

December 5, 2025

Anti-Dumping Commission
Investigations 4
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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. Appropriate Raw Material Benchmark for Constructing Normal Values

In its application for measures, Comsteel has alleged that that domestic Chinese freight railway wheel (**FRW**) selling prices are artificially low, and that conditions exist in Chinese market that render sales of FRWs unsuitable for use in determining normal values under subsection 269TAC(1).¹ In its application, Comsteel determined normal values for FRWs in China on a constructed selling basis.

In its application, Comsteel demonstrated that steel making raw material costs in China are the subject of government influence. In the absence of appropriate domestic Chinese selling prices, Comsteel constructed per metric tonne normal values for FRWs sold in China using the MEPS European Union (**EU**) benchmark for billet raw material costs (uplifted to reflect the higher grade of billet used in the production of FRWs),² plus Comsteel's selling costs, with an adjustment for Chinese wages.

A level of profit of 5.5 percent was applied, sourced from the 2024 financial statements of *Baoshan Iron & Steel Co Ltd* (part of the *Baowu Steel Group*). As part of one of the largest state-owned Chinese steel producers, this profit level was considered an appropriate proxy. The *Baowu Steel Group* also maintains an ownership interest in MIS and MTM, being the main Chinese subject entities in the 2023/24 Continuation inquiry No. 632 (**CON 632**).³

Critical in Comsteel's prima facie application position, and in the view it still retains, is that the EU billet benchmark represents the most appropriate market-based cost from which to construct Chinese normal values. By way of comparison, and for the FY2025 investigation period, the EU benchmark was an average US\$[XXX]/metric tonne above

¹ All references in this submission are to the *Customs Act 1901*, unless otherwise specified.

² The uplift has been quantified by Comsteel as the approximate market-based difference over the FY2025 period between the higher grade FRW 'cast round' feed cost and standard grade billet.

³ See REP 632, dated 12 June 2024, at p. 119 for ownership details.

the equivalent Chinese price, and US\$[XXX]/metric tonne above the equivalent Turkish price.⁴

Adopting the EU benchmark would represent a departure from the methodology applied by the Anti-Dumping Commission (**the Commission**) in CON 632.

In CON 632, the Commission referenced and considered the Turkish MEPS domestic billet price index vis-à-vis normal values. The Commission's assessment provided a series of reasonings on why Turkey was assessed as a representative cost.⁵ In CON 632, the Commission recognised the need to adjust the Turkish benchmark upwards to account for the premium for the grade of steel used to make iron ore wheels.

In CON 632, the Commission calculated MaSteel's dumping margin as 13.3 percent for the FY2023 inquiry period. The Chinese home market price component of the margin calculation was constructed, using MaSteel's costs, SG&A and profit. MaSteel's costs were then compared to the adjusted Turkish benchmark.

In CON 632, the Commission calculated that, in 10 of the 12 months of FY2023, the constructed Chinese cost was above the adjusted Turkish benchmark, thus concluding that the China constructed cost was not artificially low.

While Comsteel affirms the approach by the Commission to reference an external cost benchmark, Comsteel submits that the EU benchmark is the relevant market-economy-based cost reference, against which to add the appropriate speciality steel raw material cost adjustments, SG&A, and profit.

Comsteel submits that the Turkish benchmark is too conservative, as certain aspects of the Commission's reasonings in CON 632 on its selection align more with certain aspects of the Chinese economy.

2. CON 632 Turkish Benchmark Rationale

In CON 632, the Commission examined price data from a range of countries and regions. The Commissioner identified a range of steel billet prices originating from:⁶

- the Federative Republic of Brazil (Brazil);
- the EU;
- the Republic of India;
- the Islamic Republic of Iran;
- Italy;
- the United Mexican States;
- the Islamic Republic of Pakistan;
- the Russian Federation (Russia) and the Commonwealth of Independent States (CIS);
- the Republic of Korea;
- Taiwan; and
- Turkey.

The Commission assessed the suitability of each of these benchmarks in relation to assessing the cost of production in China unaffected by the distortions identified in the Chinese steel market.⁷ The factors considered in this assessment were:⁸

- the status of each country's domestic steel manufacturing industry, including recent plant developments and the relative size of the country's steel industry internationally;

⁴ Refer Confidential Attachment B-3 provided on application.

⁵ REP 632, beginning p. 126 at D1.3, ending at p. 128.

⁶ REP 632, p. 126-127.

⁷ Ibid, p. 127.

⁸ Ibid.

- the level of economic development, including an assessment of GDP per head, life expectancy, literacy rates, the World Bank human capital index and the United Nations human development classification levels;
- relative labour costs;
- the market-based status of each country; and
- other factors that may have been relevant at the time.

Considering these factors, the Commission found that Turkish domestic prices provided a suitable representative benchmark for comparative analysis with the Chinese cost of production data. Specifically:⁹

1. Turkey was among the top 10 countries in terms of steelmaking capacity, and an assessment of Turkey's steel industry indicated that there had been multiple recent upgrades to its steel manufacturing facilities.
2. Turkey's degree of development on GDP per capita, literacy rates, the World Bank Human Capital Index and the United Nations Human Development Index were similar to China's.
3. labour costs in Turkey for the manufacturing sector were lower than those in China.
4. analysis of the Turkish steel market indicated that steel producers were privately owned and that it was subject to normal factors of competition.

3. Turkey is not fully divorced from China

Comsteel respectfully submits that the Commission's selection of Turkey in CON 632, justified by its similarities to China (Points 1 and 2 above), defeats the purpose of using an external benchmark. It substituted one distorted market for another.

By virtue of the alleged particular market situation (**PMS**) in this inquiry and the distortive cost and selling price impacts that such a situation necessarily dictates, Comsteel submits that the benchmark adopted by the Commission should not be one from a country or region where there exist any similarities with China.

Comsteel submits that the purpose of using an external benchmark is to establish what costs and prices would be in the absence of the distortions. If the benchmark country shares similar distortive characteristics, it cannot serve this purpose – it merely substitutes one distorted market cost for another.

With Turkey as the leading CON 632 precedent, the Commission must then necessarily assess in this inquiry why the EU benchmark is preferable. On this, Comsteel submits that:

- The scale of Chinese billet exports to Turkey has grown to such proportions that it fundamentally shapes the Turkish market's pricing dynamics. Turkey ranks among the top five destinations for Chinese steel billet exports and recent market activity demonstrates the overwhelming presence of Chinese material in Turkish supply chains.¹⁰ Turkish steelmakers purchased hundreds of thousands of tonnes of Chinese billet in recent months, with competitive pricing that has systematically undercut alternative suppliers.¹¹ This has translated to ...*dangerously idle levels*... of capacity utilisation in the iron and steel sector.¹²

The competitive displacement effect of Chinese billet further reinforces its price-setting influence in the Turkish market. Russian suppliers can now only secure Turkish orders by pricing below Chinese levels or offering small prompt shipments,¹³ demonstrating that Chinese export pricing has become the reference point against which all other suppliers must compete. Turkish mills' purchasing decisions are increasingly

⁹ REP 632, p. 127-128.

¹⁰ Refer [Chinese steel companies find new tariff workaround: steel billet | Reuters](#) and [Increase in July Imports Pressures Our Steel Production | TÇÜD](#)

¹¹ Refer [Surging exports of cheaper Chinese steel send shockwaves through ferrous markets - Fastmarkets](#)

¹² Refer [Turkey's Production Capacity of 60 Million Tons Largely Remains Idle | TÇÜD](#)

¹³ Ibid. Refer also [Middle East emerges as key growth market for Chinese steel exports – report | Mesteeel - Online News](#)

dictated by Chinese availability and pricing, particularly given China's capacity to flood the market when domestic conditions favour exports.

Under these circumstances, characterising a Turkish billet benchmark as independent from Chinese influence ignores the market reality that Chinese supply volumes and aggressive pricing have made China the de facto price setter for Turkish billet, with other suppliers merely reacting to Chinese-established price levels.

- Unlike Turkey (noted in REP 632 as a top 10 producer operating in a global overcapacity environment), the EU has:
 - undergone decades of capacity rationalization;¹⁴
 - closed uneconomic capacity;¹⁵
 - market-driven consolidation;¹⁶ and
 - no policy pressure to maintain excess capacity.¹⁷
- While individual EU countries produce steel:
 - no single EU producer approaches Turkey's 60 million metric tonnes (mmt), let alone China's 1,173 mmt;¹⁸
 - the fragmented EU market creates genuine competition;¹⁹
 - no single producer has market power requiring government management;²⁰ and
 - scale economies obviously exist, but without strategic sector designation.
- The EU represents a series of fully developed market economies, with:
 - no development-driven industrial policies;
 - mature capital markets;²¹
 - market-based resource allocation;²² and
 - a steel sector that operates commercially.
- The EU has strict state aid rules:
 - Government support to steel producers is prohibited/limited;²³
 - any aid must be approved and is transparent;²⁴
 - market-based competition is enforced; and
 - there exists no equivalence to the Chinese SOE steel ownership structure.

Article 2.2.1.1 of the Anti-Dumping Agreement requires that:²⁵

*...costs shall normally be calculated on the basis of records kept by the exporter or producer under investigation, provided that such records are in accordance with the generally accepted accounting principles of the exporting country and **reasonably reflect the costs associated with the production and sale of the product under consideration.** [emphasis added].*

¹⁴ For example, refer [the-current-capacity-shake-up-in-steel-and-how-the-industry-is-adapting.pdf](#) at p. 7.

¹⁵ For example, refer [Thyssenkrupp, workers agree on job cuts in steel division | Reuters](#)

¹⁶ For example, refer [Europe's steel industry flattened by crisis](#)

¹⁷ In a strict trade remedies sense, the EU has been found by other jurisdictions to have provided countervailable subsidies to its steel industry.

¹⁸ Refer Table 2.2 (p. 26) of [OECD Steel Outlook 2025 | OECD](#)

¹⁹ For example, refer [Former EU antitrust chief warns of dangers of national champions | Reuters](#). This underscores the EU's policy culture.

²⁰ Ibid.

²¹ For example, refer [Capital markets union explained - Consilium](#)

²² For example, refer [Capital markets union: a deep dive - Five measures to foster a single market for capital](#)

²³ For example, refer [Procedures - Competition Policy - European Commission](#)

²⁴ For example, refer [State Aid and Steel: How Much Are the Government's Hands Tied? - Edinburgh Europa Institute](#)

²⁵ Refer https://www.wto.org/english/docs_e/legal_e/adp_e.htm#art2

Comsteel submits that the EU benchmark does reasonably reflect undistorted costs. It's use as the basis to construct Chinese normal values would eliminate the proven Chinese market distortions. The EU benchmark reflects fully developed member-state market economies, without overcapacity-driven policies, without development-stage interventions, and with strict competition policy preventing SOE-type distortions. Comsteel submits that if the Chinese market situation is serious enough to reject Chinese domestic sales, it is serious enough to require a benchmark from a categorically different market structure (the EU), not a marginally different one (Turkey).

4. Preliminary Affirmative Determination Considerations

INV 690 was initiated on 23 October 2025, with a *Preliminary Affirmative Determination (PAD)* possible by 22 December 2025.²⁶ 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 42.²⁷

Having regard to all relevant information, Comsteel petitions that the Commission adopt the EU benchmark as the basis to construct Chinese normal values. Should the Commission impose preliminary affirmative measures based on the findings of the inquiry to-date, Comsteel respectfully requests that the Commission strictly adhere to the statutory timeframes established for publication of the *Statement of Essential Facts* and the *Final Report*. Doing so will ensure the effectiveness of preliminary measures in mitigating ongoing material injury and ensuring the timely conversion of these to interim duties.

FOR AND ON BEHALF OF

Commonwealth Steel Company Pty Limited

THE AUSTRALIAN INDUSTRY APPLICANT

²⁶ ADN 2025/110.

²⁷ *Customs Act, 1901*.