstrated that raw material metallic coated steel manufactured in China is the subject of government influence. Therefore, Chinese domestic selling prices for metallic coated steel are not appropriate for determining a competitive market cost for CSFMs.

Rondo has sought to include an external benchmark metallic coated steel price in the constructed normal value for the goods produced in China.

Rondo has sourced domestic selling price information for raw material galvanised steel for certain countries. The domestic selling price data (from an independent steel industry subscription service) details domestic selling prices in Korea and Taiwan. This data forms the basis of a market 'benchmark' raw material cost for galvanised steel⁴⁶ that can be incorporated into the constructed cost model for Chinese CSFMs.

For conversion costs, and selling, general and administration (SG&A) expenses, Rondo does not have access to Chinese manufacturer costs. In the absence of this information, Rondo has utilised its own conversion and SG&A costs, with adjustment made where relevant economic benchmarks are available.⁴⁷ A level of profit of six percent has been applied, in accordance with the European Commission's recently concluded Agreement Resulting from Institutional Negotiations (which mandates the application of a level of profit of no less than 6 percent).⁴⁸

2. Provide supporting documentary evidence.

Supporting documentation has been provided at Confidential Attachment B-4.1.

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

Normal values nominated in this application have been determined at the ex-factory level. Export prices for the goods exported to Australia from China have been determined at the FOB point, country of export.

Adjustments will be required for, inter-alia and specific to each exporter, domestic and export credit terms, and domestic and export packing. Rondo does not have details of such costs for exporters in each exporting country.

Rondo also understands that differences exist for Chinese VAT levied on domestically sold versus exported steel goods. A normal value adjustment may be required to account for this.

⁴⁶ The Commission used a similar benchmark price from verified HRC costs from Korean and Taiwanese producers, for use in Chinese galvanised steel constructed normal values in Investigation No. 190 and more recently in CON 611.

⁴⁷ A downwards adjustment has been made to Chinese labour costs in this regard.

⁴⁸ Refer non-Confidential Attachment 8: *PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS*; Subject: *Proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1225/2009 on protection against dumped imports from countries not members of the European Community and Council Regulation (EC) No 597/2009 on protection against subsidised imports from countries not members of the European Community*. Page 13, 26.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

The above-noted adjustments have not been included.

B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).

Rondo has calculated prima facie dumping margins for CSFMs exported from China for the 12 months ending March 2024. Rondo alleges that Chinese CSFMs are dumped by between AU\$[XX] – AU\$[XX] per kilogram which equates to dumping margins over the proposed investigation period of between 68 and 85 percent. Refer Confidential Attachment B-4.1.

2. Show dumping margins as a percentage of the export price.

Rondo has noted the dumping margins as a percentage of the export price at B-6(1) above.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

The goods exported from China are understood to benefit from a range of subsidies that provide the exporter with benefits that facilitate low and materially injurious selling prices for the exported goods.

Rondo notes that the Commission has previously identified a range of countervailable subsidy programs applicable to producers in the Chinese steel industry. As the exported goods are products of the Chinese steel industry, and the Commission has previously concluded that goods manufactured from metallic coated steel attract a broad range of subsidies, it is reasonable to conclude that the identified programs below also currently afford benefits to Chinese exporters of the goods the subject of this application.

The following summary of countervailable subsidy programs identifies those most recently examined by the Commission in CON 611 into galvanised steel exported from China, Korea, and Taiwan:

No.	Name	Type
1	Hot rolled steel provided by government at less than fair market value	Tax & raw material
2	Coking coal provided by government at less than adequate remuneration	Tax & raw material
3	Coke provided by government at less than adequate remuneration	Tax & raw material
4	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones	Tax
5	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
6	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)	Tax
7	Preferential Tax Policies for High and New Technology Enterprises	Tax

8	Preferential Tax Policies in the Western Regions	Tax
9	Land Use Tax Deduction	Grant
10	Preferential Tax Policies for High and New Technology Enterprises	Tax
11	Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipment	Tax
12	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant
13	Matching Funds for International Market Development for Small and Medium Enterprises	Grant
14	Superstar Enterprise Grant	Grant
15	Research & Development (R&D) Assistance Grant	Grant
16	Patent Award of Guangdong Province	Grant
17	Innovative Experimental Enterprise Grant	Grant
18	Special Support Fund for Non State-Owned Enterprises	Grant
19	Venture Investment Fund of Hi-Tech Industry	Grant
20	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.	Grant
21	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
22	Water Conservancy Fund Deduction	Grant
23	Wuxing District Freight Assistance	Grant
24	Huzhou City Public Listing Grant	Grant
25	Huzhou City Quality Award	Grant
26	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
27	Wuxing District Public List Grant	Grant
28	Anti-dumping Respondent Assistance	Grant
29	Technology Project Assistance	Grant
30	Equity injection	Grant
31	Environmental Protection Grant	Grant
32	High and New Technology Enterprise Grant	Grant
33	Independent Innovation and High-Tech Industrialisation Program	Grant
34	VAT refund on domestic sales by local authority	Grant
35	Environmental Prize	Grant
36	Jinzhou District Research and Development Assistance Program	Grant
37	Enterprise support fund	Grant

In CON 611, the Commission did not receive any information from the GOC or any Chinese exporters subject to the countervailing duty notice. Accordingly, the Commission undertook an assessment of publicly available information to consider whether the subsidy programs remained in place.⁴⁹

The Commission did not identify evidence to indicate that the above programs had ceased. Therefore, noting the extent of evidence identified in the earlier galvanised steel variable factors Review 521,⁵⁰ the Commission found that the variable factors currently in place in the countervailing notice should not be altered. The Commission noted that the majority of programs found to apply to galvanised steel continue to apply, based on the Commission's

⁴⁹ REP 611, p. 54.

⁵⁰ The period of investigation for this review was FY2019.

earlier findings in Continuation 590 (**CON 590**) (relating to hollow structural sections (**HSS**) from China, Korea, Malaysia and Taiwan).

HSS CON 590, with an FY2021 investigation period, determined that the following 60 Chinese subsidies were countervailable on Chinese HSS exports to Australia:

Program No.	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
8	Patent Award of Guangdong Province	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
12	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai	Tax
13	Preferential Tax Policies in the Western Regions	Tax
14	Tariff and VAT Exemptions on Imported Materials and Equipment	Tax
15	Innovative Experimental Enterprise Grant	Grant
16	Special Support Fund for Non State-Owned Enterprises	Grant
17	Venture Investment Fund of Hi-Tech Industry	Grant
18	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	
19	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
20	Hot rolled steel provided by government at less than fair market value	LTAR ⁵¹
21	Water Conservancy Fund Deduction	Grant
22	Wuxing District Freight Assistance	Grant
23	Huzhou City Public Listing Grant	Grant
27	Huzhou City Quality Award	Grant
28	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
29	Land Use Tax Deduction	Tax
30	Wuxing District Public Listing Grant	Grant
31	Anti-dumping Respondent Assistance	Grant
32	Technology Project Assistance	Grant
34	Balidian Town Public Listing Award	Grant

⁵¹ Less than adequate remuneration (referred to as 'less than fair market value' in CON 611).

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
39	Return of Land Transfer Fee From Shiyou	Tax
40	Dining lampblack governance subsidy of Jinghai County Environmental Protection Bureau	Grant
41	Discount interest fund for technological innovation	Grant
42	Energy conservation and emission reduction special fund project in 2015	Grant
43	Enterprise famous brand reward of Fengnan Finance Bureau	Grant
44	Government subsidy for construction	Grant
45	Infrastructure Construction Costs Of Road In Front Of No.5 Factory	Grant
46	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission	Grant
47	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury	Grant
48	Subsidy for Coal-Fired Boiler Rectification	Grant
49	Subsidy for District Level Technological Project	Grant
50	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau	Grant
51	Subsidy from Science and Technology Bureau of Jinghai County	Grant
52	Subsidy of Environment Bureau transferred from Shiyou	Grant
53	Supporting fund for exhibition from Hongqiao District Commerce Commission	Grant
54	Government subsidy for job stability	Grant
55	Commercial Committee Support Fund	Grant
56	Tianjin Municipal Bureau of Commerce July 2018- December 2018	Grant
57	Aiding fees for cases of technology information collection	Grant
58	Patent supporting fund from Science and Technology Bureau of Jinghai District 2019	Grant
59	Patent supporting fund for 2017 program	Grant
60	Subsidy for patent from Science and Technology Bureau Fengnan District, Tangshan City	Grant
61	Subsidy for Energy collection from the Tangshan Quality and Technology Supervision Bureau	Grant
62	Award to the Patent Innovation from Science and Technology Bureau Fengnan District	Grant
63	Technical innovation subsidy for deducting equipment and boiler	Grant
64	Awards to technology innovation from Bureau of Industry and Information Technology Fengnan District	Grant
65	Awards to "Well-Known Trademarks" from Hebei Province Market Supervision administration Bureau	Grant
66	Grant for Technology ERP	Grant
590-1	Hebei Province Quality Awards	Grant

Rondo submits that these confirmed countervailable subsidies in the Chinese steel industry will equally apply to Chinese exporters of CSFMs. In specific regard to the provision of HRC, coking coal, and coke at less than fair market value (CON 611) and HRC provided at less than adequate remuneration (CON 590), Rondo submits that a finding by the Commission of

galvanised steel provided at less than fair market value / less than adequate remuneration is a logical extension of the findings in CON 590 and 611 (as upstream products to CSFMs), and will be readily evident on investigation.

Rondo therefore requests the Commission to commence an investigation into the Chinese subsidisation for CSFMs, as applicable to exports to the Australian market.

C-2. Threat of material injury

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:
 - (i) the rate of increase of dumped/subsidised imports;
 - (ii) changes to the available capacity of the exporter(s);
 - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 - (iv) inventories of the product to be investigated;
 - (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or
 - (vi) any other relevant factor(s).
2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that material injury is both foreseeable and imminent.

Not applicable, as Rondo is not making a claim on threat of material injury.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission's client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.
2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.
4. Provide information to establish **either**:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.
2. Nominate a comparable market economy to establish selling prices.
3. Explain the basis for selection of the comparable market economy country.
4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.
2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.
3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative