**17 March 2025**

Anti-Dumping Commission
Investigations 2
GPO Box 1632
Melbourne Victoria 3001

Email: investigations2@adcommisison.gov.au

**Public File**

Dear Director,

**Investigation No. 644 concerning Interchangeable Bolted Clipping System Brackets from China**

The member of the Australian industry producing like goods to the goods the subject of this inquiry, Abey Australia Pty Limited (**Abey**), provides this submission in relation to the recently published *Preliminary Affirmative Determination* (**PAD 644**).

## 1. PAD 644 confirms substantial dumping margins and material injury

On 12 March 2025, the Anti-Dumping Commission (**the Commission**) published PAD 644, with the Commissioner being satisfied that there was sufficient grounds for the publication of a dumping duty notice, and that it was necessary to take securities in relation to exports from China to prevent material injury to the Australian industry occurring while the investigation continued.[1]

The Commission's preliminary assessment has shown that:

- exports of the goods to Australia from China during the 1 April 2023 to 31 March 2024 investigation period were at dumped prices, that the dumping margins far exceeded 2 percent, and that they were therefore 'not negligible';[2]
- the volume of dumped goods exported to Australia from China was 'not negligible' (being greater than 3% of the total Australian import volume);[3]
- the Australian industry producing like goods has suffered material injury;[4] and
- the material injury to the Australian industry has been or is being caused by dumped exports of the goods to Australia from China.[5]

[1] PAD 644, p. 2.
[2] Ibid.
[3] Ibid.
[4] Ibid.
[5] Ibid.

On the current levels of assessed dumping, the determination of a 95.7 percent margin for the Chinese exporter *Ningbo Fenghui Metal Products Co., Ltd* (**Fenghui**) and 120.0 percent for all other Chinese exporters is decisive. These positive findings are a vital component in the Commission's assessment process, providing clear evidence of unfair pricing practices that has caused material injury to the domestic industry. It underscores the need for the Commission to impose definitive Interim Dumping Duties at the conclusion of this investigation, thereby ensuring fair competition and the viability of domestic like goods production.

On material injury, the Commission considers that:[6]

- importers purchased the goods from China at dumped prices, which allowed those importers to be more competitive on price than otherwise would be the case;
- the Australian industry's prices were undercut by the dumped goods; and
- as the Australian industry was not prepared to lower its prices to compete with the dumped exports from China, it has foregone sales which had led to a material reduction in market share.

Abey considers these findings to be objective, comprehensive, and well-reasoned. All relevant aspects have been considered and appropriately decided by the Commission in arriving at this preliminary determination. Abey therefore welcomes the imposition of securities under PAD 644.

**2. Price and profit/profitability material injury**

On price effect injury, PAD 644 states that:[7]

> *At section 4.5 the commission considered that there did not appear to be sufficient grounds to support that the Australian industry has experienced injury in the form of price depression or price suppression at this stage of the investigation. Further analysis is required to determine whether the Australian industry's prices are lower than the prices that may have been achieved in the absence of dumping.*
>
> *Noting the findings detailed in section 4.5, within the context of the levels of price undercutting detailed in section 5.3, the commission considers that Abey has prioritised passing on cost increases to its customers rather than competing on price with dumped imports from China that are undercutting its prices. However, it has done so at the expense of market share and sales volumes…*

On profit effect injury, PAD 644 states that:[8]

> *At section 4.6, the commission considered that there did not appear to be sufficient grounds to support a finding that the Australian industry has experienced injury in the form of reduced profit and profitability.*
>
> *The Australian industry's profit has likely improved due to an increase in sales volume during the investigation period. The commission notes however that the increase in sales volume has occurred coincident with a*

[6] Ibid, p. 19.
[7] Ibid, p. 20.
[8] Ibid, p. 21.

> *deterioration in market share, indicating that the Australian industry has foregone sales that it may otherwise have made in a growing market.*
>
> *The commission will further consider as the investigation progresses whether the Australian industry's profit and profitability during the investigation period is lower than it otherwise would have been, and if so, whether that has been caused by dumped exports from China.*

Relevant to this point is the *Ministerial Direction on Material Injury*,[9] which provides in relevant part that:

> *In cases where it is asserted that an Australian industry would have been more prosperous if not for the presence of dumped or subsidised imports, I direct that you be mindful that a decline in an industry's rate of growth may be just as relevant as the movement of an industry from growth to decline. I direct that it is possible to find material injury where an industry suffers a loss of market share in a growing market without a decline in profits. As in all cases, a loss of market share cannot alone be decisive. I direct that a loss of market share should be considered with a range of relevant injury indicators before material injury may be established.*

Abey's categorical view is that profits were lower during the investigation period by virtue of Chinese dumping. A material loss of market share must logically translate directly to lower profits and profitability. The Commission is also continuing to assess the implications of Chinese price undercutting on Abey's competing prices. Abey therefore submits that the Commission should ultimately conclude price and profit effect material injury.

### 3. Chinese Particular Market Situation

PAD 644 states that further analysis is required to consider Abey's claims in relation to the Government of China's (**GOC**) influence on raw material prices.[10] Specifically, this relates to Abey's application allegation that the GOC influences hot rolled coil steel (**HRC**) raw material prices, and that a Particular Market Situation (**PMS**) therefore exists for the goods in China (where the goods are sold on the Chinese market).

To further this point, Abey recalls that the Commission has previously determined, for certain products manufactured in China where locally sourced HRC is the raw material input, that a 'market situation' exists for the value-added product.[11] The investigations by the Commission as they relate to HRC sold in China have enabled the Commission to progressively build its knowledge and understanding of the dynamics of Chinese steel markets since 2012.

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

GOC interventions in the Chinese iron and steel industry specific to steel building products have been recently assessed at the consideration stages of the following in-progress Australian trade remedy inquiries where a Chinese PMS has been alleged:

---

[9] Clare, J., Minister for Home Affairs, Ministerial Direction on Material Injury 2012, Canberra, Commonwealth of Australia, 27 April 2012.
[10] Ibid, p. 10.
[11] Refer, for example, Trade Measures Report No.'s 177, 190, 285, 379, 419, 441, 521, 522, 590, 610, 611, and 617.

- Investigation No. 650 (dumping and countervailing): Steel corner beads and angles from China (**INV 650**);[12] and
- Investigation No. 653 (dumping and countervailing): Ceiling steel framing members from China (**INV 653**).[13]

The Commission's consideration report for both inquiries has assessed that the applicants China PMS allegations are reasonable based on the reliance placed on the Commission's earlier findings relating to galvanised steel, given it being the main raw material input used to make the above goods, and is the largest cost element.[14] The Commission is also satisfied its earlier findings relating to HRC are relevant, as HRC is the primary input for galvanised steel.

GOC interventions in the Chinese iron and steel industry were recently decided upon on by the Commission in the findings from:

- Anti-Dumping Continuation Inquiry No. 610, and the final report in relation thereto (**REP 610**);[15] and
- Anti-Dumping Continuation Inquiry No. 611, and the final report in relation thereto (**REP 611**);[16] and
- Anti-Dumping Continuation Inquiry No. 632, and the final report in relation thereto.[17]

Building on the substantial body of Chinese PMS precedent, the key current GOC policy mechanisms identified by the Commission within the above inquiries which have influenced prices and costs in the Chinese steel industry include:[18]

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

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

The Commission found that such firms – particularly SOEs – sustained ongoing operational losses and sold at unprofitable rates due to a suite of government support mechanisms and disincentives/barriers to entering bankruptcy.[19] Critically for the goods the subject of this inquiry, these findings related to the Chinese steel market as a whole, including both upstream and downstream steel products.

---

[12] With an investigation period of FY2024, and an injury examination period beginning 1 July 2020.
[13] Ibid.
[14] Refer INV 653 Consideration Report, p. 16.
[15] Aluminium zinc coated steel (of greater than 600 mm wide) from China.
[16] Zinc coated (galvanised) steel from China, Korea and Taiwan.
[17] Certain Railway Wheels from China and France. In this inquiry (assessing FY2023 as the inquiry period) the Commission found that conditions in the Chinese steel and steel input markets directly affected the Chinese domestic market for railway wheels. The Commission found that the situation affected the Chinese market for the goods, primarily through the distortion of steel billet costs, as the principal raw material input for the goods (see. p. 124 of REP 632).
[18] REP 611, p. 108-123.
[19] REP 611, p. 123.

Furthermore:

> *…based on the available evidence, the sales prices of firms sustaining ongoing operational losses have affected the market as a whole, particularly given the extent of SOE involvement in steel production. The commission finds that both SOEs and private firms operating in the Chinese steel market often make decisions on the terms of transactions based on GOC policy goals as opposed to properly functioning price signals.*[20]

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

Applied to this inquiry then, and to the extent that the Commission finds that subject goods are manufactured and sold in China, Abey submits (by virtue of the above) that there exists a PMS in the Chinese domestic market for interchangeable bolted clipping system brackets.

Abey remains at the disposal of the Commission for the remainder of INV 644.

FOR AND ON BEHLAF OF

Abey Australia Pty Limited

THE AUSTRALIAN INDUSTRY APPLICANT

[20] Ibid.