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Anti-Dumping Commission  
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## Public File

Dear Director,

### Investigation No. 690 concerning Freight Railway Wheels (FRW) from China

#### 1. Introduction

On 22 December 2025 the Commissioner of the Anti-Dumping Commission (**the Commission**) made a preliminary affirmative determination (**PAD**) for FRW exported to from China, as published in Anti-Dumping Notice No. 2025/128 (ADN 2025/128). Securities were imposed at a rate of 36.9 percent for all exporters on an *ad valorem* basis.

Commonwealth Steel Company Pty Ltd (**Comsteel**), as the applicant and sole Australian industry producer of like goods, makes this submission to bring to the Commission's attention evidence that:

- the Chinese export price/landed Australian import price appears to be absorbing or offsetting the effect of the PAD measure;
- there is a well-documented pattern in the global steel industry of Chinese exporters adapting their pricing and trade practices to circumvent or undermine anti-dumping measures; and
- the *ad valorem* form of duty currently applied is particularly vulnerable to this type of price movement, and the Commission should recommend the combination form of measure in the Final Report.

Comsteel requests that the Commission consider this submission in preparing the *Statement of Essential Facts*<sup>1</sup> and the Final Report.<sup>2</sup>

#### 2. Import price evidence – low and injurious Chinese prices continue

Comsteel regularly assess import trade data for Chinese shipments that are understood to be FRW. The current assessment shows that both on a FOB and CIF basis, prices of Chinese FRW exports to Australia remained relatively stable through most of calendar year 2025. However, in January 2026, and following the imposition of securities under the PAD, prices reduced significantly:

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<sup>1</sup> Currently due for publication on 29 May 2026.

<sup>2</sup> The final Ministerial recommendation is currently due no later than 14 August 2026.

[Confidential table deleted: Chinese FRW import data assessment, CY2025 & Jan. 2026<sup>3</sup>]

The timing of this price reduction is highly relevant. The PAD was published on 22 December 2025, with securities taking effect on or after that date. The decline in Chinese FOB prices in January 2026 is consistent with Chinese exporters reducing their prices to Australian customers to mitigate the effect of the 36.9 percent security, thereby maintaining/improving their competitive position in the Australian market despite imposition of the preliminary duty.

The purpose of a PAD is to prevent material injury to the Australian industry while an investigation continues. ADN 2025/128 stated that the Commissioner was *...satisfied that it is necessary for the Commonwealth to require and take securities under section 42 of the Act in respect of interim dumping duties...to prevent material injury to the Australian industry.*<sup>4</sup>

Where Chinese exporters [confidential text deleted: circumvention assessment], the intended protective effect of the securities is negated. The Australian industry will continue to face the same or greater levels of price undercutting, price suppression, loss of market share and resulting injury that the PAD was designed to address.<sup>5</sup> In such circumstances, the price at which the goods enter Australia is lower than before the PAD and the duty collected is proportionally smaller (given the *ad valorem* basis of the security). The net effect is that the Chinese exporter [confidential text deleted: circumvention assessment], the Australian industry receives no meaningful relief, and the exporter maintains market share.

Comsteel therefore submits that the Commission should consider this matter carefully in its assessment of injury and in its recommendation on the form of measures in the SEF and Final Report.

### 3. Chinese exporters – propensity to circumvent measures

The pricing behaviour described above is not an isolated occurrence in the context of Chinese steel exports. It reflects a broader and well-documented pattern of Chinese steel producers and exporters adapting their pricing and trade practices to circumvent or undermine anti-dumping measures imposed by trading partners globally.

In an article published on 17 July 2025, *Reuters* reported that Chinese steelmakers have been circumventing tariffs imposed by countries such as Indonesia and Turkey by shifting to exports of semi-finished steel products, particularly steel billet, which face fewer trade barriers than finished steel.<sup>6</sup> The report noted that Chinese steel billet exports between January and May 2025 were three times greater than the previous year, reaching a record 4.72 million metric tonnes.

The article highlights that the underlying driver of this behaviour is a weak Chinese domestic economy and a depressed property sector unable to absorb China's enormous steel production capacity.<sup>7</sup> Furthermore:<sup>8</sup>

*Chinese exporters need to find any opportunity they can to sell products that are hemmed in on all sides by tariffs and weak demand at home, said Tomas Gutierrez, head of data at consultancy Kallanish Commodities, who added the trend started last autumn.*

This commentary demonstrates the willingness and capacity of Chinese steel producers to adapt their export practices in response to trade barriers, including by accepting lower returns, in order to maintain export volumes. Comsteel submits that the same incentive structure applies to the FRW market.

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<sup>3</sup> Confidential Attachment 1.

<sup>4</sup> ADN 2025/128, p. 2.

<sup>5</sup> Indeed, the above table and accompanying Confidential Attachment 1 highlight a material decline in FOB and CIF pricing in Jan. 2026 vis-à-vis all CY2025.

<sup>6</sup> Non-Confidential Attachment 2: *Reuters, Chinese steel companies find new tariff workaround: steel billet*, 17 July 2025.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

A *Fastmarkets* report published on 9 March 2026 examines how Chinese steel exporters and traders have responded to a wave of anti-dumping measures imposed by Brazil in early 2026, with duties ranging from approximately US\$285 to US\$710 per tonne on cold-rolled coil, pre-painted steel and coated steel from China.<sup>9</sup>

*Fastmarkets* identifies multiple strategies pursued by Chinese mills and traders to circumvent or work around the Brazilian duties, including:

- relocating production to third countries using equipment that is now obsolete domestically;<sup>10</sup>
- changing the type of steel being exported to fall outside the scope of existing duties, thereby buying time before a new investigation can be initiated;<sup>11</sup>
- mislabelling products to avoid duty coverage;<sup>12</sup> and
- lowering prices with the assistance of government subsidies to retain customers despite the duties.<sup>13</sup>

Of most relevance to INV 690 is the article's assessment that China may find ways to export taxed material despite barriers. In relevant part:<sup>14</sup>

*The trader source from a Chinese steel company also doesn't rule out the possibility that China will find ways to export taxed material despite the barriers.*

*"Maybe, with heavy government subsidies, China can lower prices enough to make buyers reconsider purchasing Chinese material," they said. "You never know. It's better to earn less than to completely halt business."*

This is consistent with the pricing behaviour Comsteel has observed in the Australian FRW market since imposition of the PAD. There has been a reduction in Chinese export prices following the imposition of securities which is consistent with a broader, well-documented pattern of Chinese steel exporters adjusting their pricing to absorb or offset the effect of anti-dumping measures. Comsteel submits that this behaviour is driven by structural overcapacity in the Chinese steel sector, weak domestic demand, and the availability of government subsidies that enable Chinese producers to accept lower returns.

Comsteel submits that the Commission should have regard to this evidence as supporting Comsteel's analysis of the post-PAD import price data and its relevance to the assessment of the ongoing injury to the Australian industry notwithstanding the imposition of securities. It is also a critical consideration in determining the appropriate form of measures to recommend in the SEF and Final Report.

#### 4. Form of measures

ADN 2025/128 states that the Commissioner had regard to the Guidelines on the *Application of Forms of Dumping Duty – November 2013* (the **Guidelines**)<sup>15</sup> and observed that the *ad valorem* duty method *...has an advantage where there are many models or types of goods which have varied prices.*<sup>16</sup> The Notice indicated that:<sup>17</sup>

*The commission will continue to assess information received during the investigation to determine and propose measures that will effectively remedy the injury that has been caused to the Australian industry,*

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<sup>9</sup> Non-Confidential Attachment 3: *Fastmarkets, China searches for a way out of Brazil's steel barriers*, 9 March 2026.

<sup>10</sup> *Ibid*, under the heading *Relocation of production as a workaround*.

<sup>11</sup> *Ibid*.

<sup>12</sup> *Ibid*, under the heading *What is seen as the reason for the measures*.

<sup>13</sup> *Ibid*, under the heading *Brazil through China's eyes*.

<sup>14</sup> *Ibid*, final two paragraphs.

<sup>15</sup> ADN 2025/128, chapter 7.1, p. 23.

<sup>16</sup> *Ibid*.

<sup>17</sup> *Ibid*.

*while at the same time not setting a form of measures above the level that is required to prevent further injury from occurring.*

*The above considerations may become more relevant for the purposes of publishing a dumping duty and / or countervailing duty notice, and therefore I will reassess the most appropriate form of measures, should that form part of my recommendations.*

Comsteel acknowledges that the *ad valorem* method may have administrative simplicity and some advantages in the context of price-varied goods. However, Comsteel submits that in this inquiry, the most critical consideration in selecting the form of measures is the effectiveness of those measures in preventing injury to the Australian industry.

The Guidelines state that a key disadvantage of the *ad valorem* duty method is that export prices might be lowered to avoid the effects of the duty.<sup>18</sup> Because the duty amount is calculated as a percentage of the export price, if the export price is reduced, the absolute amount of duty collected from the importer is also lower. An exporter can therefore reduce its export price and, in doing so, reduce both the landed cost to the importer and the quantum of duty payable, thereby undermining the intended protective effect of the measure.

This is the behaviour Comsteel has observed since the PAD was imposed. Chinese FRW export prices fell significantly in January 2026, consistent with what appears to be [confidential text deleted: circumvention assessment] to maintain competitiveness. Under the current *ad valorem* security of 36.9 percent, a reduction in the export price reduces the absolute duty collected, making this strategy cost-effective for the importer and harmful to the Australian industry. With the Australian importer typically the customer in the case of FRW (and where the price reduction can be seen at the CIF level), the evidence therefore suggests that [confidential text deleted: circumvention assessment] may already be occurring in this inquiry.

The *Customs Act 1901 (the Act)* provides a mechanism for the Australian industry to apply for an anti-circumvention review where the intended effect of the anti-dumping measure is being avoided.<sup>19</sup> Comsteel submits, however, that a fundamentally better outcome, for the Australian industry and the administration of the system, would be where the Commission recommend a form of measure that addresses the demonstrated risk [confidential text deleted: circumvention assessment] at the outset, rather than requiring the Australian industry to pursue a separate anti-circumvention inquiry after interim dumping duties have been implemented and the [confidential text deleted: circumvention assessment] has been established.

Progressing with an *ad valorem* recommendation in this inquiry, and where the Minister ultimately accepts such, would mean that Comsteel be required to:

1. endure continued material injury while [confidential text deleted: circumvention assessment] effect in the market;
2. gather sufficient evidence to demonstrate that the intended effect of the measures is being avoided;
3. prepare and lodge a formal application for an anti-circumvention inquiry;
4. await the Commission's consideration and conduct of that inquiry; and
5. await the implementation of any remedial action by the Minister.

Over this time, which may extend for several months, the Australian industry would continue to suffer the material injury that the anti-dumping measures are intended to prevent. This is an unsatisfactory outcome and one that is avoidable where the Commission recommends a form of measure that is resilient to the demonstrated risk of price manipulation from the outset.

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<sup>18</sup> Guidelines on the Application of Forms of Dumping Duty – November 2013, p. 11.

<sup>19</sup> Section 269ZDBB(5A) of the *Customs Act 1901*.

Comsteel submits that the evidence presented above provides the Commission with a sound basis to conclude, at this stage of the investigation, that there is a demonstrated risk that an *ad valorem* duty will not achieve the remedial purpose contemplated by the Act. Comsteel submits that the appropriate response is to recommend the combination duty method, which is designed to address precisely this type of risk.

In further support of this, the Commission has repeatedly applied the combination duty method in steel investigations where it considers this form of measure provides an effective remedy against injurious dumping while allowing exporters to compete at prices above a non-injurious price. The Commission's practice demonstrates that the combination method is a well-established approach in investigations involving steel products where price is the principal competitive factor. Relevant examples include the following:

- Investigation No. 177: Hollow Structural Sections (2012): dumping duties imposed using the combination method.<sup>20</sup>
- Investigation No. 198: Hot-Rolled Plate Steel (2013): the Commission recommended dumping duties calculated using a combination of fixed and variable duties.<sup>21</sup>
- Investigations No. 190 and 193: Aluminium-Zinc Coated Steel (2013): the dumping duty component was imposed using the combination duty method.<sup>22</sup>
- Investigation No. 234: Quench and Tempered Steel Plate (2014): dumping duties applied using the combination method for Sweden.<sup>23</sup>
- Investigation No. 370: Zinc-Coated Steel (2016): the Commission again imposed dumping duties using the combination method.<sup>24</sup>
- Investigation No. 558: Aluminium-Zinc Coated Steel (2020): the Commission determined that the combination duty method represented the most appropriate form of measure.<sup>25</sup>

These investigations demonstrate that the Commission has consistently adopted the combination duty method in steel cases, particularly where products are relatively standardised and competition occurs primarily through price. FRW is no different. The goods are a homogeneous downstream steel product manufactured from a single primary input, sold into a tender-based market where price is the determinative competitive factor.

Comsteel submits that the combination method better achieves the purpose of removing the injurious effects of dumping and subsidisation in this case, for the following reasons:

- the floor price element establishes a minimum effective price below which additional variable duty is payable. This provides a safeguard against duty avoidance and price undercutting; and
- the percentage tariff element ensures that the fixed component of the duty adjusts proportionally to movements in the export price, maintaining effectiveness in a market where steel input costs and therefore product prices fluctuate over time.

As established above, Chinese FRW exporters/Australian importers appear to have demonstrated a willingness and capacity to [*confidential text deleted: circumvention assessment*] in response to the imposition of the PAD. A floor price component would render this type of behaviour ineffective, as any reduction in the export price below the floor would trigger additional variable duty sufficient to bring the total duty-inclusive price to a non-injurious level. This is specifically the safeguard that the Guidelines identify as the principal advantage of the combination method.

<sup>20</sup> Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/410-reportno177.pdf> at p. 103.

<sup>21</sup> Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/102-finalreport-rep188.pdf> at p. 80.

<sup>22</sup> Refer [https://www.industry.gov.au/sites/default/files/adc/public-record/144-notice-theaustralian-s269tq1and2-noticesintheaustralian-5august2013\\_0.pdf](https://www.industry.gov.au/sites/default/files/adc/public-record/144-notice-theaustralian-s269tq1and2-noticesintheaustralian-5august2013_0.pdf)

<sup>23</sup> Refer <https://www.industry.gov.au/sites/default/files/adc/public-record/100-gtsteelplate-finalreport-adnfinal.pdf> Of relevance also is that of the three subject countries (Finland, Japan and Sweden), Sweden was found to have dumped by the highest margin, at 34.0 percent.

<sup>24</sup> Refer [https://www.industry.gov.au/sites/default/files/adc/public-record/106-report-final-report-rep\\_370.pdf](https://www.industry.gov.au/sites/default/files/adc/public-record/106-report-final-report-rep_370.pdf) at p. 85.

<sup>25</sup> Refer [https://www.industry.gov.au/sites/default/files/adc/public-record/558-072-notice-adn-adn\\_2021-147-findings\\_in\\_relation\\_to\\_a\\_dumping\\_investigation.pdf](https://www.industry.gov.au/sites/default/files/adc/public-record/558-072-notice-adn-adn_2021-147-findings_in_relation_to_a_dumping_investigation.pdf)

Comsteel submits that in circumstances where the Commission has direct evidence that Chinese FRW export prices may be [*confidential text deleted: circumvention assessment*], and where the broader international experience confirms that this is a systematic pattern of behaviour in the Chinese steel sector, the Commission should recommend the combination duty method as the form of measure that best achieves the remedial purpose of Part XVB of the Act.

FOR AND ON BEHALF OF

*Commonwealth Steel Company Pty Limited*

THE AUSTRALIAN INDUSTRY APPLICANT