PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Australian industry verification report

Verification and case details

Initiation date	23/10/2025	**ADN**	2025/110
Case number	690		
The goods under consideration	Freight Railway Wheels		
Case type	Dumping and Subsidy Investigation		
Australian industry	Commonwealth Steel Company Pty Ltd		
Location	Maud Street, Waratah (Newcastle), NSW, Australia		
Verification from	11/11/2025	to	13/11/2025
Investigation period	1/07/2024	to	30/06/2025

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

Contents

Introduction

Commonwealth Steel Company Pty Ltd (Comsteel) provided data to the Anti-Dumping Commission (the commission) in relation to dumping and subsidy Investigation 690 (case 690) into freight railway wheels (FRW) from the People's Republic of China (China).

A verification team (the team) has verified whether the data Comsteel submitted is complete, relevant and accurate for use in case 690. Anti-Dumping Notice (ADN) 2016/30 describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where Comsteel or the team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record (EPR) for case 690.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).[1]

[1] All legal citations in this report are to the Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

Comsteel is a wholly owned operating company of American Industrial Partners Holdings Ltd. (AIP), a private equity firm. Comsteel manufactures, engineers and distributes metal-based products, primarily grinding media and rail products.

Comsteel is the sole producer of FRW, the goods the subject of this investigation, in the Australian domestic market.

1.2 Related parties

The team examined the relationships between Comsteel and its related parties involved in the production and sale of like goods. Details of the related parties are summarised below.

1.2.1 Related suppliers

The team found Comsteel purchased raw material blooms from a related party during the investigation period.

The verification team did not find any evidence that these transactions were conducted on a non-arms length basis.

Consideration of the arms length nature of these transactions is discussed in section 7.3.

1.2.2 Related customers

The team found no related customers involved in Comsteel's sale of like goods during the investigation period.

2 Like goods manufactured in Australia

2.1 Manufacturing in Australia

Comsteel claims that it is the sole manufacturer of FRW in Australia. The verification team is not aware of any other producer of FRW in Australia.

During the plant tour of Comsteel's manufacturing facility in Waratah, New South Wales (NSW), the team observed the manufacture of FRW and is satisfied that Comsteel produces like goods. On the plant tour, the team observed the production process as follows:

- The manufacturing process for FRW starts with steel blooms, which are sawn into 'cheeses' using Daito saws and then heated in the rotary furnace.
- The cheeses are pre-formed in a slab press and then undergo multiple forging and rolling stages to form the wheel's profile.
- After shaping, the wheel is dished, the centre hole is punched and hot wheel scanning is performed to ensure forging accuracy.
- The wheel is heat-treated to achieve the required strength and hardness and then shot blasted to remove loose scale, cleaned and machined for precision.
- Quality assurance follows, including hardness tests and non-destructive inspections to detect defects.
- Once verified, wheels are stamped for identification, painted and packaged according to customer specifications.

Details of this production process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1.**

2.2 Model control codes

The sales and costs data Comsteel submitted complies with the model control code (MCC) structure detailed in ADN 2025/110.[2]

2.2.1 Amendments to model control codes

After comparing prices of different models of the goods, the team does not recommend amending the MCC structure.

2.3 Verification of model control codes

Table 1 below provides detail on the model control code (MCC) sub-categories determined and verified to source documents and product drawings.

Category	Determination of the sub-category
Outside wheel diameter (OD)	The team determined the sub-category with reference to: • Product code information • Commercial invoices • Product drawings.

Table 1: MCC sub-category determination

[2] EPR 690, Item 3.

Table 2 below displays the relationship between product codes and MCC categories.

Product code	MCC outside wheel diameter
RLA11-200/C	920
RLA14-200/B	920
RLA5.3-186/B/B110	840
RLN4.6-186/B/B90	920
RLN4.6-200/C/B90	920
RLN4.7-186/B100	920
RLN6.1-186/B/B90	920
RLN8.2-193/B/B110	840
RLN8.2-193/B100 MOD	840
RLP10.3-195/B/B50	737
RLP11.1-172/B	760
RLP26.2A-196/B/B80	760
RLP64-212/BM/B360	920
RLP78-186/C	920
RLP80-186/C	840
RLQ14A-155/B100	850
RLQ17B-203/B	840
RLQ24-211/BM	920
RLQ25-213/BM	915
RLQ3D-168/BM/B110	850
RLT5-187/B	787
RLW10A-186/B100	940
RLW11-175/B100	840
RLW12-195/B100	840
RLW13-168/B100	850
RLW22-186/B	840
RLW25-186/B	940
RNR155-150/C	708
RWA24-196/BM	840
RWA25-196/BM	840

Table 2: MCC mapping

2.4 Like goods

Like goods are defined under section 269T(1) of the Act as:

> goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

The team considers that the like goods manufactured by Comsteel are identical to, or have characteristics closely resembling, the goods exported to Australia. This is based on the consideration of the below factors:

- **Physical likeness:** the primary physical characteristics of the goods and locally produced goods are similar, notwithstanding variations in individual customer technical specifications.
- **Production likeness:** the goods and locally produced goods are produced in a similar manner, using the same or similar raw material inputs and similar manufacturing processes.
- **Commercial likeness:** the goods and locally produced goods compete in the same market sector and are sold to common customers.
- **Functional likeness:** the goods and locally produced goods are considered functionally alike as they are used for the same purpose or application.

2.5 List of all model control codes

Comsteel produced and sold the goods in the Australian market with the following MCCs during the investigation period:

MCC
708
737
760
787
840
850
915
920
940

Table 3: List of MCCs produced and sold during investigation period

2.6 Like goods assessment

The team is satisfied that:

- FRW produced by Comsteel are like to the goods[3]
- at least one substantial process of manufacture of product is carried out in Australia[4]
- the like goods were, therefore, wholly or partly manufactured in Australia by Comsteel[5]
- there is an Australian industry, consisting of Comsteel, which produce like goods in Australia.[6]

[3] Section 269T(1) (definition of 'like goods').
[4] Section 269T(3).
[5] Section 269T(2).
[6] Section 269T(4).

3 Australian market

3.1 Australian market background

The Australian FRW market comprises the Australian industry being Comsteel, exporters, importers and end users. FRW are typically sold to Australian freight operators and maintenance suppliers, who are the end users. Some of these end users also imported FRW during the investigation period.

During the investigation period, the team identified China as the main source of imported FRW into Australia.

3.2 Australian market structure

3.2.1 Marketing segmentation and end uses

FRW are manufactured for freight railway operators that transport bulk commodities such as coal and grain, as well as intermodal freight. Comsteel advised that there are no other end uses beyond these freight applications.

The Australian market for FRW is segmented into two main categories: capital purchases (which relate to new wheels for rolling stock) and maintenance purchases (which involve replacement wheels for existing equipment).

3.2.2 Distribution arrangements

In the Australian market, FRW are supplied directly to end user customers, including maintenance service providers, without the involvement of resellers, distributors or other intermediaries.

End users typically procure FRW through long-term supply contracts and/or tender agreements, which set pricing and supply quantities for a defined period. These agreements may be subject to deed variations, allowing adjustments to existing contractual terms.

Comsteel advised that while most customers operate under these contractual arrangements, some smaller end users purchase FRW based on established price lists, rather than supply arrangements.

3.2.3 Demand

Demand for FRW in Australia is primarily driven by the operational requirements of freight rail operators. FRW are fitted to freight wagons and, under normal conditions, have an average service life of about eight years. During this period, the wheel tread wears down and is periodically machined to restore its running surface. When a wheel reaches the end of its service life, it is removed from the axle and replaced with a new wheel. These activities are typically carried out in maintenance facilities operated by rail companies.

Comsteel advised that although eight years is the typical service life, actual replacement intervals vary depending on operating conditions, axle loads, and usage intensity. Some wheels may require earlier replacement, while others remain in service longer than expected.

In addition to lifecycle-driven demand, new wagon builds and capital investment projects also contribute to demand for FRW. Comsteel advised that environmental considerations,

including initiatives to reduce CO_2 emissions, are also beginning to influence demand patterns.

3.3 Australian market pricing

End users typically purchase FRW from suppliers through contract or tender arrangements. The supply arrangements generally establish pricing and may also specify supply quantities for a fixed period, with purchasers placing periodic orders under the agreed terms.

The price of FRW may fluctuate from the initial contract price, typically reflecting changes in relevant cost drivers such as raw material prices. Comsteel indicated that pricing negotiations are influenced by these cost movements and market conditions.

Comsteel advised the team and provided evidence that it must compete with import offers when negotiating prices with freight operators and that imported FRW has exerted downward pressure on Australian market prices, particularly when overseas suppliers offer lower-cost alternatives.

3.4 Australian market size

The team has estimated the size of the Australian market for FRW using the domestic sales data from Comsteel and data sourced from the Australian Border Force (ABF) import database. The information sourced from the ABF import database was determined using the relevant tariff subheadings and statistical codes for FRW. Further filtering was completed to remove imports that were not considered to be the goods.[7]

The team considers that its approach to estimating the size of the Australian market for FRW is relevant and reasonable as:

- the ABF import database is an independent and reliable source of data in relation to imported FRW and
- the completeness, relevance and accuracy of the sales data compiled by Comsteel was verified by the team (chapters 4 and 5 of this report refers).

Figure 1 below depicts the team's estimate of the size of the Australian market for FRW for the Australian financial year (FY) ending 30 June 2022 to FY ending 30 June 2025.[8]

[7] To identify relevant imports, the team examined the ABF import database to identify characteristics relevant to the goods. This included examining the goods description, the value and weight of the importation and the importer.

[8] FY, or financial year refers to the 12-month period ending 30 June.

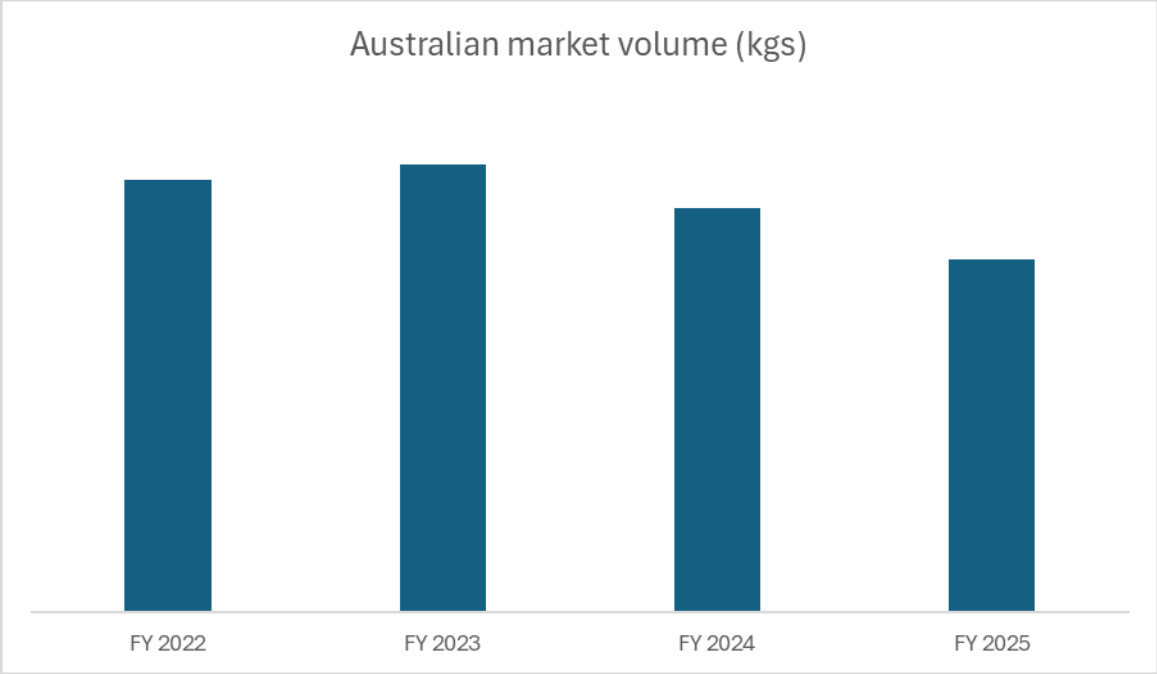

Figure 1: Australian market size (kilograms)

4 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the sales listings Comsteel submitted are complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

The team verified the relevance and completeness of the sales data as follows:

1. Reconciled the revenue reported in Comsteel's audited financial statements for the 2025 financial year (the investigation period) to its accounting system and trial balance.
2. Verified that the total sales figure includes the rail products division, which encompasses the goods under consideration, FRW.
3. Reconciled the master sales listing to Comsteel's trial balance.
4. Reconciled the sales value for FRW in the master sales listing to the detailed FRW sales listing.
5. Verified product categorisation for like goods and non-subject goods and reconciled reported sales values across product types.

The team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Import sales by company

Comsteel did not import the goods during the investigation period.

4.2 Export sales by company

Comsteel exported low volumes of the goods to other countries during the investigation period and these sales were verified as part of the sales verification process.

4.3 Sales completeness and relevance finding

The team is satisfied that the sales data Comsteel submitted is complete and relevant.

5 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue and other key data in the sales listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the export and domestic sales listings Comsteel submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issue outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1.**

5.1 Sales accuracy exceptions

Exception 1: Revision of Transport & Handling costs in Appendix A4

Description: In Comsteel's Appendix A4 sales listing, several transactions with delivery terms Carriage Paid To (CPT) did not include transport charges. Comsteel explained that these transactions were part of a vendor-managed inventory (VMI) arrangement, where transport costs were incurred but not invoiced separately due to the nature of the arrangement.

Resolution: Comsteel revised the Appendix A4 sales listing to reflect the transport costs for these sales transactions.

5.2 Related party customers

The team observed that Comsteel did not sell like goods to related customers.

5.3 Sales accuracy finding

The team is satisfied that the sales data Comsteel submitted is accurate, including any revision outlined in an exception above. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1.**

Accordingly, the team considers Comsteel's sales data suitable for analysing the economic performance in the period from 1 July 2021 to 30 June 2025.

6 Verification of CTMS completeness and relevance

The commission typically verifies cost to make and sell (CTMS) as complete and relevant by reconciling the total cost to make (CTM) and selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the CTM and SG&A listings Comsteel submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

The team verified the relevance and completeness of the cost data as follows:

1. Reconciled the cost of goods sold for the 2025 financial year (the investigation period) to the audited financial statements and trial balance
2. Reconciled the trial balance to the management accounts
3. Reconciled the costs of goods sold as reported in the trial balance to the cost to make all products
4. Verified the categorisation of the cost to make of like goods and other products
5. Reconciled the cost to make of the goods to the cost spreadsheets.

The team verified the relevance and completeness of the SG&A data as follows:

1. Reconciled the SG&A listing for the 2025 financial year (the investigation period) to the audited financial statements
2. Reconciled the SG&A listing for the period to the trial balance
3. Reviewed management account adjustments to the SG&A
4. Reviewed the allocation of accounts to SG&A and the allocation of SG&A between like goods and other products.

The team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.1 Exceptions during verification of completeness and relevance of CTMS data

Exception 2: Cost of production

Description: The verification of costs identified an understatement of conversion costs and SG&A costs in the total CTMS for the goods.

Resolution: Comsteel provided a revised upwards costs reconciliation spreadsheet and revised costs spreadsheets for each model of like goods.

Exception 3: Supporting SG&A calculations

Description: The verification of the supporting SG&A data identified a discrepancy between the total allocated SG&A and the SG&A total in the trial balance.

Resolution: The team observed a small number of accounts were duplicated in the allocation calculations. The team removed these duplications which then reconciled the total allocated SG&A to the trial balance. This did not affect the SG&A allocated to like goods.

6.2 CTMS completeness and relevance finding

The team is satisfied that the CTMS data provided in the application by Comsteel, including any required amendments as outlined in the exceptions above, is complete and relevant.

7 Verification of cost to make and sell accuracy

The commission typically verifies CTMS as accurate by reconciling a selection of volume, cost and other key data in the CTM and SG&A listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the CTM and SG&A listings Comsteel submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issues outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

7.1 Cost to make and sell accuracy exceptions

Exception 4: Depreciation cost calculations

Description: The verification of depreciation costs identified several accounts in the trial balance that Comsteel had not included in its calculation of depreciation costs.

Resolution: The team included the missing accounts in the calculation of depreciation costs, which resulted in a per unit cost increase across all models of like goods.

7.2 Cost allocation method

Table 4 outlines how the team allocated each cost component.

Cost component	Method applied
Raw materials	Comsteel uses actual material cost for each production order, divided by the quantity of all units produced (not just the quantity of units in each order) to calculate the per unit raw material cost. The cost of materials used in each production order is derived from the actual cost of the bloom used in production, taking into account scrap recovery.
Scrap offset	Comsteel offsets the raw material costs for each production order with the actual income from sales of scrap from that production order. The actual material cost used to calculate the per unit raw material cost takes into account scrap recovery (i.e. reduces the per unit cost).
Direct labour	Labour costs are a component of conversion costs. Comsteel records conversion costs in its accounts for each group based on amounts recorded against specified account codes. Comsteel calculated a per unit cost by dividing the conversion cost for each product group (and hence labour costs) by the quantity of all units produced in that group.
Rail Fixed Production Cost	'Rail Fixed Production Cost' is a component of conversion costs, and along with depreciation and allocated costs makes up fixed manufacturing overheads. Comsteel calculated a per unit cost by dividing the conversion cost for each product group (and hence Rail Fixed Production Cost) by the quantity of all units produced in that group.

Depreciation	Depreciation is recorded in the accounts associated with each product group. Comsteel calculated a per unit cost for like goods by dividing the total depreciation for the investigation period for the Rail group by the total unit quantity of all units produced in that group.

Table 4: Cost allocation method

7.3 Related party suppliers

Comsteel purchased raw material blooms from a related party during the investigation period.

This related party procures blooms on behalf of Comsteel from unrelated suppliers, at FOB terms. It then arranges for transport of the blooms to Comsteel's production facility in Newcastle at CIF terms, and provides financing to Comsteel. The related party also charges Comsteel an administrative margin to provide these services.

The team examined a sample selection of bloom sales between the related party and Comsteel, and Molycop and its unrelated supplier. The team was satisfied that the sale of the blooms and the associated services provided by the related party to Comsteel were commercial transactions.

7.4 Cost to make and sell accuracy finding

The team is satisfied that the CTMS data Comsteel submitted is accurate and reasonably reflects the costs associated with the production and sale of the goods, including any revision outlined in an exception above.

8 Economic condition

8.1 Applicant's injury claims

In its application for a dumping and subsidy investigation, Comsteel claimed it has experienced material injury in the form of:

- lost sales volume and market share
- lower production volumes
- price suppression
- price depression
- loss of profits
- loss of profitability
- decline in asset values
- reduced R&D
- reduced revenue
- reduced return on investment
- reduced capacity utilisation
- reduced productivity.

Comsteel alleges that the material injury in its various forms, and arising from the volume and price effects of the dumped goods from China, has transpired throughout the injury assessment and investigation periods.[9]

8.2 Approach to injury analysis

The analysis detailed in this chapter is based on verified financial information submitted by Comsteel.

The team has assessed the economic condition of the Australian industry from 1 July 2021 (the beginning of the injury period) using the information provided by Comsteel. The commission has compiled the figures presented on a financial year basis (1 July to 30 June). This preliminary assessment is at **Confidential Appendix 1**.

8.3 Volume effects

The team found Comsteel has experienced injury in the form of lost sales volume and reduced market share over the injury period.

8.3.1 Injury claims relating to volume

Comsteel stated in its application it has been unable to maintain and/or increase sales volume in the injury period, which is reflected in its material loss of market share to imports from China. Comsteel stated that its share of the Australian market for FRW declined since the beginning of the injury period, while Chinese imports have acquired market share in a declining market. Comsteel considers it has experienced material injury in the form of lost sales volumes over the course of the injury period.[10]

[9] EPR 690, Item 1 – Application, p. 26
[10] Ibid, p. 34

8.3.2 Sales volume and market share

Table 5 shows an index of Comsteel sales volumes and market share over the injury period:

	FY 2022	FY 2023	FY 2024	FY 2025
Volume (index)	100	96	85	75
Market share (index)	100	91	90	92

Table 5: Index of Comsteel sales volume and market share, compared to FY 2022

The team found that the sales volume and market share of like goods manufactured by Comsteel declined over the injury period. Accordingly, the team considers that Comsteel has experienced injury in the form of loss of sales volume and reduced market share.

8.4 Price effects

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.

The team found Comsteel has experienced injury in the form of price suppression, but at this stage of the investigation, the team considers that there is insufficient evidence to indicate that Comsteel has experienced price depression.

8.4.1 Injury claims relating to price

Comsteel claims it has experienced price suppression, commencing at the beginning of the injury period. It stated that its weighted average unit costs were higher than its unit selling prices on an actual basis, as well as on an indexed basis.

8.4.2 Price suppression

Figure 1 and Figure 2 compare the weighted average selling price and weighted average CTMS of like goods manufactured and sold by Comsteel over the injury period, on an actual basis and indexed basis, respectively.

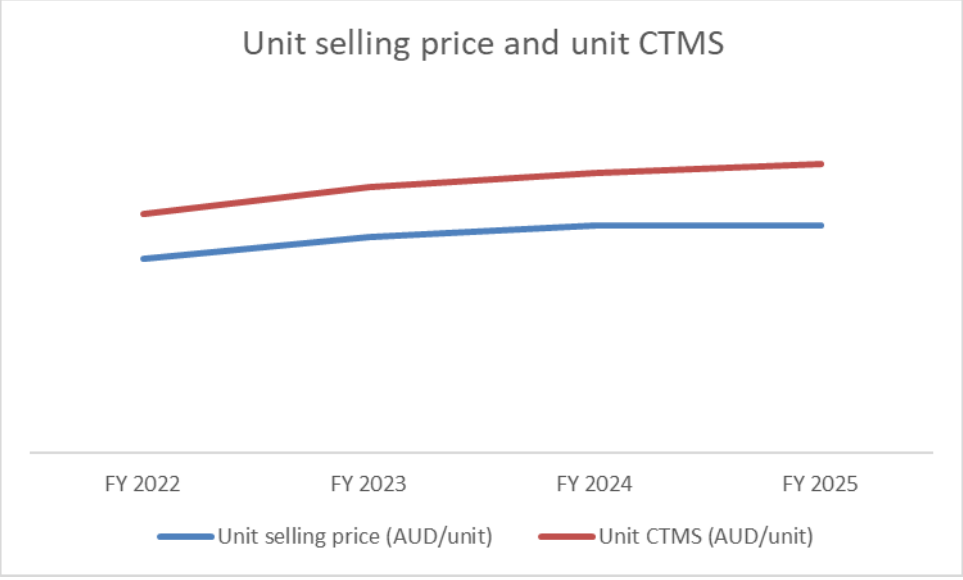

Figure 1: Comsteel unit selling prices and CTMS (AUD/kg) – Injury period

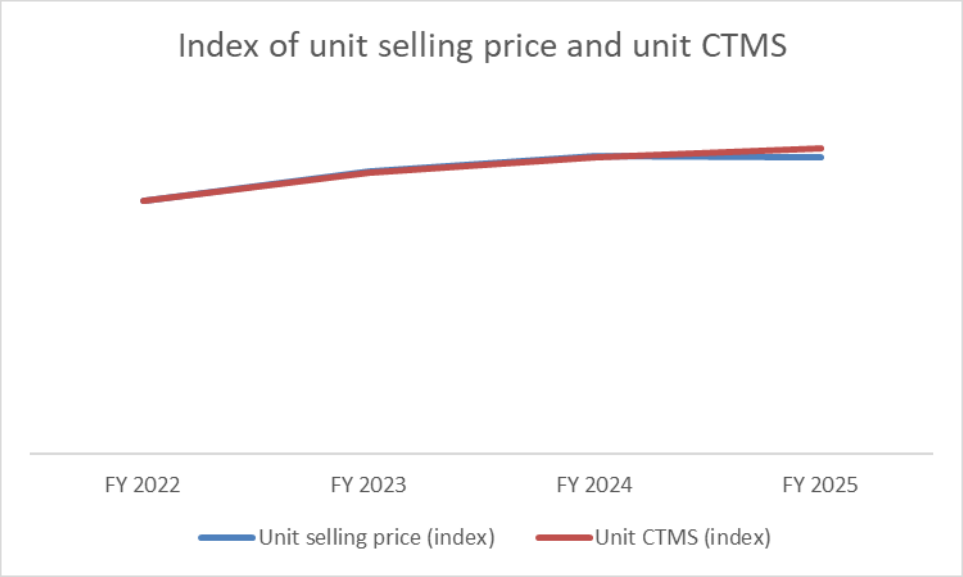

Figure 2: Index of Comsteel unit selling prices and CTMS – Injury period, compared to FY 2022

Figure 1 shows a consistent margin of higher CTMS compared to selling prices across the injury period. This consistency is confirmed in Figure 2, which shows increases in CTMS have been closely matched by increases in price.

Over the investigation period, there is a similar margin between unit CTMS and unit selling price as there is in the injury period. See Figure 3.

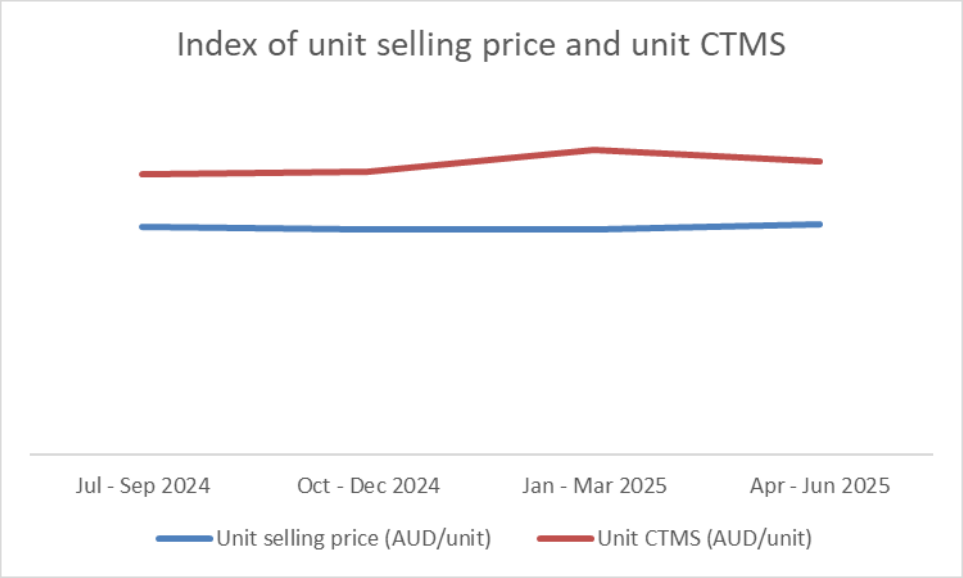

Figure 3: Comsteel unit selling prices and CTMS (AUD/kg) – Investigation period

While Comsteel has been able to increase its prices roughly in line with cost increases since FY 2022 (Figure 2), it has been unable to increase its prices over the injury period to the extent necessary to cover all its costs (Figure 1). Accordingly, it has been making a consistent loss on the sale of like goods.

The team considers that the inability of Comsteel to realise a selling price at or above its costs over entirety of the injury period (which has continued throughout the investigation period) is an indicator of price suppression.

8.4.3 Price depression

As shown in Figure 1 and Figure 2, Comsteel's prices rose between FY 2022 and FY 2024, before falling slightly during the investigation period. This is also shown in Table 6.

	FY 2022	FY 2023	FY 2024	FY 2025
Unit selling price (index)	100	112	118	117

Table 6: Index of Comsteel unit sales price, compared to FY 2022

As shown in Figure 3, while there was some movement in the unit selling price within the investigation period, the price remained consistent over the full investigation period. See also Table 7.

	Jul - Sep 2024	Oct - Dec 2024	Jan - Mar 2025	Apr - Jun 2025
Unit selling price (index)	100	99	99	101

Table 7: Index of Comsteel unit sales price, compared to Jul - Sep 2024

At this stage of the investigation, the team considers that there is insufficient evidence to indicate that Comsteel has experienced price depression. Comsteel's selling prices for FRW have risen throughout the injury period, except for a fall of less than 1% between FY 2024 and FY 2025. Over the investigation period, Comsteel's selling prices have increased by 1%.

8.4.4 Price undercutting

The team compared the unit selling prices for Comsteel against an estimate of Chinese import prices for the investigation period. For this comparison, for each quarter of the investigation period, the team compared Comsteel's weighted average unit selling price, excluding those sales made at EXW (which represented a small proportion of total sales) against a constructed average unit selling price for Chinese imports of the goods. The team calculated the constructed price using:

- FOB selling prices for Chinese imports of the goods provided by Comsteel in its application.[11]
- Ocean and freight costs for importing railway wheels from China, as verified in case 632. The team considered that these costs were reasonable to use in constructing an estimate as they are a similar product to the goods.
- Comsteel's verified inland transport costs for like goods. The team notes that Comsteel's production facilities are near Newcastle port, and consider that its inland transport costs would be similar to those of Chinese imports arriving by port and then being transported to its customers throughout Australia.

The commission will update this analysis during the investigation using verified data, if provided.

[11] Refer p10 of *Consideration Report 690*, where due to the potential inclusion of non-goods in the ABF import data, the commission relied on the applicant's export data to assess export price.

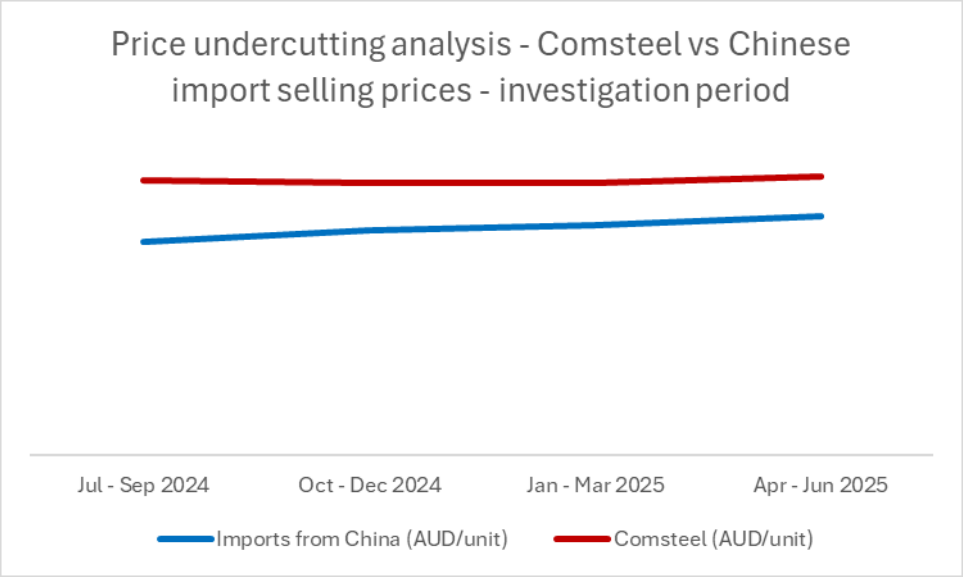

Figure 4: Price undercutting analysis – Comsteel unit selling prices vs Chinese import unit selling prices during the investigation period[12]

Figure 4 shows that Chinese import prices undercut Comsteel prices throughout the investigation period. With the presence of lower priced Chinese competition in the market, Comsteel is under increased pressure to suppress or reduce prices to compete. Given the evidence of like goods being sold at a loss by Comsteel, further price reductions may not be possible. Without lowering its prices, the team considers it is likely that customers will likely preference FRW from China over Comsteel.

8.5 Profit and profitability

Comsteel claims ongoing price suppression and depression has impacted negatively on its profits and profitability over the injury and investigation periods. Comsteel considers that its unit revenue and profitability would not have declined to its current levels in the absence of price suppression and depression. Lower sales volumes have also resulted in higher fixed costs on a per unit basis (with those fixed costs accordingly allocated across fewer units). Comsteel states that this has placed pressure not only on Comsteel's Australian FRW business, but also its entire manufacturing operation.[13]

Comsteel considers that this injury was caused by sales of FRWs exported from China and that the injury experienced is material.

Figure 5 shows the Australian industry's total profit (indexed) and profitability over the injury analysis period. Comsteel's profit was negative at the start of the injury period and declined further in FY 2023. It recovered slightly in FY 2024 before falling again in FY 2025. Profitability, measured as a unit profit (or loss) as a percentage of unit revenue, followed a similar trend throughout the injury period.

[12] GP12-A, 'Undercutting analysis'
[13] EPR 690, Item 1 – Application, p. 37

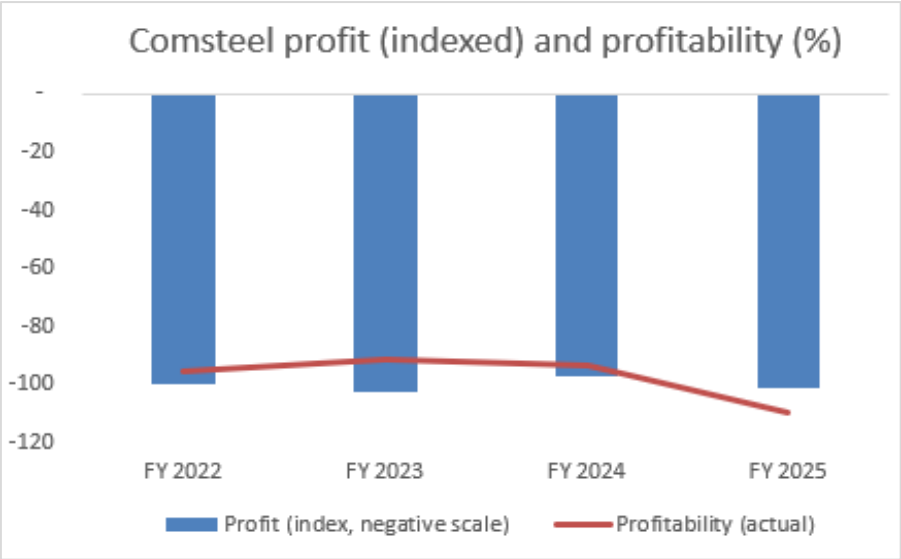

Figure 5: Negative index of Comsteel profit, compared to FY 2022, and actual profitability (%)

Comsteel's production and sale of like goods has been operating at a consistent loss over the injury period. Its profitability fell in FY 2025

The team considers that negative profits and profitability are demonstrative of injury, driven in this case by lost sales volume and price suppression. Accordingly, the team considers that Comsteel has experienced injury in the form of a loss of profits and a loss of profitability over the injury period.

8.6 Other economic factors

8.6.1 Decline in asset values

Comsteel claimed the value of its assets used in the production of rail products (which includes like goods and other railway wheel types) declined over the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
Asset values (index)	100	117	76	74

Table 8: Index of Comsteel asset values used in the production of FRWs, compared to FY 2022

Comsteel calculated the index values for assets used in the production of rail products based on the proportion of sales revenue earned from their sale. As the assets used in the production of non-like rail goods are the same assets used to produce like goods, the team considered this approach reasonable.

Table 8 shows that the value of assets used in the production of rail products increased in FY 2023, before falling in FY 2024 and staying low in FY 2025. Accordingly, the team considers that Comsteel has experienced injury in the form of a decline in asset values over the injury period.

8.6.2 Reduced R&D

Comsteel claimed its R&D expenditure declined over the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
R&D expenses (index)	100	98	81	19

Table 9: Index of Comsteel R&D associated with the production of FRWs, compared to FY 2022

Comsteel calculated the index values of its R&D expenses using third party data provided to Comsteel to complete its annual tax returns. To verify this information, the team compared the index values with the 'Research and development allowance' reported in its FY 2022 to FY 2025 annual financial statements. The team considers the allowance a suitable proxy of R&D spend, with a higher allowance indicating a higher spend.

The team confirmed that the allowance had fallen significantly over the injury period, and so was satisfied that the index values provided by Comsteel were an accurate representation of its R&D expenditure.

Table 9 shows that R&D expenditure fell consistently between FY 2022 and FY 2024, before significantly dropping in FY 2025. Accordingly, the team considers that Comsteel has experienced injury in the form of reduced R&D expenditure over the injury period.

8.6.3 Reduced revenue

Comsteel claimed its revenue declined over the injury period as a result of lower volumes, price depression and price suppression.

	FY 2022	FY 2023	FY 2024	FY 2025
Revenue (index)	100	108	99	88

Table 10: Index of Comsteel revenue from the sale of FRWs, compared to FY 2022

The team verified Comsteel's revenue figures as part of its verified of sales and CTMS.

Table 10 shows an increase in revenue between FY 2022 and FY 2023, before returning to slightly below FY 2022 levels in FY 2024. In FY 2025, revenue fell again, to end 12% below FY 2022 revenue. Accordingly, the team considers that Comsteel has experienced injury in the form of reduced revenue over the injury period.

8.6.4 Reduced ROI

Comsteel claimed its ROI in respect of like goods has continued to decline over the injury period, after starting with a negative return prior to FY 2022.

	FY 2022	FY 2023	FY 2024	FY 2025
ROI (negative index)	-100	-106	-236	-266

Table 11: Index of Comsteel ROI associated with the production of FRWs, compared to FY 2022 (negative value)

Comsteel explained during verification that it calculated ROI for each financial year of the injury period by dividing Earnings before Interest and Taxes (EBIT) by Capital Employed, which is derived from total assets minus liabilities.

As this value has been negative since FY 2022, the team has used a negative index value in Table 11. The table shows that ROI decreased each year over the injury period. Accordingly, the team considers that Comsteel has experienced injury in the form reduced of ROI over the injury period.

8.6.5 Reduced capacity utilisation

Comsteel claimed its capacity utilisation declined over the injury period. As its available capacity remained unchanged, its capacity utilisation has fallen as a result of falling production volumes.

	FY 2022	FY 2023	FY 2024	FY 2025
Capacity utilisation (index)	100	99	94	74

Table 12: Index of Comsteel capacity utilisation in the production of FRWs, compared to FY 2022

Comsteel calculated its capacity utilisation by dividing its production volumes of like goods by its total production capacity for like goods. Comsteel's production capacity was unchanged over the injury period, but its production quantities fell, ending in FY 2025 26% lower compared to FY 2022. Accordingly, the team considers that Comsteel has experienced injury in the form of reduced capacity utilisation over the injury period.

8.6.6 Reduced productivity

Comsteel claimed its R&D expenditure declined over the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
Productivity (index)	100	92	87	75

Table 13: Index of Comsteel productivity associated with the production of FRWs, compared to FY 2022

Comsteel calculated its productivity by dividing its production volumes of like goods by the number of employees involved in the production of like goods. Comsteel explained that employee numbers are broadly related to the production process, more so than the level of production. Comsteel's employee numbers were similar in FY 2025 compared to FY 2022. However, as its production volumes fell over this period, so did its productivity. Accordingly, the team considers that Comsteel has experienced injury in the form of reduced productivity over the injury period.

8.7 Conclusion

Based on an analysis of the information contained in the application and obtained and verified during our visit, the team considers that Comsteel has experienced injury in the form of:

- lost sales volume and market share
- lower production volumes
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced R&D
- reduced revenue
- reduced ROI
- reduced capacity utilisation.

9 Causal link claims

9.1 Background and approach to analysis

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty and/or countervailing duty notice is that material injury to an Australian industry producing like goods has been or is being caused or is threatened.

The team discussed with Comsteel whether the alleged dumping and subsidisation of imported FRW can be demonstrated to be causing material injury to the Australian industry, and collected evidence to support those claims. The commission will consider the evidence further during the course of the investigation.

The team also discussed factors other than dumping and subsidisation to consider whether these may be causing injury.

9.2 Volume effects

Comsteel considers there is a direct correlation between the ongoing presence and increase in volumes of FRWs imported from China and the sales volumes and market share of the Australian industry. It submits that in a declining Australian market, the loss of market share and sales volume has resulted in a material loss of revenue for Comsteel.

Comsteel states that Chinese suppliers have established a large supply channel into the Australian market in a relatively short period of time and expects this channel will be utilised more aggressively going forward.[14]

The commission will further consider these claims as part of its examination into the volume effects of imports of the goods on the Australian industry during the investigation.

9.3 Price effects

Comsteel states that its prices are influenced by the presence and the price of imported goods in the market. Specifically, Comsteel claims it has responded to the presence of Chinese imports by depressing and supressing its prices for like goods.

Comsteel submits that, absent dumped and/or subsidised imports from China, it would have achieved prices indicative of a level playing field in the Australian market.

Comsteel provided the team with documentary evidence relating to price negotiations with its customers. The evidence indicates that Australian customers are referring to Chinese import prices for the goods in their negotiations with Comsteel, and are seeking lower prices from Comsteel accordingly.

The commission will further consider these claims as part of its examination into the price effects of imports of the goods on Australian industry during the investigation.

[14] EPR 690, Item 1 – Application, p. 29

9.4 Injury caused by factors other than dumping and subsidisation

9.4.1 Volume and prices of imported like goods that are not dumped

Comsteel states that China is the only import source of FRWs in Australia over the investigation period. Comsteel submits that as all imports from China are dumped and/or subsidised. Accordingly, there are no undumped or unsubsidised FRWs from China that may be a cause of injury.

9.4.2 Contractions in demand or changes in patterns of consumption

Comsteel is not aware of any material changes in patterns of consumption, other than a decline in the Australian market as a whole, that would affect the demand for FRWs in the Australian market.

9.4.3 Developments in technology

Comsteel is not aware of any developments in technology that might explain any aspect of the material injury experienced by the Australian industry.

9.4.4 Export performance and productivity of the Australian industry

Comsteel does not consider its exports are a factor causing injury, given the small proportion of export sales compared to its domestic sales.

Table 14 shows the ratio of export sales of FRWs by Comsteel compared to its domestic sales.

	FY 2022	FY 2023	FY 2024	FY 2025
Export sales as a proportion of domestic sales	18%	15%	8%	2%

Table 14: Ratio of Comsteel export sales of FRWs compared to Comsteel domestic sales

During verification, the team queried Comsteel as to why its export sales have fallen so significantly. Comsteel explained that one of its export customers had over-ordered stock in FY 2022 and consequently did not need to restock until recently, after the investigation period.

9.5 Materiality of injury

Comsteel contends that the injury experienced is greater that likely to occur in the normal ebb and flow of business. It states it has experienced a decline in revenue over the injury period, along with a corresponding decline in profitability. Comsteel states it has lost market share and experienced price suppression and depression. It submits that these factors, when considered as a whole, along with the other economic factors discussed above, show injury that it considers is material.[15]

Comsteel included in the confidential version of its application a range of scenarios quantifying a revenue injury for the investigation period. These scenarios estimated revenue loss that it considers would be material.

[15] EPR 690, Item 1 – Application, p. 39

10 Appendices and attachments

Confidential attachment 1	Verification work program
Confidential appendix 1	Economic condition