November 17, 2025

Anti-Dumping Commission
Investigations 4
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Melbourne VIC 3001

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Public File

Dear Director,

Investigation No. 690 concerning Freight Railway Wheels from China

The member of the Australian industry producing like goods to the goods the subject of this inquiry, Commonwealth Steel Company Pty Limited (**Comsteel**) provides the following submission in relation to the above-noted inquiry (**INV 690**).

1. Grounds for the imposition of provisional measures

In its application for measures, Comsteel alleged that it has suffered material injury from dumped and subsidised Chinese exports of Freight Railway Wheels (**FRWs**) in the following forms:

- loss of sales volume and market share;
- lower production volume;
- price suppression;
- price depression;
- loss of profits;
- loss of profitability;
- decline of asset values;
- reduced Research & Development;
- reduced revenue;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced productivity.

In its Consideration Report to this inquiry, the Anti-Dumping Commission (**the Commission**) determined that there appeared to be reasonable grounds to support these material injury claims.[1]

On dumping, the Commission's consideration report concluded there to be reasonable grounds that Chinese dumping margins were above negligible levels for the 1 July 2024 to 30 June 2025 (**FY2025**) investigation period (**POI**), based on Comsteel's prima facie application estimate of 21.4 – 42.2 percent.[2]

[1] Consideration Report No. 690, p. 21.
[2] Ibid, p. 14.

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On subsidisation, the Commission noted the existence of reasonable grounds that countervailable subsidies had been received in respect of FRW exports from China.[3]

INV 690 was initiated on 23 October 2025, with a *Preliminary Affirmative Determination* (**PAD**) possible by 22 December 2025.[4] During industry verification in November 2025, and in furthering its material injury claims, Comsteel provided the Commission with comprehensive evidence of the material injury incurred by virtue of Chinese imports both during and following the POI.

The details provided evidence that Comsteel is experiencing escalating material injury from dumped and subsidised Chinese FRWs as INV 690 continues. Comsteel is of the view that sufficient grounds therefore exist for the imposition of preliminary measures on 22 December 2025, and requests that the Commission apply such measures, including the taking of securities, under section 42.[5]

Comsteel submits that the Commission should:

- determine the export price of the goods under section 269TAB(3), having regard to all relevant information; and
- determine the normal value of the goods under section 269TAC(6), having regard to all relevant information.

The relevant information which will be before the Commission by 22 December 2025 is that which was relied upon by the Commission at initiation; namely that Chinese exporters were dumping FRWs onto the Australian market by above de-minimus margins during the POI by virtue of a particular market situation (**PMS**), that these exports were subsidised, and that the trade in the subject goods has caused material injury to the Australian industry.

Chinese exporter questionnaire responses are due on 1 December 2025. Information available to the Commission by 22 December 2025 may therefore include unverified Chinese subject goods selling prices and costs.

Comsteel petitions however that an effective and commercially meaningful duty to prevent ongoing material injury should be established with reference to real-world and market-based costs and selling prices for freight wheels, and not ultra-low Chinese selling prices and costs which are driven by substantial government subsidies.

Accordingly, it is necessary for the Commission to form a preliminary view on the existence of a Chinese FRW PMS by 22 December 2025. Comsteel submits that sufficient evidence is already before the Commission to enable such a finding, namely the Commission's June 2024 assessment of Chinese domestic market conditions for Certain Railway Wheels (iron ore wheels) in Continuation Inquiry No. 632 (**CON 632**).

CON 632 holds substantial precedential and contemporary relevance to INV 690. In this inquiry (details expanded further below) the Commission found that the conditions in the steel and steel input markets directly affected the domestic market for railway wheels in China.[6] The situation affected the Chinese market for the goods, primarily through the distortion of steel billet costs, the principal raw material input for the goods.[7]

This current and all previous 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 FRWs, such that they are lower than they otherwise would be.

[3] Ibid, p. 20.
[4] ADN 2025/110.
[5] Customs Act, 1901.
[6] Report No. 632 to CON 632, p. 124.
[7] Ibid.

The Chinese iron & steel industry – CON 632

In CON 632, the Commission undertook a comprehensive assessment of the Chinese domestic market for railway wheels and their inputs. While it was not necessary for the Commission to reach a conclusion on a PMS, it nonetheless formalised its views as a record of the investigative process.[8] The Commission's analysis set out in Sections C3 to C6 of REP 632 provides substantial evidence that the GOC exercises pervasive control over the steel sector and, by extension, the production and pricing of railway wheels. This control fundamentally distorts market conditions in China.

The Commission's position in CON 632 was as follows:

Assessment of Chinese Market Conditions[9]

The Commission's starting point was to assess whether the Chinese domestic market for railway wheels operated under market economy conditions. It concluded that it didn't.

The Commission identified that upstream and downstream segments of the railway wheel value chain in China are subject to distortions arising from government policies, state ownership, and regulatory interventions. These distortions include subsidised inputs (e.g. steel billet), non-commercial financing arrangements, and state planning mechanisms that influence pricing and investment.

As a result, domestic prices for railway wheels in China were not the outcome of free-market dynamics, and therefore did not reflect reliable benchmarks for the determination of normal values.

GOC's Role in the Chinese Steel Sector[10]

In overview, CON 632 found that:[11]

> *The Chinese economy in general has undergone significant economic structural reforms to transition towards greater liberalisation of trade and foreign direct investment inflows and outflows. However, the role of government at all levels in the Chinese economy, controlling trade and foreign direct investment liberalisation for social and economic purposes, has created a hybrid system in China where decisions of the market are heavily influenced by government as opposed to ordinary conditions of competition.*
>
> *Chinese firms selling and purchasing in China's steel markets set prices and make purchasing decisions that are influenced by the directives and policies of the GOC. These conditions are created in part by the prevalence of state-owned enterprises (SOEs) that reflect the economic, social and fiscal goals of the GOC, and impact the conditions of competition and pricing for private firms.*

The Commission identified that the Chinese steel industry operates under an extensive framework of government ownership, strategic planning, and administrative intervention. This framework covers:

- Widespread Government ownership:
  - A significant share of Chinese steel production capacity is held by State-Owned Enterprises (**SOEs**).

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[8] The absence of an official China PMS conclusion was because MTM (Boawu Group Masteel Rail Transit Materials Technology Co Ltd) only sold domestic like goods in non-arms length transactions and not in the ordinary course of trade – there was hence an absence of sales of like goods in China relevant for the purpose of determining a price under section 269TAC(1). In other words, section 269TAC(2)(a)(i) applied in the circumstances.
[9] Report No. 632; Inquiry into the Continuation of Anti-Dumping Measures on Certain Railway Wheels Exported to Australia from the People's Republic of China and the French Republic, p. 100-101.
[10] Ibid, p. 101-117.
[11] Ibid, p. 101.

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- SOEs operate not on a profit-maximising basis but are influenced by state objectives, such as employment stability, social outcomes, and industrial consolidation.
- Notably, the exporter then under investigation, MTM, and its parent company Maanshan Iron & Steel Co Ltd (MIS), were both state-owned and embedded within the China Baowu Group, the world's largest steel producer and a central SOE. MIS has and continues to incur substantial negative profit margins.[12]

- Centralised industrial planning:
  - The steel industry is subject to national and regional planning instruments including the *13th* and *14th Five-Year Plans*, the *Steel Industry Adjustment and Upgrade Plan (2016–2020)*, and the *Made in China 2025* initiative.
  - These plans define strategic goals for capacity, product development, resource allocation, and industrial restructuring – objectives imposed top-down by the GOC rather than arising from market conditions.

- Production and capacity directives:
  - The GOC continues to issue capacity swap rules, production controls, and shutdown mandates.
  - Such mechanisms are not based on supply and demand conditions, but rather on centrally defined output targets and environmental policy goals.

- Intervention in market entry and investment:
  - Steel producers in China are subject to investment approvals and require official sanction to commence or expand operations.
  - The GOC directs mergers and acquisitions in the sector with the intent of reducing fragmentation and consolidating control.

The Commission found that Chinese steel producers benefit from non-commercial financing and subsidised access to key inputs, including:

- Financing and credit distortions:
  - Policy banks and state-owned commercial banks provide steel SOEs with loans at below-market interest rates.
  - The GOC has a history of rescuing non-performing loans and providing debt rollovers, undermining financial discipline.
  - These financing practices lower the cost of capital for SOEs and weaken the relevance of profit signals.

- Land and energy subsidies:
  - Steel SOEs obtain land use rights at below-market rates, particularly in state-led industrial zones.
  - Electricity and other utility inputs are often provided at subsidised prices, further suppressing production costs.

- Preferential tax and subsidy treatment:
  - The Commission noted that SOEs receive direct subsidies, R&D grants, VAT rebates, and tax exemptions targeted at upgrading steel production or meeting environmental targets.
  - These incentives were not generally available to private or foreign producers operating in China.

The Commission also found that Chinese steel producers operate under a framework of export policy tools that affect market functioning:

- Export VAT rebates and restrictions:

[12] Confidential Attachment 1, at slide 8.

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  - The GOC selectively provides VAT rebates to encourage or discourage exports of specific steel products.
  - Export quotas and licensing requirements have historically been used to manipulate international supply and domestic availability.

- Administrative guidance and industry associations:
  - The GOC, through ministries and local government agencies, issues administrative guidance to producers on output levels, pricing strategies, and compliance with national industrial policy.
  - Industry associations, often led by former government officials, act as intermediaries for disseminating and enforcing government policy within the industry.

The totality of the evidence presented by the Commission established that the Chinese steel market is not governed by market economy principles. The Commission found that there was no clear separation between state and commercial decision-making in the Chinese steel sector; that input costs, financing conditions, and capacity levels are set or heavily influenced by government directives; and that the behaviour of SOEs and private actors was shaped by the GOC's strategic and non-commercial objectives.

GOC's Role in the Railway Wheels Sector[13]

The Commission's analysis extended specifically to the railway wheels sector. It concluded that producers of railway wheels, including the exporter under review (Baowu Group Masteel Rail Transit Materials Technology Co Ltd – MTM), operate under the influence of GOC industrial policies. MTM, and its parent entity MIS, are state-owned and strategically aligned with central government objectives concerning rail infrastructure and advanced manufacturing.

The Commission also identified that railway wheels are included within China's industrial catalogues for strategic development. As a result, manufacturers benefit from government-endorsed investment programs, technological upgrading subsidies, and inclusion in capacity management schemes. These arrangements further reinforce the conclusion that pricing in the railway wheel sector is not market-determined.

CON 632 Conclusions[14]

The Commission concluded that Chinese market conditions were distorted. The conclusion was based on the cumulative effect of several government interventions:

- widespread state ownership and intervention in steelmaking and downstream railway wheel production;
- preferential financing, subsidies, and land-use advantages not available to market-based competitors;
- strategic sectoral planning that overrides commercial considerations;
- input cost distortions driven by non-market pricing in the steel sector; and
- inadequate transparency and limited separation between the state and commercial decision-making.

2. Conclusion

The necessity for a PAD on 22 December 2025 cannot be understated. Comsteel's FRW business is facing an existential threat from aggressive Chinese pricing.

Comsteel submits that the imposition of preliminary duties by 22 December 2025 is therefore necessary and justified. The evidence already before the Commission clearly demonstrates that Chinese exports of FRWs are being dumped and subsidised, causing ongoing material injury to the Australian industry.

[13] Ibid, p. 117-124.
[14] Ibid, p. 124.

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In forming its preliminary view and calculating a provisional duty, the Commission relies on the best information available to it – this includes the prior findings in CON 632. CON 632 has establish that Chinese domestic prices and costs are fundamentally distorted by pervasive government intervention across the steel and railway wheel sectors.

Accordingly, Comsteel submits that the Commission can and should form a preliminary view on the existence of a PMS affecting the Chinese market for the goods, based on the substantial and contemporaneous record already on file. Chinese selling price and cost data should be regarded as unreliable, unverified, and be disregarded for the purposes of determining normal values. This will necessarily require the Commission to construct normal values with reference to an appropriate market-based benchmark for raw materials, make adequate cost adjustments to account for the additional costs of the higher grade of billet used in the production of FRWs, and include all cost-to-make and selling expenses. Comsteel's position on this was fully articulated in its application.[15]

The Commission therefore has both a sufficient evidentiary basis and a statutory mandate to apply preliminary duties by 22 December 2025 to prevent further material injury to the Australian industry pending final determination.

FOR AND ON BEHALF OF

Commonwealth Steel Company Pty Limited

THE AUSTRALIAN INDUSTRY APPLICANT

[15] Section B-4.