



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Consideration report number: 653

Application for a dumping duty notice and countervailing duty notice

Submitted by: Rondo Building Services Pty Ltd

In relation to ceiling steel framing members exported to Australia from the People's Republic of China

15 August 2024

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Abbreviations/short form	Full reference
AUD	Australian Dollars
ABF	Australian Border Force
ABS	Australian Bureau of Statistics
the Act	<i>Customs Act 1901 (Cth)</i>
ADN	Anti-Dumping Notice
the Applicant	Rondo Building Services
CSFM	Ceiling Steel Framing Members
CEO	Chief Executive Officer
the commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
China	the People's Republic of China
CTMS	cost to make and sell
CY	calendar year
EXW	ex-works
FOB	free on board
GOC	Government of China
the goods	CSFM
HRC	hot rolled coil
LTAR	less than adequate remuneration
the Minister	Minister for Industry and Science
mt	metric tonne
REP 590	<i>Anti-Dumping Commission Report No 590</i>
REP 611	<i>Anti-Dumping Commission Report No 611</i>
R&D	research and development
ROI	return on investment
sqm	square metres
YE	year ending
YEM	year ending March
SG&A	selling and general administrative
VAT	value added tax
WTO	World Trade Organization

1. FINDINGS

This report provides the result of the consideration by the Anti-Dumping Commission (the commission) of an application under section 269TB(1)¹ of the *Customs Act 1901* (Cth) (the Act) by Rondo Building Services Pty Ltd (referred to as the 'applicant' or 'Rondo') for the publication of:

- a dumping duty notice in respect of certain ceiling steel framing members (referred to as 'CSFM' or 'the goods') exported to Australia from the People's Republic of China (China) and
- a countervailing duty notice in respect of the goods exported to Australia from China.

Rondo alleges that the Australian industry has suffered material injury as a result of the goods exported to Australia from China at dumped and subsidised prices.

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

1.1. Findings

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

- the application complies with the requirements of subsection 269TB(4) (as set out in section 2.2 of this report)
- there is an Australian industry in respect of like goods (as set out in section 2.4 of this report) and
- there appear to be reasonable grounds for the publication of dumping and countervailing duty notices in respect of the goods the subject of the application (as set out in chapters 3,0,5 and 6 of this report).

1.2. Decision

Based on the above considerations, the Commissioner has decided not to reject the application and initiate an investigation to determine whether a dumping and countervailing duty notice should be published.

The commission further decides that:

- the investigation period for examining dumping and subsidisation² with respect to exports to Australia be set for the period of 1 July 2023 to 30 June 2024 and
- details of the Australian market from 1 July 2020 be examined for injury analysis purposes.³

¹ All legislative references in this report are to the *Customs Act 1901* (Cth) unless otherwise specified.

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

³ For the purposes of this report that details the commission's consideration of the application, the commission has assessed an injury analysis period of 1 January 2020 to 31 December

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2023. For the purposes of the investigation, the commission proposes an injury analysis period from 1 July 2020. Upon initiation of the investigation, the commission will request additional information from Rondo.

2. THE APPLICATION AND THE AUSTRALIAN INDUSTRY

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

2.1. Lodgement of the application

2.1.1. Legislative framework

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

2.1.2. The Commissioner’s timeframe

Event	Date	Details
Application lodged and received by the Commissioner under subsections 269TB(1) and (5)	18 July 2024	The commission received an application from Rondo, which alleges that the Australian industry has suffered material injury caused by CSFM that has been exported to Australia from China at dumped and subsidised prices.
	25 July 2024	The commission notified Rondo that the application contained critical deficiencies which, if left unaddressed, create doubt on the reasonableness of the grounds for the publication of dumping and countervailing duty notices.
Applicant provided further information in support of the application under subsection 269TC(2A)	26 July 2024	Rondo provided further information and data in support of the application without having been requested to do so, as provided for in subsection 269TC(2A). Accordingly, the 20-day period for consideration of the application was restarted. The application was taken to have been lodged on 26 July 2024, when additional information was received.
Consideration decision due under section 269TC(1)	15 August 2024	The Commissioner shall decide whether to reject or not reject the application within 20 days after the applicant provided further information.

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

2.2. Compliance with subsection 269TB(4)

2.2.1. Finding

Based on the information that Rondo submitted, the Commissioner considers that the application complies with subsection 269TB(4).

2.2.2. Legislative framework

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

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2.2.3. The commission’s assessment

The Commissioner finds that Rondo’s original application, together with the further information provided, complies with subsection 269TB(4). The commission’s compliance assessment of Rondo’s application is summarised in Table 2.

Requirement for the application	Details
Lodged in writing under subsection 269TB(4)(a)	The applicant lodged, in writing, confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record on the commission’s website at www.adcommission.gov.au .
Lodged in an approved form under subsection 269TB(4)(b)	The application is in the approved form (B108) for the purpose of making an application under subsection 269TB(1).
Contains such information as the form requires under subsection 269TB(4)(c)	The applicant provided: <ul style="list-style-type: none"> • a completed declaration • answers to all questions that were required by Form B108 to be answered by the applicant • completed appendices required by Form B108 • sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.
Signed in the manner indicated in the form under subsection 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of the applicant.
Supported by a sufficient part of the Australian industry under subsection 269TB(4)(e) and determined in accordance with subsection 269TB(6)	As set out in section 2 of this report, the commission is satisfied that there is an industry producing like goods in Australia. In its application, Rondo states it is the primary Australian manufacturer of like goods. Rondo noted there are several other Australian manufacturers/producers that it considered could manufacture like goods and estimated their production volumes, which is contained in confidential attachments. The information provided has been reviewed and the Commissioner is satisfied that, in accordance with sections 269TB(6)(a) and (b), the applicant, which produces like goods in Australia, accounts for: <ul style="list-style-type: none"> • more than 50 per cent of the total production of like goods by that proportion of the Australian industry that has expressed either support for, or opposition to, the application, and • not less than 25 per cent of the total production of like goods in Australia.

Requirement for the application	Details
Lodged in the manner approved under section 269SMS for the purposes subsection 269TB(4)(f)	The application was lodged in a manner approved in the commission’s instrument made under section 269SMS, being by email to an address nominated in that instrument. ⁴ The application was therefore lodged in a manner approved under section 269SMS(2).

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

2.3. The goods the subject of the application

2.3.1. The goods

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

Full description of the goods, as subject of the application
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
<p>A ceiling steel framing member 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), ceiling steel framing members are installed perpendicular to the ceiling joists or rafters and are fixed into place using screws or other fasteners. Ceiling steel framing members 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:</p> <ul style="list-style-type: none"> • steel ceiling battens; • steel furring channels; and • steel top hats. <p>Rondo considers that the Australian manufactured like goods are fully substitutable with all types of imported ceiling steel framing members.</p> <p><u>Exclusions</u></p> <p>Excluded from the application are the direct fix clips used to install ceiling steel framing members. Excluded also are ceiling steel framing members made from stainless steel.</p>

Table 3: The goods description

2.3.2. Tariff classification

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

⁴ *Form and manner of lodging and withdrawing applications relating to anti-dumping matters: Instrument under section 269SMS of the Customs Act 1901, 23 November 2018.*

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Tariff classification				
<i>Tariff code</i>	<i>Statistical code</i>	<i>Unit</i>	<i>Description</i>	<i>Duty rate</i>
7216	Angles, Shapes and Sections of Iron Or Non-Alloy Steel:			
7216.61.00	57		Angles, shapes and sections, not further worked than cold-formed or cold-finished, obtained from flat-rolled products.	
7216.69.00	58		Angles, shapes and sections, not further worked than cold-formed or cold-finished, others.	
7216.91.00	59		Other cold-formed or cold-finished from flat-rolled products	
7308	Structures (excluding prefabricated buildings of 9406) and parts of structures (for example bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared use in structure, of iron or steel.			
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	

Table 4: Tariff classification of the goods

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods the subject of the application.

Please refer to the goods description in section 2.3 for authoritative detail regarding the goods the subject of the application.

2.4. Like goods and the Australian industry

2.4.1. Finding

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

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

2.4.2. Legislative framework

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

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

2.4.3. Locally produced like goods

The table below summarises the commission's assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

Factor	The Applicant's claims	The commission's assessment
Physical likeness	Rondo's manufactured CSFM are alike in physical appearance to the imported goods from China.	Based on the information provided by the applicant, the commission considers that both the imported goods and the goods produced in Australia are physically alike on the primary characteristics being shape, dimensions, and appearance. The commission finds the applicant's claims are supported analysis of the Australian Border Force (ABF) import database. The Commissioner is therefore satisfied that the locally produced goods and imported goods have similar physical characteristics.

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Factor	The Applicant's claims	The commission's assessment
Commercial likeness	The locally produced CSFM that Rondo manufactures competes directly with imported CSFM in the Australian market.	<p>The commission has assessed the ABF import database and observed that the same or similar customers to Rondo's customers imported the goods from China.</p> <p>The commission has reviewed the confidential attachments and appendices provided with the application and found that there appears to be direct price competition in the Australian market between the locally produced goods and the imported goods.</p> <p>The Commissioner is therefore satisfied that the locally produced goods and imported goods are commercially alike.</p>
Functional likeness	The imported and Australian-produced CSFM are used interchangeably in the same or comparable end-uses	The commission reviewed the confidential attachments provided with the application and is satisfied that the imported and locally produced goods are used for similar (or the same) end-uses.
Production likeness	<p>CSFM produced in Australia are manufactured in a similar manner to the imported goods.</p> <p>Rondo claims that the production of ceiling steel framing members is produced by liquid steel being cast into flat rolled steel, which is then metallic coated, then roll-formed to produce the required shape and section.</p>	The Commissioner is satisfied that the locally produced goods and imported goods appear to be produced using the same or similar production processes.
Commission's assessment		
Based on the analysis above, the commission considers that the locally produced goods have characteristics that are identical to or closely resemble goods the subject of the application and are, therefore, like goods.		

Table 5: Like goods assessment

2.4.4. Manufacture in Australia

The commission is satisfied, based on the information in the application, that Rondo wholly manufactures like goods in Australia.

The Australian industry manufacturing like goods is defined under subsections 269T(2), (3) and (4). The commission has used the application and other relevant information to assess whether:

- Rondo manufactures like goods in Australia and
- the like goods are wholly manufactured in Australia, or at least one substantial process of manufacture is carried out in Australia.

The commission’s assessment is detailed in Table 6.

The Applicant’s claims
In its application, Rondo describes and illustrates its production process. Rondo claims that it manufactures like goods in Australia. Certain raw material inputs are sourced from international markets.
The Commission’s assessment
Based on the description of the manufacturing process provided by Rondo in its application, the commission is satisfied that like goods are wholly manufactured in Australia.

Table 6: Commission’s assessment of Australian manufacture

2.5. Australian industry information

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

Have the relevant appendices to the application been completed?		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes
General administration and accounting information – Rondo Building Ser		
History	<p>Rondo was originally established by Eric Cuckson, trading as Rondo Zipador Pty Ltd, selling zippers in 1959. Cuckson developed a thermal aluminium foil ceiling system to reduce heat from the factory roof and improve employee conditions, named ‘Rondo Foil’ and this later become a product that was manufactured.</p> <p>A decade later, Cuckson was contacted regarding the manufacture of a concealed ceiling grid system, and this connection became the catalyst for the company as we know it today</p>	
Ownership	Rondo is a joint venture business between CSR Investments Pty Ltd and Knauf Gypsum Pty Ltd (50:50).	
Operations	The principal operations of Rondo is the manufacture, distribution and sale of suspended ceiling systems, steel wall partition systems and associated products.	
Financial year	Rondo’s financial reporting period is 1 July to 30 June	
Audited accounts and annual reports.	Copies of Rondo’s financial information, including its past annual reports have been provided to the commission.	
Production and sales information	Cost to make and sell information	Other injury factors
The commission considers that there are no material concerns, subject to the commission’s usual verification practices.	The commission considers that there are no material concerns, subject to the commission’s usual verification practices.	The commission considers that there are no material concerns, subject to the commission’s usual verification practices.

The Commission's assessment

Based on the information in the application, the Commissioner is satisfied that there is sufficient data on which to analyse the performance of the Australian industry between 1 January 2020 and 31 December 2023. The period is proposed by Rondo and is the period the commission has examined to assess Rondo's claims for the purposes of this report. The Commissioner has decided as outlined in section 1.2 that the investigation period of 1 July 2023 to 30 June 2024 will be examined for dumping and subsidisation in relation to an investigation. The commission will request additional information from the Australian industry to cover the period from 1 January 2024 to 30 June 2024 for this purpose.

Table 7: Application completeness assessment

2.5.1. Market size

Applicant estimation

In its application, Rondo has estimated the size of the Australian market for the goods based on Housing Industry Australia on Australian dwelling commencements and its own data on the average volume of CSFM used per dwelling. Its own share of the market, that of other Australian industry members, and that of imports was estimated using its own sales data and other market intelligence. Rondo has estimated the Chinese share of imports in Australia using Australian Bureau of Statistics (ABS) data for imports declared under the tariff codes listed in Table 4 in section 2.3.2. Rondo has completed Confidential Appendix A2 to the application.

The commission has examined Rondo's approach and considers that its estimates of the Australian market size are based on a reasonable approach given the information available to it.

The commission's assessment

The commission has examined the method used by Rondo for estimating the total Australian market for the goods and is satisfied Rondo's approach is reasonable. The commission is satisfied that the tariff classifications identified by Rondo include imports of the goods. However, these tariff classifications likely include many other products not covered by the goods description.

The commission will consider the size of the Australian market, during the course the investigation, based on verified data obtained from interested parties and ABF data.

Findings

For the purposes of estimating the Australian market size, the commission has relied on Rondo's estimate of the total Australian market in its analysis but has used ABF import data to determine the proportion of that market that is made up of imports because it enables a more granular analysis of import data. The commission has also relied on Rondo's own sales data to then calculate its share of the Australian market, with the remainder making up other Australian industry supply. The commission's market size estimate is in Figure 1 below.

CSFM Australia market size (MT)

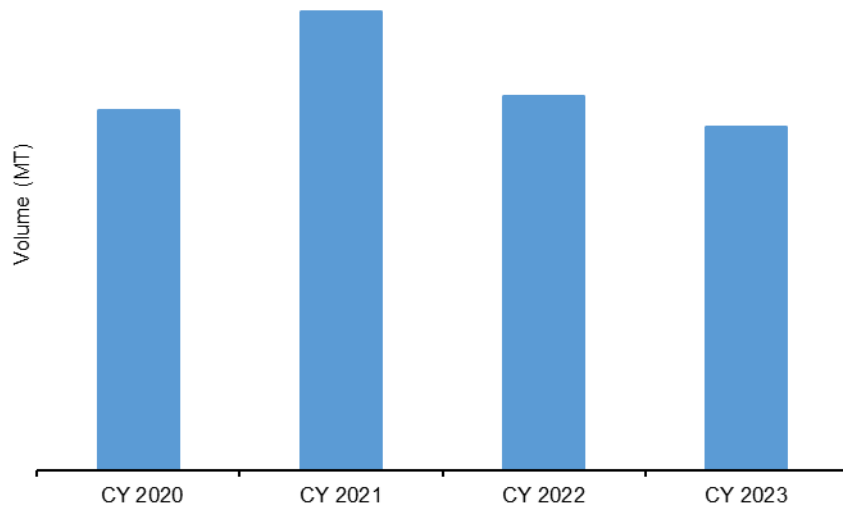


Figure 1: Australian market for the goods (MT)

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

3. REASONABLE GROUNDS - DUMPING

3.1. Findings

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

- the goods have been exported to Australia from China at dumped prices
- the estimated dumping margins for exports from China are greater than 2% and therefore are not negligible and
- the estimated volume of goods from China that appear to have been dumped is greater than 3% of the total Australian import volume in the period 1 January 2023 to 31 December 2023, and is not negligible.

3.2. Legislative framework

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

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

3.3. Export price

3.3.1. Legislative framework

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

3.3.2. The Applicant's estimate

Rondo estimated an export price for the like goods exported from China. The evidence relied upon, and methodology used by Rondo to estimate the export prices, is summarised in Table 8.

Country	Basis of estimate	Details
China	Offers and quotes	Rondo received offers and quotes from Chinese exporters of CSFM. Rondo used this calculate to calculate a weighted average quarterly export price in Australian Dollars (AUD) per kilogram (kg) at free on board (FOB) terms.

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

3.3.3. The commission's assessment

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

To assess the reliability of the export prices estimated by Rondo, the commission compared the export prices from China to its own assessment of the data obtained from the ABF import database. In its examination of this data, the commission

identified consignments declared under the relevant tariff classifications. To exclude outlying data, which may distort any findings, the commission filtered data to exclude transactions where the FOB price per tonne was outside a range of AUD 200 to AUD 2000. For the purposes of estimating export prices, the commission considers this a reasonable price range to use as a filter for the goods, based on the export prices and normal values detailed in the application.

The commission calculated export prices on a whole-of-country level and identified material variances between the commission's calculations and Rondo. The commission found that Rondo's export price estimate was higher when compared to the commission's estimate. The commission considers that the ABF import database accurately represents reported export prices under the relevant tariff classifications the subject of the application. The commission has relied on its findings on export price for the purpose estimating dumping margins at section 3.5.2.

Rondo's calculation of export price and the commission's calculation comparison is provided at **Confidential Attachment 1**

3.4. Normal value

3.4.1. Legislative framework

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

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

3.4.2. The Applicant's estimate

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

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

3.4.3. The commission's assessment

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

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

In certain circumstances, the commission will have access to information which will enable it to assess the reasonableness of the information relied on by the applicant. The commission may also have other sources of information that are directly relevant to the application, which the commission may prefer to use in making its own assessment, particularly if that information is considered more relevant and reliable than the information relied upon by the applicant.

Particular market situation claims

Rondo claims that the sales of CSFM in China are not suitable for use in determining the normal value of like goods sold in China because of the particular market situation in the Chinese market.

The applicant specifically refers to previous findings by the commission relating to Government of China (GOC) interventions in the galvanised steel and hot rolled coil (HRC) markets. Galvanised steel and HRC are the key raw materials inputs used in the manufacture of CSFM.

Rondo submits that the GOC's influence on the Chinese domestic steel industry renders sales of CSFM in the Chinese market not suitable for determining a price under section 269TAC(1). Rondo sets out the reasons for this claim on pages 41 to 50 of the public version of its application.

Rondo claims the previous commission findings in from *Anti-Dumping Commission Report No 590* (REP 590) and *Anti-Dumping Commission Report No 611* (REP 611) are evidence that HRC raw material prices are influential in setting the selling prices for Chinese domestic and exported metallic coated steel, including galvanised steel, and that lower Chinese home galvanised steel prices translate to correspondingly low raw material input feed prices for Chinese CSFM.

The commission considers it reasonable for Rondo to claim, based on the information available to it, that a particular market situation exists in the Chinese market for CSFM.

The commission is satisfied that findings relating to galvanised steel are relevant to CSFM, because it is the raw material input used to make the goods and the largest cost element. The commission is also satisfied that findings relating to HRC are relevant, as HRC is the primary input for galvanised steel. See for example, REP 611 chapter 4.4.1, on the commission's electronic public record.⁵

⁵ EPR 611, document no. 29

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

Normal value

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

Raw material costs

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

The commission considers the use of galvanised steel selling prices sourced from an independent steel industry subscription service is a reasonable basis for estimating the domestic raw material costs of galvanised steel. Rondo has used a benchmark comprising galvanised steel prices from Korea and Taiwan as a substitute for domestic prices, on the basis that Chinese domestic prices have been distorted by government interference.

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

Adjustments to normal value

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

Other variable and fixed costs

The commission considers the use of a benchmark, derived from Rondo's own other variable and fixed costs, in respect of the goods, to be a reasonable basis for estimating such costs.

Profit

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

The commission considers Rondo's claimed profit margin of 6% to be reasonable. Rondo has based the profit margin on the *European Commission's Agreement Resulting from Institution Negotiations*, which mandates a level of profit of no less than 6%.

Adjustments to normal value

The commission's general practice is to compare export price and normal values at a FOB level. Comparing an export price and normal value on equal delivery terms

⁶ Non-confidential attachment 8 to the application

provides an accurate estimate of a dumping margin. However, Rondo has access to limited information to adjust the EXW normal value it has calculated to ensure a fair comparison with FOB export prices. In the commission's consideration of previous applications where limited or no information has been provided to enable a fair comparison, the commission has used verified information from earlier cases examining similar goods. However, this approach cannot be taken in the present application, as the commission has not previously examined CSFM.

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

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

Rondo's calculations of normal value and the commission's assessment is provided at **Confidential Attachment 1**.

3.5. Dumping margins

3.5.1. Legislative framework

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

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

3.5.2. The commission's assessment

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

The table below summarises the dumping margins estimated by the applicant and dumping margins calculated by the commission, using the methods described in sections 3.3 and 3.4. Dumping margins are expressed as a percentage of the export price.

Country	Rondo's estimate	The commission's estimate	Volume of imports
China	58-68%	99.2%	99%

Table 9: Estimated dumping margins⁷

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

The commission's assessment of dumping margins is provided at **Confidential Attachment 1**.

3.5.3. Volume of dumped goods

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

⁷ The volume of imports represents China's market share percentage of the total volume of imports for the investigation period.

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Based on its analysis of the ABF import database which shows the level of imports as being greater than 3% of the total Australian import volume, the commission is satisfied that there appear to be reasonable grounds to consider that the volume of dumped goods is above negligible levels.

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

4. REASONABLE GROUNDS - SUBSIDISATION

4.1. Findings

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

- the goods exported to Australia from China have been subsidised
- the estimated subsidy margin for exports from China is greater than 2% and therefore is not negligible⁸ and
- the estimated volume of goods from China that appear to have been subsidised is greater than 4% of the total Australian import volume of goods and therefore is not negligible.⁹

4.2. Legislative framework

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

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

4.3. Consultation with the Government of China

In accordance with subsection section 269TB(2C), the commission invited the GOC for consultations during the pre-initiation phase. The purpose of the consultations was to provide an opportunity for the GOC to respond to the claims made within the application in relation to countervailable subsidies, including whether they exist and, if so, whether they are causing, or are likely to cause, material injury to an Australian industry, with the aim of arriving at a mutually agreed solution.

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

The commission did not receive a response from the GOC.

4.4. Subsidy programs

4.4.1. Legislative framework

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

⁸ China is a developing country and accordingly the threshold for determining whether countervailable subsidies are negligible is 2% (section 269TDA(16)).

⁹ The threshold for determining whether countervailable volumes are negligible for a developing country is 4% (section 269TDA(8)).

4.4.2. The Applicant's claims

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

Country	Basis	Summary of claims
China	Previous findings from: <ul style="list-style-type: none"> • <i>Anti-Dumping Commission Report No 611 (REP 611)</i> into coated (galvanised) steel from China, Korea, Taiwan • <i>Anti-Dumping Commission Report No 590 (590)</i> into hollow structural sections from China, Korea, Malaysia, Taiwan 	Rondo states that metallic coated steel is the main raw material input to produce ceiling steel framing members. Rondo states that the commission has previously identified a range of countervailable subsidy programs applicable to producers in the Chinese steel industry and the commission has concluded that goods manufactured from metallic coated steel attract a broad range of subsidies. Rondo considers that producers of ceiling steel framing members from China are likely to be in receipt of the same or similar benefits. As the exported goods are products of the Chinese steel industry, and the commission has previously concluded that goods manufactured from galvanised steel attract a broad range of subsidies, Rondo considers it reasonable to conclude that previously identified subsidy programs are applicable to Chinese exporters of the goods.

Table 10: Summary of countervailable subsidies

The commission has examined the subsidy programs claimed in Rondo’s application for the purpose of assessing reasonable grounds to not reject the application in accordance with section 269TC(1)(c). These programs, and the evidence relied upon in the application, are summarised in **Non-Confidential Appendix 1**.

4.4.3. The commission's assessment

The Commissioner considers there appear to be reasonable grounds for Rondo’s claims in relation to the existence of countervailable subsidies.

The commission assessed Rondo’s claims, with respect to the provision of subsidies granted by the GOC, which exporters of CSFM from China may have received.

To assess Rondo’s claims in support of its application, the commission has considered the relevance of the subsidy programs determined to be countervailable in cases 611 and 590 with respect to the provision of subsidies granted by the GOC which impact HRC and galvanised steel production, which Rondo submits exporters of ceiling steel framing members from China may have received. In doing so, the commission assessed the relevance of the commission’s previous findings to CSFM.

Relevance of REP 611 and REP 590

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

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

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

Assessment of previously identified programs

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

In both REP 611 and REP 590, the commission found for each of the programs referred to in the application, there was a financial contribution by a government or public body that confers a benefit on the recipient. The commission also found each subsidy to be specific.

The commission notes Article 11.2 of the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures (SCM Agreement) requires an application include sufficient evidence of the existence of a subsidy. This requirement has been considered by previous WTO panels, who have found that the quantity and the quality of the evidence required to meet the threshold of sufficiency of the evidence is 'less than that required to reach a final determination'.¹⁰ However, there must be adequate evidence of the elements of subsidy.¹¹

Noting the above, the commission has considered the:

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

The commission has assessed each of the programs identified by Rondo and considers that there is adequate evidence indicating 62 out of the 96 identified programs are relevant to ceiling steel framing members. For these programs, the commission has previously found producers in the Chinese steel industry received a benefit, and that eligibility criteria were not limited to the specific goods in those inquiries; in other words, exporters of ceiling steel framing members may also be eligible to receive a benefit. These programs were specific for reasons other than being limited to the specific goods in question (such as location) which may be satisfied by producers of ceiling steel framing members. In this regard, the commission examined Chinese exporter data in the ABF import database and observed many exporters located in regions where the commission had identified recipients of countervailable subsidies in REP 611 and REP 590.

The commission also looked at the evidence before it to determine whether the identified programs may have expired. A number of programs were found to have expired prior to the investigation period and so were removed from consideration. Other programs were listed as still active in notifications by the GOC to the WTO.¹²

¹⁰ Panel Report, *US – Softwood Lumber V*, para. 7.84; Panel Report, *China – GOES*, para. 7.55.

¹¹ Panel Report, *US – Supercalendered Paper*, para. 7.148.

¹² See Non-Confidential Attachment 1.

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For the remaining programs, the commission could not identify any expiry period from the historical information previously considered by the commission in REP 611 and REP 590 and no information or evidence before it indicating these programs had ceased.

Reasonable grounds that there has been subsidisation

The commission considers that Rondo's application contains sufficient evidence that Chinese exporters of the goods are likely beneficiaries of countervailable subsidies. The commission also had regard to other relevant information, including the OECD report *Subsidies to the Steel Industry – Insights from the OECD Data Collection (the OECD Subsidies to the Steel Industry Report)*¹³, which made a number of relevant findings including:

- In China, the GOC provides subsidies to companies in sectors it has deemed to be strategic; this includes the steel sector, which became one of China's "pillar industries" around 2005.¹⁴
- The GOC consistently uses target setting to steer the development of China's steel industry. Having switched from prior production volume targets to concentration targets, the industry experiences significant capacity growth.¹⁵
- Steel companies located in developing provinces in the north-eastern and western parts of China often receive financial benefits that support companies' profits, workers, and local investments, while companies located in key economic areas such as the Pearl River Delta or Special Economic zones (SEZs) in southern Chinese regions often receive subsidies to support their infrastructure system, capacity expansion, and innovation.¹⁶
- In China, funds for subsidy distributions from the central government are usually allocated to provincial governments, which then distribute them to local authorities in their economies.¹⁷
- China's regulators and policymakers favour the use of debt-to-equity swaps, and this became an expedient policy tool to quickly deleverage heavily indebted companies, particularly in the steel sector.¹⁸

The commission has considered the evidence in the OECD Report together with the evidence in Rondo's application and considers that there appear to be reasonable grounds for publication of a countervailing duty notice.

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

The commission will use as a basis for its subsidy investigation those 62 subsidies it has identified from REP 611 and REP 590 as relevant to the goods.

¹³ Mercier, F. and L. Giua (2023), "Subsidies to the steel industry: Insights from the OECD data collection", *OECD Science, Technology and Industry Policy Papers*, No. 147, OECD Publishing, Paris, <https://doi.org/10.1787/06e7c89b-en>.

¹⁴ Ibid, p. 30.

¹⁵ Ibid, pp. 30-31.

¹⁶ Ibid, p. 30.

¹⁷ Ibid p. 37.

¹⁸ Ibid, pp. 38-39.

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

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

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

4.5. Amount of countervailable subsidy

4.5.1. Legislative framework

Subsidy margins are determined under section 269TACD.

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

4.5.2. The commission's assessment

Rondo has not provided an estimated amount of countervailable subsidy received overall, or subsidy margins for the programs it identified. Under Article 11.2 of the SCM Agreement, unlike the existence of a subsidy, the amount of a subsidy is only required to be evidenced 'if possible' and when 'such information is reasonably available to the applicant'.

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

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

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

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

4.5.3. Volume of subsidised goods

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

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

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

5. REASONABLE GROUNDS - MATERIAL INJURY

5.1. Findings

Pursuant to subsection 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant, the commission considers that there appear to be reasonable grounds to support the claim that the Australian industry has experienced material injury in the form of:

- loss of sales volume
- lower production volumes
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced capital investment
- lower revenue
- reduced capital utilisation
- reduced productivity

5.2. Legislative framework

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

5.3. The Applicant's claims

Rondo claims that the Australian industry has been injured through:

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

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

5.4. Approach to injury analysis

5.4.1. Legislative framework

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

5.4.2. The commission's approach

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

In its analysis of volume effects and market share, the commission has used data from Rondo on the Australian industry's sales together with import data from the ABF import database, as discussed in section 2.5.1.

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

5.4.3. Injury analysis period

The purpose of the injury analysis period is to enable the commission to identify and examine trends in the Australian market, which in turn assists the commission in its examination of whether material injury has been caused by dumping and subsidisation. Rondo has provided data from 1 April 2020 to 31 March 2024 for this purpose.

5.5. Volume effects

Rondo submits that it has suffered a decrease in sales, production volumes and market share since July 2020 due to increased imports of the goods subject of its application from China.

5.5.1. Sales volume

Figure 2 shows the Australian industry's sales volume of ceiling steel framing members over the injury period, with sales fluctuating year on year with a gradual decrease in 2023.

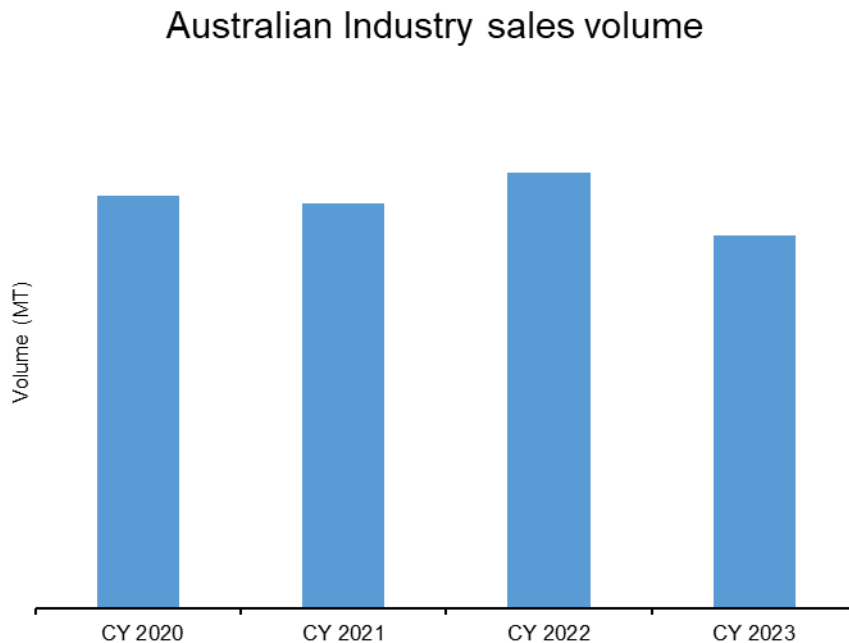


Figure 2: Australian industry sales volume

5.5.2. Market share

Figure 3 sets out the commission's assessment of the market share held by the Australian industry, imports from China and imports from other countries since 1 January 2020. The commission notes that while sales have been reasonably

consistent over the injury period and there has been a steady demand for the goods, the Australian industry has significantly decreased its market share. Most significantly in 2023, imports accounted for over 50% of the total market share.

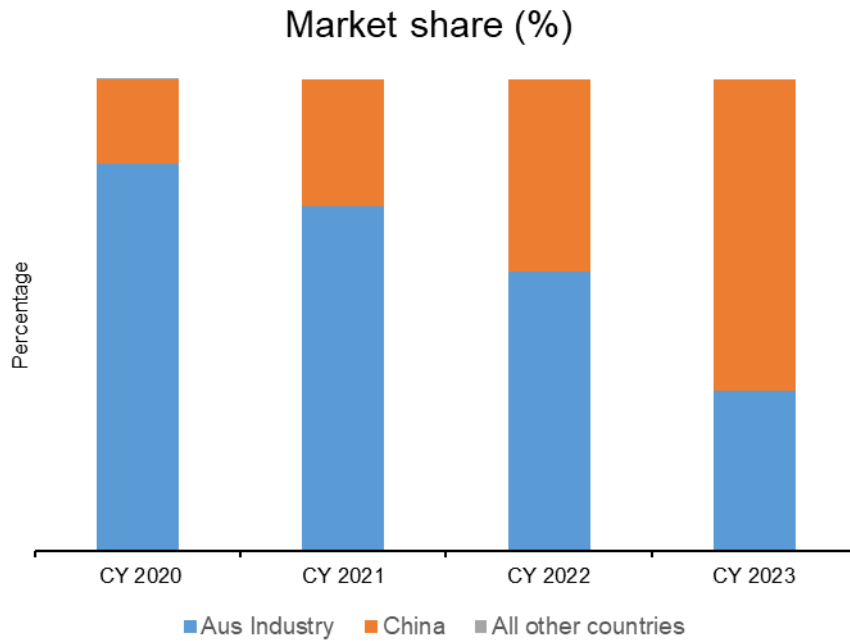


Figure 3: Australian market share¹⁹

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

5.5.3. Production volume

Figure 4 demonstrates that Rondo’s production volumes have closely followed sales volumes since March 2021.

¹⁹ ABF import data assessed for the period indicates that imports from all other countries account for less than 1% of total market share.

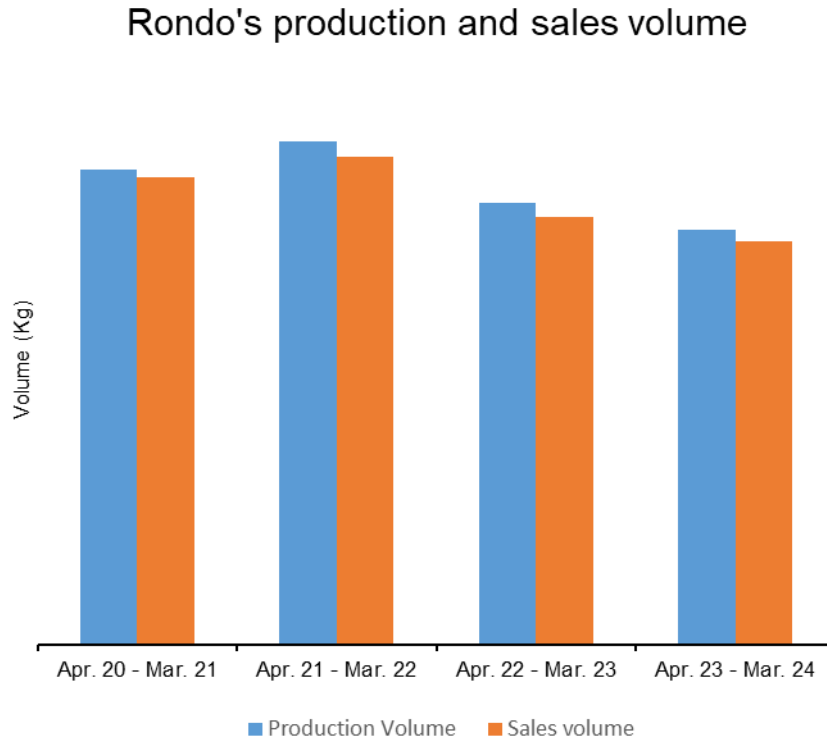


Figure 4: Rondo's production and sales volume

5.5.4. Conclusion – volume effects

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

5.6. Price effects

The Commissioner considers that there appear to be reasonable grounds to find that the Australian industry has suffered injury in the form of price depression.

5.6.1. Price depression and price suppression

In its application, Rondo claims that it suffered injury through price depression and price suppression. Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

Rondo has alleged that price depression and price suppression has occurred due to price undercutting by the dumped and subsidised goods from China.

Figure 5 depicts the movement in the weighted average unit cost to make and sell (CTMS) and weighted average selling price since 1 April 2020.

Unit sales price vs unit CTMS (AUD/kg)

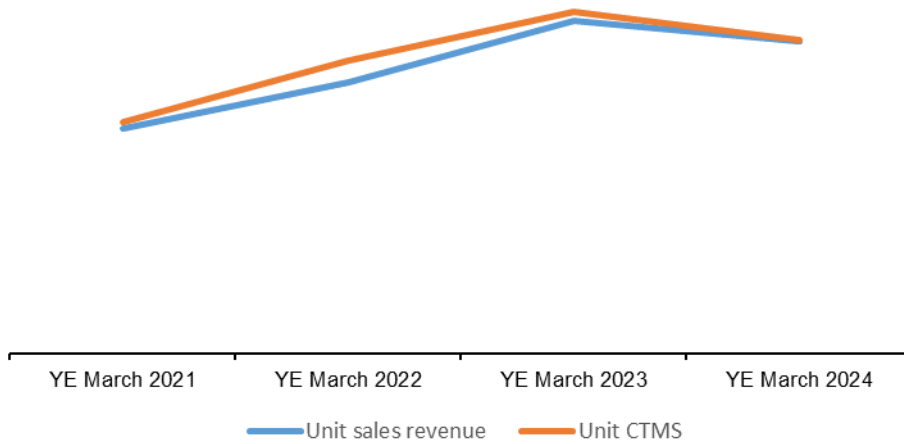


Figure 5 : Unit price and Unit CTMS comparison

Unit CTMS has increased since the YE March 2021, with unit selling prices also increasing at a similar rate.

5.6.2. Conclusion – price effects

Based on the above, there appears to be evidence of price depression, with unit prices falling at a greater rate than a corresponding fall in unit costs from YE March 2023 to YE March 2024.

The above also demonstrates that the unit margins were increasingly negative from YE March 2021 to YE March 2022. However, the margins while remaining negative, improved from YE March 2022 to YE March 2024 as unit prices increased.

The Commissioner considers that this analysis does indicate price depression but is not conclusive on price suppression. It is, however, evident that though margins have improved Rondo was not able to increase unit prices. Therefore, the Commissioner is satisfied to that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of price depression and reasonable grounds for Rondo to claim it has suffered injury in the form of price suppression.

5.7. Profit and profitability effects

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

5.7.1. Profit and profitability

Ronda provided the unit profit or loss for its sale of like goods. Figure 6 depicts Rondo’s unit profit and profitability for the injury analysis period.

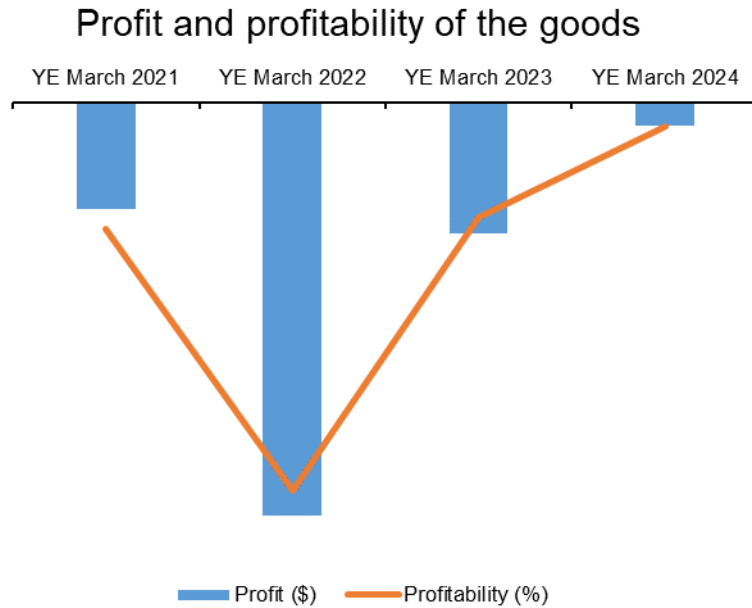


Figure 6: Profit and profitability

Rondo claims in its application that dumped imports influence its profits and profitability. Broadly, during periods of higher export prices Rondo’s profit and profitability improved, compared to the periods of lower export prices.

5.7.2. Conclusion – profit and profitability effects

The analysis above demonstrates that Rondo’s profit and profitability improved from YE March 2022 to YE March 2024, although the profit and profitability remained negative during the injury analysis period. The above analysis does not indicate that Rondo has suffered injury in the form of lost profit and reduced profitability. However, the Commissioner considers there appear to be reasonable grounds to infer that Rondo may have further improved their profit and profitability if not for the effects of the alleged dumped and subsidised goods.

5.8. Other injury factors

Rondo has additionally claimed injury in the form of:

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

5.8.1. Asset values

Figure 7 depicts Rondo’s asset values over the injury analysis period. The commission notes that Rondo’s value of assets increased from YE March 2021 to YE March 2023 and decreased significantly from YE March 2023 to YE March 2024. The commission considers there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of decline in asset values.

Asset (production of like goods)

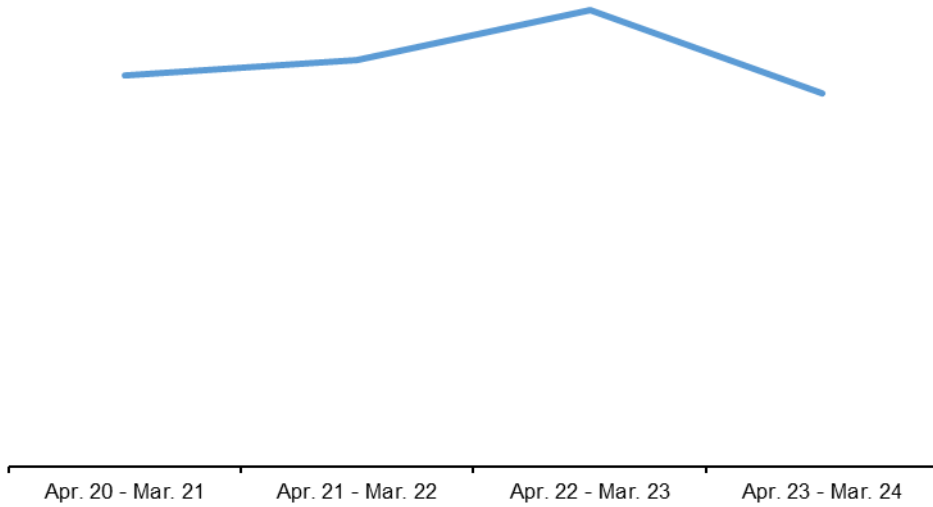


Figure 7 - Asset Values

5.8.2. Capital investment

Figure 8 depicts Rondo's capital investment over the injury analysis period. The commission notes that Rondo outlaid capital funds from 2022 onwards. Rondo's capital investment increased from YE March 2022 to YE March 2023, and decreased in YE March 2024. Rondo alleges that the capital investments would have been greater but for the injurious effect of dumped and subsidised goods. The commission considers there appear to be reasonable grounds to support the claims that Rondo has experienced injury in the form of reduced capital investment.

Capital Investment
(production of like goods)

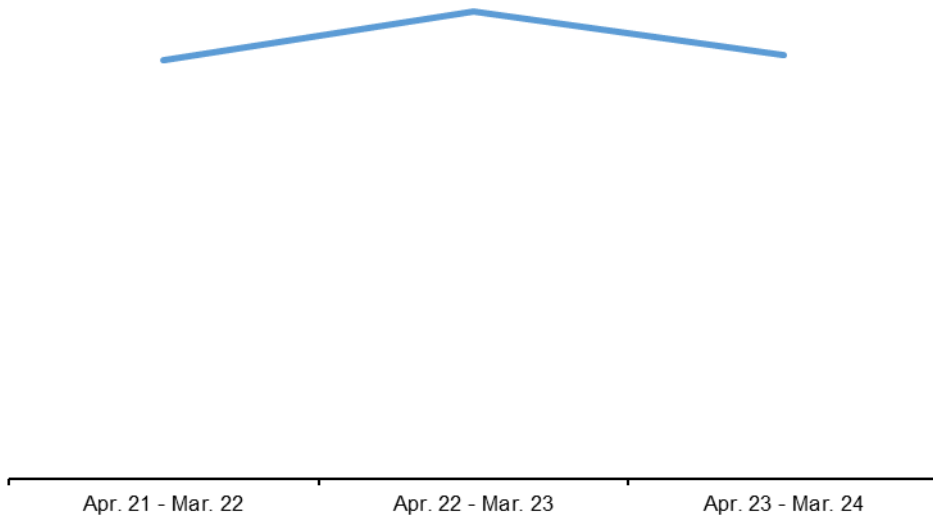


Figure 8 - Capital Investment (production of like goods)

5.8.3. Return on investment

Figure 9 depicts Rondo’s return on assets which the commission considers more reasonably reflect the analysis of the profit and profitably in section 5.7.1 and for the same reasons the Commissioner is satisfied to that there appear to be reasonable grounds for Rondo to claim it has suffered injury in the form of return on investment, when taken together with other injury factors.

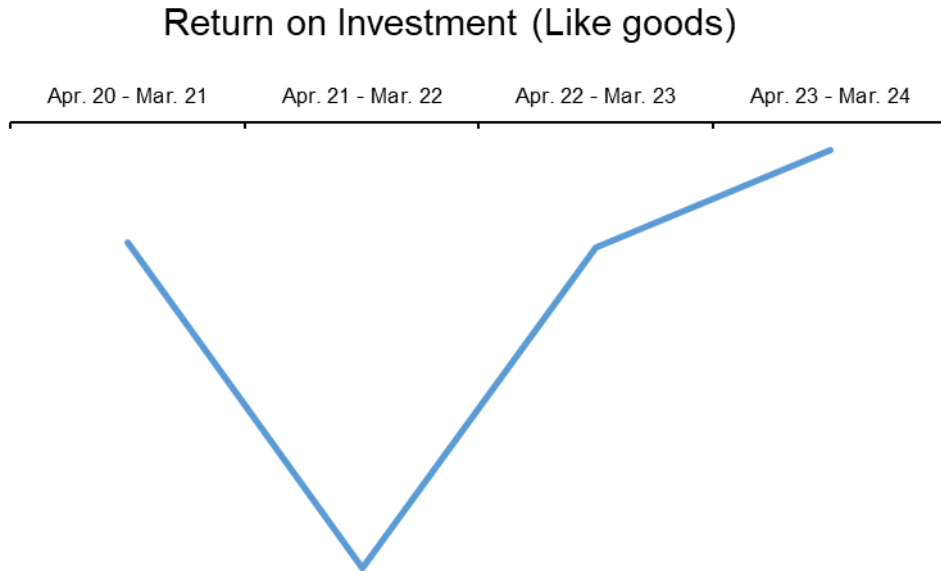


Figure 9 – Return on investment (Like goods)

5.8.4. Capacity utilisation

Figure 10 depicts Rondo’s capacity utilisation over the injury analysis period. The commission notes that Rondo’s capacity utilisation decreased from YE March 2021 to YE March 2024. The commission considers there appear to be reasonable grounds to support the claims that Rondo has experienced injury in the form of reduced capital utilisation.

Capacity Utilisation
(Like goods)

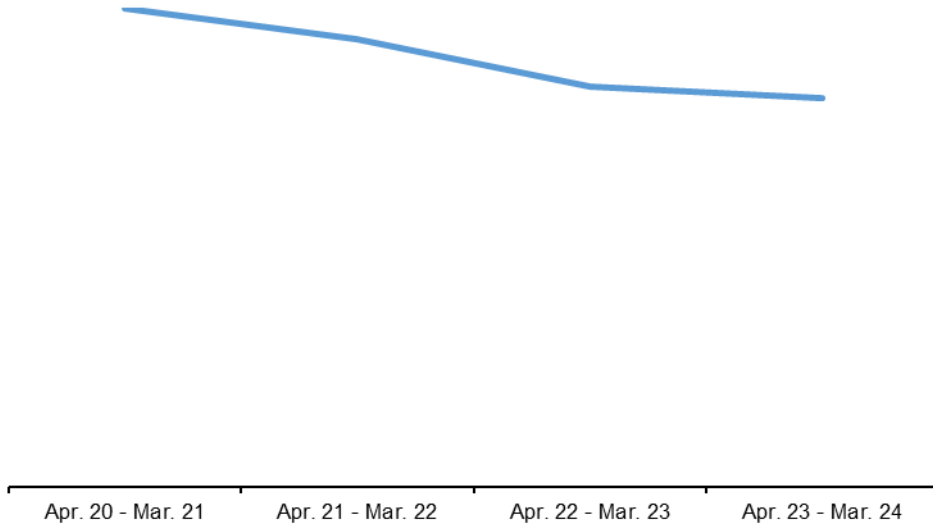


Figure 10 - Capital Utilisation

5.8.5. Productivity

Figure 11 depicts Rondo's productivity over the injury analysis period. The commission notes that Rondo's productivity remained largely flat from YE March 2021 to YE March 2023, however, did decrease in YE March 2024. The commission considers there appear to be reasonable grounds to support the claims that the Rondo has experienced injury in the form of productivity.

Productivity
(Like goods)

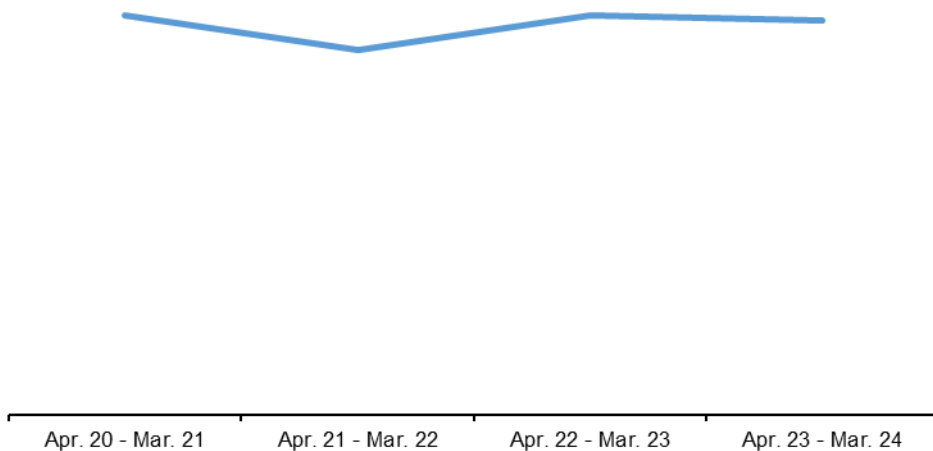


Figure 11 - Productivity

6. REASONABLE GROUNDS - CAUSATION

6.1. Findings

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

6.2. Cause of injury to the Australian industry

6.2.1. Legislative framework

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

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

6.3. The Applicant’s claims

The table below summarises the causation claims of the applicant.

Injury caused by dumping and subsidisation
<p><u>Volume effects</u></p> <ul style="list-style-type: none"> • There is a direct correlation between the ongoing presence and increase in volumes of CSFM imported from China and decline in the Australian industry’s sales volume and market share for the like goods. • Across the injury analysis but most significantly from 2021, the imports of ceiling steel framing members have increased year on year. The Australian market over the injury analysis period has declined which has translated to a material loss of market share for the Australian industry while China has continued to grow its presence. <p><u>Price effects</u></p> <ul style="list-style-type: none"> • Rondo has responded to the presence of imports of the allegedly dumped (and subsidised) goods by suppressing its price increases for like goods, particularly during the proposed investigation period. Absent dumped (and subsidised) imports from China Rondo would have achieved prices indicative of a level playing field in the Australian market. • Rondo provided with its application multiple examples of price undercutting, price depression and price suppression to compete with Chinese imports. <p><u>Profit and profitability</u></p> <ul style="list-style-type: none"> • Rondo competes on price to maintain production volume. Therefore, the Australian industry’s profits (expressed as net gains or loss) and profitability are affected by factors impacting its ability to raise prices sufficient to cover costs, such as the price suppression and depression caused by dumped imports. <p>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 CSFM exported from China at dumped and subsidised prices, and that the injury was material.</p>
Injury caused by other factors
<p>Rondo states that the demand for the goods and like goods generally declined across the injury analysis period, reaching its lowest volumes in the proposed investigation period.</p>

Table 11: Rondo’s injury causation claims

6.3.1. The Commission's assessment

The discussion below sets out the commission’s assessment of Rondo’s causation claims.

6.3.2. Margins of dumping and subsidisation

Under section 269TAE(1)(aa), the Minister may have regard to the size of the dumping margins worked out in respect of the goods exported to Australia. As set out in section 3.5.2, the commission considers there are reasonable grounds for concluding that the goods exported from China are dumped at a margin of 99.2%.

Under section 269TAE(1)(ab), the Minister may have regard to the particulars of any countervailable subsidy received in respect of the goods exported to Australia. As set out in section 4.5.2, the commission considers that there are reasonable grounds for

concluding that the amount of countervailable subsidy received in respect of the goods exported from China is greater than 2%.

6.3.3. Volume effects

As discussed in section 5.5, Australian industry sales volume has fluctuated every year with a noticeable decrease in 2024, while import volumes of the goods from China have increased. The commission considers this demonstrates over the period analysed, Australian demand for ceiling steel framing members has increased.

As a result, the Australia industry's market share has decreased since 2020, while the share made up of Chinese imports has increased. Chinese imports of the goods made up the largest source of supply in 2024.

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

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

6.3.4. Price effects

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

Rondo states that it has suppressed its price increases for like goods to compete with Chinese imports. This is supported by the examples of sale negotiations presented by Rondo in its application.²⁰ Rondo states that absent dumped and subsidised Chinese imports, it would not suffer price suppression or depression.

As discussed in section 5.6, the commission is satisfied that Rondo has suffered injury in the form of price depression and price suppression, This coincides with the findings made by the commission in sections 3.5.2 and 4.5.2 that there are reasonable grounds to establish the presence of dumped and subsidised goods from China in the YE March 2024.

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

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

6.3.5. Price undercutting

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

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

²⁰ Pages 27-29 of the confidential version of Rondo's application.

6.3.6. Profit effects

The commission accepts that Rondo competes on price to maintain production volume and that its profit and profitability is affected by factors impacting its ability to raise prices sufficiently to cover costs.

As discussed in section 5.7, although Rondo's profit and profitability improved for the period YE March 2022 to YE March 2024, Rondo nonetheless has continued to sell at a loss which is not consistent with businesses seeking to make a profit.

The commission considers that there appear to be reasonable grounds to support Rondo's claim that the dumped and subsidised goods have caused injury to the Australian industry in the form of reduced profit and profitability.

6.3.7. Injury caused by factors other than dumping and subsidisation

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

As discussed in section 5.5, the commission considers that demand has been generally increasing since 2020, while Chinese imports of the goods have increased at a greater rate. Imports from other countries were negligible over the injury period.

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

6.3.8. Is the injury material?

Based on the levels of injury Rondo has suffered, particularly in terms of sales and production volumes, market share, price depression, decline in asset values, reduced capital utilisation, profit and profitability, the commission considers that there appear to be reasonable grounds that any injury to the Australian industry caused by dumping and subsidisation is material.

6.3.9. Conclusion – material injury caused by dumping and subsidisation

The Commissioner considers that:

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

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

7. Appendices and attachments

Attachments	Title
Non-confidential Attachment 1	Subsidy programs
Confidential Attachment 1	Commission's Australian market and injury analysis

Table 12: List of attachments

NON-CONFIDENTIAL ATTACHMENT 1 – IDENTIFIED SUBSIDY PROGRAMS

Program No ²¹	Name	Type	Region	Evidence the program is no longer active	Could a producer of the goods be eligible?	Relevance to the goods
2	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant	Guangdong	None	Yes	Due to the nature of the grant, it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
5	Matching Funds for International Market Development for Small and Medium Enterprises	Grant	N/A	None	Yes	Due to the nature of the grant, it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).
6	Superstar Enterprise Grant	Grant	Huzhou	None	Yes	Due to the nature of the grant, it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).

²¹ The commission has used the same program numbers used in REP 590 but has renumbered those programs found in REP 611.

PUBLIC RECORD

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

PUBLIC RECORD

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

PUBLIC RECORD

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

PUBLIC RECORD

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

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

PUBLIC RECORD

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

PUBLIC RECORD

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

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

PUBLIC RECORD

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

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

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

PUBLIC RECORD

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

PUBLIC RECORD

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

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

Table 13: Analysis of countervailable programs