PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

TERMINATION REPORT
NO 690

ALLEGED DUMPING AND SUBSIDISATION OF
FREIGHT RAILWAY WHEELS
EXPORTED TO AUSTRALIA
FROM THE PEOPLE'S REPUBLIC OF CHINA

14 August 2026

CONTENTS

ABBREVIATIONS

ABF	Australian Border Force
the Act	*Customs Act 1901 (Cth)*
ADN	Anti-Dumping Notice
Anti-Dumping Agreement	*Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*
the applicant, or Comsteel	Commonwealth Steel Company Pty Ltd
AUD	Australian dollar
CCCME	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
China	the People's Republic of China
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CON 632	Continuation Inquiry No 632
CON 690	Consideration Report No 690
the Customs Direction	*Customs (Extensions of Time and Non-cooperation) Direction 2015*
CTMS	Cost to make and sell
EPR	electronic public record
EU	European Union
FRW	freight railway wheels
GOC	Government of China
the goods	The goods the subject of the application, freight railway wheels
initiation notice	ADN 2025/110
injury period	1 July 2021 to 30 June 2025
investigation period	1 July 2024 to 30 June 2025
IDD	interim dumping duties
the investigation	Investigation 690
INV 466	Investigation 466
Manual	Dumping and Subsidy Manual, December 2022
Masteel	Baowu Group Masteel Rail Transit Materials Technology Company Ltd
the Minister	Minister for Industry and Innovation and Minister for Science
MIS	Maanshan Iron & Steel Co Ltd
MCC	model control code
OCOT	ordinary course of trade

OD	Outside wheel diameter
OECD	Organisation for Economic Co-operation and Development
PAD	preliminary affirmative determination
the PAD Direction	*Customs (Preliminary Affirmative Determinations) Direction 2015*
the Regulations	*Customs (International Obligations) Regulation 2015*
REP 690	Final Report No 690
REQ	exporter questionnaire
RIQ	importer questionnaire
SEF 690	Statement of Essential Facts 690
SG&A	selling, general and administrative
TER 690	Termination Report 690
WTO	World Trade Organization

1 SUMMARY AND CONCLUSIONS

1.1 Introduction

1.1.1 Termination of part of the dumping investigation

This Termination Report 690 (TER 690) relates to Investigation 690 (the investigation) by the Commissioner of the Anti-Dumping Commission (the Commissioner) into the alleged dumping and subsidisation of freight railway wheels (FRW, or the goods) exported to Australia from the People's Republic of China (China).

TER 690 sets out the Commissioner's reasons for terminating part of the dumping investigation, as it relates to Baowu Group Masteel Rail Transit Materials Technology Company Ltd (Masteel). This is on the basis that there was no dumping by Masteel in the investigation period, in accordance with section 269TDA(1) of the *Customs Act 1901* (Cth) (the Act).[1]

1.1.2 Background (Chapter 2)

The Commissioner initiated the investigation on 23 October 2025 following an application from Commonwealth Steel Company Pty Ltd (Comsteel, or the applicant). Comsteel is an Australian manufacturer of FRW and represents the Australian industry for like goods.

TER 690 follows the publication of the *Statement of Essential Facts 690* (SEF 690) for the investigation on 29 May 2026. The findings and recommendation in this report are consistent with SEF 690.

The remaining aspects of the investigation, such as the dumping investigation for exporters other than Masteel (uncooperative exporters) and the subsidy investigation for all entities (including Masteel), will be addressed in a separate report, *Final Report 690* (REP 690), due to the Minister on 14 August 2026.

1.2 Findings of the dumping investigation (Chapter 3)

The Commissioner calculated a dumping margin of negative 28.2% in respect of goods exported to Australia from China by Masteel during the investigation period.

The Commissioner has found that Masteel did not export dumped goods to Australia during the investigation period and must terminate the dumping investigation on this basis.

1.3 Remaining aspects of the investigation

The Commissioner has not terminated:

- the dumping investigation in respect of uncooperative exporters from China
- the subsidy investigation in respect of all exporters from China, including Masteel.

Those aspects of the investigation will be addressed in REP 690.

[1] All legislative references in this report are to the *Customs Act 1901* (Cth), unless otherwise stated.

2 BACKGROUND

2.1 Legislative framework

Division 2 of Part XVB sets out, among other things, the procedures to be followed and matters to be considered by the Commissioner in conducting investigations in relation to goods covered by applications for the publication of dumping and countervailing duty notices, for the purpose of making a report to the Minister.

Section 269TDA sets out certain circumstances in which the Commissioner must terminate an investigation. Relevantly, the Commissioner must terminate if satisfied that there is no dumping or countervailable subsidies or that the dumping margins or countervailable subsidies of an exporter are negligible (sections 269TDA(1) and (2)).

2.2 Preliminary affirmative determination

Under section 269TD(1), the Commissioner may make a preliminary affirmative determination (PAD) if satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice, or it appears that there will be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice subsequent to the importation of the goods into Australia.

A PAD may be made no earlier than day 60 of the investigation, which in relation to this investigation was 22 December 2025, and the Commonwealth may require and take securities at the time a PAD is made or at any time during the investigation after a PAD has been made if the Commissioner is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

In accordance with the *Customs (Preliminary Affirmative Determinations) Direction 2015* (the PAD Direction), 60 days after the initiation of such an investigation, the Commissioner must make either a PAD or provide a Status Report outlining the reasons why a PAD has not been made.

On 22 December 2025, the Commissioner published a PAD as part of ADN 2025/128 which stated the Commissioner was satisfied:[2]

- that there appear to be sufficient grounds to publish a dumping duty notice for the goods exported to Australia from China
- that to prevent material injury to the Australian industry while the investigation continues, it is necessary for the Commonwealth to require and take securities under section 42 of the Act in respect of interim dumping duties (IDD) that may become payable on the goods imported from China and entered for home consumption in Australia on or after 22 December 2025.

The Commissioner determined that securities will be taken as an amount worked out in accordance with the *ad valorem* method duty method. At the publication of the PAD, securities were imposed in relation to the goods exported to Australia from China, including from Masteel, at the rates specified in Table 1.

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[2] Electronic public record (EPR) 690, Item 12

Exporter	Dumping security
Uncooperative and all other exporters	36.9%

Table 1: Dumping securities imposed at publication of PAD

As part of SEF 690:

- the dumping securities were revised and no longer apply to Masteel on the basis that Masteel's dumping margin was negative
- the Commissioner was satisfied that there appear to be sufficient grounds to publish a countervailing duty notice for all goods exported to Australia from China, including from Masteel.

Accordingly, securities that were imposed during the publication of PAD have been revised based on the findings of SEF 690. In the amendment to securities notice[3], it is established that no securities will be required and taken for any IDD that may become payable in respect of the goods exported by Masteel. Therefore, at the time of this report, only the PAD in respect of countervailing applies to Masteel. Table 2 sets out the revised securities, as of 29 May 2026 in relation to the goods exported from China.

Exporter	Recommended duty method	Effective rate of ICD and IDD (%)*	Rate of ICD (%)	Rate of IDD (%)
Masteel	ICD: as a proportion of the export price	12.0%	12.0%	-
Uncooperative exporters	IDD: combination ICD: as a proportion of the export price	25.5%	25.5%	3.6%

Table 2: Securities imposed as of the publication of SEF 690

2.3 Statement of essential facts

Section 269TDAA(1) requires the Commissioner to publish a statement of the facts on which they propose to base their recommendations to the Minister in relation to the application. This is referred to as the SEF.

Section 269TDAA(2) requires the Commissioner, in formulating the SEF, to have regard to the application and any submissions received within 37 days of the initiation of the investigation. Under section 269TDAA(3), the Commissioner is not obliged to have regard to a submission received by the Commissioner after the 37 days if to do so would, in the Commissioner's opinion, prevent the timely placement of the SEF on the EPR.

The Commissioner may also have regard to any other matters they consider relevant.

The Commissioner was originally due to publish SEF 690 on the EPR by 10 February 2026. The Commissioner extended this date to 29 May 2026,[4] which is when the Commissioner published SEF 690.[5]

Relevant to Masteel, SEF 690 recommended that the dumping investigation be terminated on the basis that no dumping had occurred.

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[3] ADN 2026/073
[4] EPR 690, Item 16
[5] EPR 690, Item 25

2.4 Application and initiation

On 9 October 2025, Comsteel lodged an application with the Commissioner under section 269TB(1), alleging that the Australian industry producing like goods experienced material injury caused by the goods being exported to Australia from China at dumped and subsidised prices. A non-confidential version of the application is available on the EPR[6].

Having considered the application, the Commissioner decided not to reject the application and initiated the investigation on 23 October 2025.

Further details of the application and initiation are contained in ADN 2025/110 (initiation notice) and CON 690.[7]

2.5 Conduct of the investigation

2.5.1 Investigation period and injury period

The Commissioner specified in the initiation notice an investigation period from 1 July 2024 to 30 June 2025.

The Commissioner set an injury period commencing 1 July 2021, in order to assess the economic condition of the Australian industry and assess potential injury factors.

2.5.2 Australian industry

<u>Information considered</u>

The Commissioner used information provided by Comsteel in its application to assess the Australian industry for like goods. The commission collected and verified further information from Comsteel during the investigation, including through a verification visit to Comsteel's manufacturing facility. The commission also accessed publicly available information from the Office of National Rail Industry Coordination Rolling Stock Capability Index.[8]

<u>Comsteel</u>

The Commissioner is satisfied that Comsteel represents the Australian industry producing like goods to the goods the subject of the application. Comsteel is the sole producer of FRW in Australia during the investigation period. As such, Comsteel's production accounts for 100% of the total production of like goods in Australia.

The commission conducted a verification visit to Comsteel's premises as part of the investigation. The resulting verification report is available on the EPR.[9]

<u>Other producers</u>

The commission assessed whether Comsteel is the only Australian producer of FRW. In doing so, the commission examined publicly available information, including government capability mapping material published on the Office of National Rail Industry Coordination

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[6] EPR 690, Item 1, Application
[7] EPR 690, Items 2 and 3, CON 690 and ADN 2025/110
[8] Available at https://www.industry.gov.au/publications/rolling-stock-capability-index
[9] EPR 690, Item 11

website. While the commission identified a number of entities participating in related or supporting activities within the rail supply chain, it did not find information indicating that those entities produce finished FRW.

No other parties provided evidence of domestic production of FRW in Australia.

The commission is, therefore, satisfied, for the purposes of this investigation, that Comsteel is the sole Australian producer of FRW.

2.5.3 Exporters

Exporter questionnaire request

At initiation of this investigation, the commission requested exporters respond to an exporter questionnaire by 1 December 2025. No responses were received by the due date. However, one exporter, Masteel, requested an extension to submit its response.

The commission granted Masteel an extension to provide a response to the exporter questionnaire (REQ) by 2 January 2026. The commission advised Masteel that as a consequence of the response not being provided within 37 days of the date of initiation of the investigation, the Commissioner was not obliged to consider this information if doing so would prevent the timely consideration of whether to make a PAD.

The commission conducted a verification visit to the premises of Masteel in March 2026. The resulting verification report is available on the EPR.[10]

For exporters that did not provide information or request additional time within the legislated period, the Commissioner treated those exporters as uncooperative exporters for the purposes of the dumping investigation under section 269T(1), and as non-cooperative entities for the purposes of the subsidy investigation under section 269TAACA. In relation to those exporters and entities, the Commissioner acted on the basis of the facts available, as permitted by the Act.

Uncooperative exporters and non-cooperative entities

Where an exporter or entity did not give the Commissioner information the Commissioner considered to be relevant to this investigation within a period the Commissioner considered to be reasonable, or the Commissioner is satisfied that the exporter or entity significantly impeded the case:

- section 269T(1) provides that, in relation to a dumping duty notice, such an exporter is an 'uncooperative exporter'
- section 269TAACA(1) provides that, in determining whether a countervailable subsidy has been received in respect of particular goods, the Commissioner may act on the basis of all the facts available and may make such assumptions as they find reasonable. Such an entity is a 'non-cooperative entity'.

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Customs Direction) states respectively at sections 8 and 9 that the Commissioner must determine an exporter to be an uncooperative exporter, or an entity to be a non-cooperative entity, on the basis that no relevant information was provided in a reasonable period, if that exporter or entity:

- fails to provide a response, or

[10] EPR 690, Item 22.

- fails to request a longer period to provide a response within the legislated period.

2.5.4 Foreign governments

Consultation and submissions

The commission invited the Government of China (GOC) to participate in consultations during the Commissioner's consideration of the application, prior to the initiation of the investigation. The GOC did not provide a submission or request a pre-initiation consultation.

Government questionnaire

The commission sent a government questionnaire to the GOC following initiation of the investigation, seeking information about any subsidies that might have been received in respect of the goods exported to Australia from China during the investigation period. The GOC did not provide a response to the government questionnaire.

2.5.5 Importers

The commission identified importers of FRW from China using the Australian Border Force (ABF) import database. The commission contacted the largest importers and invited them to participate in the investigation by providing a response to the importer questionnaire (RIQ). The commission also made the importer questionnaire available on its website for completion by other importers not contacted directly.

The commission did not receive any completed RIQs from importers. The commission's analysis of the Australian market and consideration of injury and causation is therefore based on information provided by Comsteel, data from the ABF import database and Masteel.

2.5.6 Other entities

After reviewing Masteel's REQ, the commission sought additional information from Masteel's related supplier, Maanshan Iron & Steel Company Limited (MIS). MIS provided this information on 9 March 2026. The information is available on the EPR.[11]

2.6 Submissions by interested parties

The commission received 21 submissions during the course of the investigation which the Commissioner considered in preparing this report, including 5 submissions received in response to SEF 690.

Table 6 in Chapter 2.7 of SEF 690 details the submissions received prior to the publication of SEF 690.

The commission will consider in full the submissions received in response to SEF 690 in REP 690. This report addresses only those aspects of those submissions relevant to the termination of the dumping investigation in so far as it relates to Masteel.

[11] EPR 690, Item 18

2.6.1 Submission by Masteel in response to SEF 690

In its submission, Masteel contested aspects of the preliminary findings in SEF 690 concerning subsidies, injury and causation. Those matters are not determinative of the issue addressed in this report.

For this report, the relevant matter is that the Commissioner has found that Masteel did not export dumped goods to Australia during the investigation period.

2.6.2 Submission by Comsteel in response to SEF 690

In its submission to SEF 690, Comsteel acknowledged the commission's preliminary findings, including:

- the dumping margin of 3.6% for uncooperative Chinese exporters
- the subsidy margin finding of 12.0% for Masteel and 25.5% for non-cooperative exporters

Comsteel did not challenge the Commission's finding that Masteel did not dump the goods during the investigation period, nor did it submit that the dumping investigation in respect of Masteel should not be terminated.

Comsteel submitted that the Commission should have regard to European Union (EU) steel billet prices, rather than Turkish steel billet prices, in the benchmark for constructing normal value. SEF 690 included an assessment of the appropriate benchmark including reasons for having regard to Turkish steel billet prices. This matter will be addressed in further detail in REP 690. However, the Commissioner considers that, even if Comsteel's claim was accepted, the information available indicates that Masteel's dumping margin would remain below the negligible threshold. Accordingly, that submission does not affect the Commissioner's decision to terminate the dumping investigation in so far as it relates to Masteel.[12]

2.6.3 Submission by China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME) in response to SEF 690

In its submission to SEF 690, CCCME welcomed the Commissioner's proposed termination of the dumping investigation relating to Masteel.

2.6.4 Commissioner's assessment

Having regard to all submissions received in response to SEF 690, the Commissioner is not satisfied that any matter raised warrants a change to the finding that Masteel did not export dumped goods to Australia during the investigation period.

[12] The comparison between EU and Turkish benchmark calculations are outlined in the confidential attachment 1 - Benchmark Calculation.

3 THE GOODS AND LIKE GOODS

3.1 Finding

The Commissioner finds that:

- locally produced goods are 'like' to the goods the subject of the application
- there is an Australian industry, comprised solely of Comsteel, producing like goods
- the like goods are wholly manufactured in Australia.

3.2 Legislative framework

Section 269TC(1) requires that the Commissioner must reject an application for a dumping duty and countervailing duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are 'like' to the imported goods. Section 269T(1) defines like goods as:

> G*oods 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*.

An Australian industry can apply for relief from injury caused by dumped or subsidised imports even if the goods it produces are not identical to those imported. The industry must, however, produce goods that are 'like' to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- physical likeness
- commercial likeness
- functional likeness
- production likeness.

The Commissioner must also consider whether the Australian industry manufactures 'like' goods in Australia. Section 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under section 269T(3), to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

3.3 The goods

The goods are:

> *Railway wheels of forged and rolled high-carbon steel, with an outside diameter from 27.5 inches to 37.5 inches (699 mm to 953 mm), whether or not including alloys.*

Further information

The railway wheels are manufactured in accordance with relevant user defined specifications and drawings, and are used on rail carriages/wagons in freight transport.

The wheels used in all user applications have the following typical characteristics:

- *outside diameter from 27.5 to 37.5 inches (699 to 953 millimetres (mm)), and of similar overall dimensional tolerances and shape*
- *are manufactured from a high carbon steel with the addition of micro alloying elements to achieve hardness and mechanical properties, as defined by user/customer specifications*
- *are manufactured using a forging and rolling process in accordance with defined standards, and*
- *are suitable to operate at axle loads of up to 36 metric tonnes, as defined by user/customer specifications.*

Exclusions

Axles and other components are excluded from the description.

3.4 Tariff classification

The goods are generally classified to the following tariff subheading in Schedule 3 to the *Customs Tariff Act 1995*:

Tariff subheading	Statistical code	Description
8607.19.00	20	Parts of railway or tramway locomotives or rolling stock – other railway wheels.

Table 3: General tariff classification for the goods

The tariff classification and statistical code may include goods that are both subject and not subject to the investigation. The listing of the tariff classification and statistical code is for convenience or reference only and does not form part of the goods description.

3.5 Model control code

The commission undertakes model matching using a model control code (MCC) structure to identify key characteristics used to compare models of the goods exported to Australia and the like goods sold domestically in the country of export.[13]

The commission published its proposed MCC structure in the initiation notice. Interested parties were invited to make submissions on whether any proposed modifications to the MCC structure should be accepted by the commission. No submissions were received in relation to the MCC structure.

During verification of Masteel's data, the commission identified that there are 3 characteristics of the goods and like goods which have an effect on their price and cost:

[13] Guidance on the commission's approach to model matching is in the Dumping and Subsidy Manual (**the Manual**), available at www.adcommission.gov.au

- if the FRW are punched or not-punched
- if the FRW are painted or not-painted
- the type of steel billet used in the manufacture of the FRW.

Accordingly, the commission has used a revised MCC structure, to reflect its findings during the investigation. The table below outlines the MCC structure.

Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Outside wheel diameter (OD)	708 OD	708	Mandatory	Mandatory
		737 OD	737		
		760 OD	760		
		762 OD	762		
		763 OD	763		
		768 OD	768		
		780 OD	780		
		787 OD	787		
		790 OD	790		
		800 OD	800		
		836 OD	836		
		840 OD	840		
		841 OD	841		
		844 OD	844		
		850 OD	850		
		915 OD	915		
		920 OD	920		
		921 OD	921		
		940 OD	940		
2	Punched/Not punched	Punched	PN	Mandatory	Mandatory
		Not punched	NPN		
3	Painted/Not painted	Painted	PT	Mandatory	Mandatory
		Not painted	NPT		
4	Billet type	Billet code		Mandatory	Mandatory

Table 3: MCC structure used in this investigation

3.6 Like goods

The Commissioner is satisfied that the domestically produced goods are like to the goods because the following characteristics of each closely resemble each other:

- physical likeness
- commercial likeness
- functional likeness and
- production likeness.

The following analysis outlines the commission's assessment of whether the domestically produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

3.6.1 Physical likeness

The goods and Australian-produced goods are both forged and rolled high-carbon steel wheels for freight rolling stock, with comparable diameters and technical specifications.

3.6.2 Commercial likeness

The goods and Australian-produced goods are sold to the same customers (rail operators, freight providers, wagon manufacturers) and compete directly in the same market.

3.6.3 Functional likeness

The goods and Australian-produced goods are designed for identical applications and are interchangeable in end use.

3.6.4 Production likeness

The goods and Australian-produced goods involve comparable forging, rolling, heat-treatment, machining, and testing processes.

4 DUMPING INVESTIGATION

4.1 Finding

The Commissioner is satisfied that Masteel did not export dumped goods to Australia during the investigation period.

The Commissioner calculated a dumping margin of **negative 28.2%** for the goods exported to Australia by Masteel during the investigation period**.**

4.2 Legislative framework

In the report to the Minister under section 269TEA(1), the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice under section 269TG. The Minister also has to be satisfied that exporters exported dumped goods to Australia.

Section 269TDA(1) requires the Commissioner to terminate the investigation, in so far as it relates to an exporter, if satisfied that there has been no dumping by the exporter, or there has been dumping during the investigation period, but the dumping margin is less than 2%.

Dumping occurs when a product from one country is exported to another country at a price less than its normal value.

4.2.1 Export price

Export price is determined under section 269TAB.

Section 269TAB(1)(a) provides that the export price of any goods exported to Australia is the price paid or payable for the goods by the importer where the goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter in arms length transactions.

Section 269TAB(1)(b) provides that the export price of goods is the price that the importer sold the goods, less the prescribed deductions, where:

- goods have been exported to Australia otherwise than by the importer, and
- were purchased by the importer from the exporter, but not at arm's length, and
- the importer subsequently sells the goods in the condition they were imported to a party not associated with the importer.

Section 269TAB(1)(c) provides that in all other cases, the export price is a price determined by the Minister having regard to all the circumstances of the exportation.

Section 269TAB(3) provides that, where the export price cannot be established under the preceding sections due to sufficient information not being furnished or not available, the export price is determined having regard to all relevant information.

4.2.2 Normal value

Normal value is determined under section 269TAC. Section 269TAC(1) states that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter, or, if like goods are not so sold by the exporter, by other sellers of like goods.

Section 269TAC(2)(a)(i) applies in the situation where the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms length transactions and sold in the OCOT.

Section 269TAC(2)(a)(ii) applies in the situation where the normal value cannot be ascertained under section 269TAC(1) where the situation in the market of the country of export is such that the sales are not suitable for determining a price under section 269TAC(1). The commission refers to such a situation as a 'particular market situation'.

If either circumstance described in section 269TAC(2)(a)(i) or 269TAC(2)(a)(ii) applies, the normal value is ascertained in accordance with section 269TAC(2)(c).

Section 269TAC(2)(c) provides that the normal value is the sum of an amount that the Minister determines to be the cost of production or manufacture of the goods in the country of export, and, on the assumption that the goods had been sold for home consumption in the OCOT in the country of export instead of being exported, such amounts as the Minister determines are the selling, general and administrative (SG&A) costs associated with the sale and the profit on that sale.

Section 269TAC(5A) and (5B) provide that these amounts must be worked out in such manner, and taking account of such factors, as the regulations provide. The relevant regulations are regulations 43, 44 and 45 of the *Customs (International Obligations) Regulation 2015* (the Regulations).

Regulation 43 provides that the Minister must work out the amount for the cost of production or manufacture of the goods using the information set out in the records if:

- the exporter keeps records relating to the like goods
- the records are in accordance with generally accepted accounting principles in the country of export, and
- the records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

If any of the requirements of Regulation 43 are not satisfied, the commission will also assess the records pursuant to Article 2.2.1.1 of the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade* 1994 (Anti-Dumping Agreement) which requires that the records:

- are consistent with generally accepted accounting principles
- reasonably reflect the cost associated with the production and sale of the goods, and
- are normal and ordinary.

Section 269TAC(9) provides that where the normal value is ascertained in accordance with section 269TAC(2)(c), the Minister must make such adjustments in determining the costs, as are necessary to ensure that the normal value is properly comparable with the export price of those goods.

4.2.3 Dumping margin

Dumping margins are determined under section 269TACB. For all dumping margins calculated for the purposes of the investigation, the commission compared the weighted average Australian export prices with the corresponding quarterly weighted average normal values for the investigation period in accordance with section 269TACB(2)(a).

4.3 Section 269TAC(2)(a)(ii) assessment

4.3.1 Introduction

Comsteel asserted in its application that a particular market situation exists in China due to distortions in the Chinese steel and FRW markets, such that domestic selling prices in China are affected and are unsuitable for use in determining normal value.

Comsteel has based its claim on previous findings by the Commissioner. The application refers to findings from INV 466 and CON 632 concerning certain railway wheels exported to Australia from China.

While the Commissioner did not make a particular market situation finding in CON 632, the final report did include findings of widespread market distortions in the Chinese steel market, citing state ownership, centralised planning and government supporting mechanisms.

Comsteel asserted that the same distortions found in CON 632 apply to the FRW market and that domestic selling prices are therefore unsuitable for determining normal values under section 269TAC(1). In support of its claim, Comsteel further referred to Organisation for Economic Co‑operation and Development (OECD) and World Trade Organization (WTO) reports highlighting industrial subsidisation in China, as well as the 2024 annual report for Maanshan Iron & Steel Company's (MIS) (the parent company of cooperating exporter Masteel) which discloses government grants and preferential tax treatment.[14]

The Commissioner considered Comsteel's claim that a particular market situation exists in the Chinese FRW market was reasonable for the purpose of deciding whether to initiate an investigation.[15] Accordingly, the commission examined whether a particular market situation existed in the Chinese FRW market during the investigation period, and whether, because of that situation, sales of like goods in that market are not suitable for determining a price under section 269TAC(1).

The commission included in its exporter questionnaire questions that the Commissioner considered relevant to whether a particular market situation in respect of the goods may exist in China. The commission also sent a questionnaire to the GOC requesting information on the FRW and steel markets in China. The GOC did not respond to this questionnaire.

4.3.2 Particular market situation

The Commissioner finds that the actions, policies and practices of the GOC distorted conditions in the Chinese steel market during the investigation period and that those

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[14] *Application*, EPR 690, Item 1, p45.
[15] CON 690, EPR 690, Item 2, p12.

distortions gave rise to a particular market situation in respect of the domestic market for freight railway wheels in China. The Commissioner considers that government involvement in the steel industry materially contributed to overcapacity, oversupply and a distorted market structure, such that prices in the domestic Chinese market for freight railway wheels were affected by those conditions.

The Commissioner has relied upon the particular market situation assessment at appendix A of SEF 690. The findings from this assessment are unchanged from SEF 690.

4.3.3 Proper comparison

The Commissioner further finds that, because of that particular market situation, domestic sales of freight railway wheels in China were not suitable for determining a normal value under section 269TAC(1). In those circumstances, domestic prices did not permit a proper comparison with the export price of the goods exported to Australia. Accordingly, the Commissioner determined normal value under section 269TAC(2)(c). The Commissioner has relied upon the proper comparison assessment at appendix B of SEF 690. The findings from this assessment are unchanged from SEF 690.

4.4 Dumping assessment – Masteel

4.4.1 Export price

The commission considers Masteel is an exporter of the Australian export goods because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices
- arranged and paid for inland transport to the port of export
- arranged and paid for port handling charges at the port of export.

The Commissioner determined export price under section 269TAB(1)(a). Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

4.4.2 Normal value

The Commissioner determined normal value for Masteel under section 269TAC(2)(a)(ii) and section 269TAC(2)(c). The Commissioner did not use Masteel's domestic selling prices under section 269TAC(1) because those sales were not suitable for determining normal value in light of the particular market situation identified above.
The Commissioner constructed normal value using:

- a cost of production in China based on Masteel's recorded costs, with Masteel's steel billet input costs adjusted to remove the abnormal circumstances in which Masteel's billet costs were formed
- selling, general and administrative expenses calculated on the assumption that the goods were sold for home consumption in the ordinary course of trade in China
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the ordinary course of trade.

The benchmark adopted by the Commissioner comprised Turkish steel billet prices together with an adjustment to reflect the grade of steel used in FRW. The Commissioner considered whether any comparative advantage or disadvantage adjustment was required and determined that no such adjustment was necessary on the information available.

Cost of production

The Commissioner examined whether Masteel's records satisfy the requirements of regulation 43 and Article 2.2.1.1 of the Anti-Dumping Agreement. The Commissioner has relied upon the assessment set out in Appendix C3 to Appendix C6 of SEF 690. While several submissions were received in respect of Masteel's cost of production, discussed in chapter 2.6 of this report, the findings from the assessment are unchanged from SEF 690.

In considering regulation 43, the Commissioner found that Masteel's cost of production records are kept in accordance with generally accepted accounting principles in China, but its cost of production records, specifically in respect of steel billet (a substantial proportion of overall costs) do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

Therefore, in accordance with regulation 43, the Minister is not required to use Masteel's records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c).

In considering Article 2.2.1.1 of the Anti-Dumping Agreement, the Commissioner found that Masteel's cost of production records:

- are consistent with generally accepted accounting principles in China
- reasonably reflect the actual costs incurred in the production of the goods, and
- were formed in circumstances which are not normal and ordinary. Specifically, that the circumstances in which the cost of steel billet were formed are not normal and ordinary, resulting in Masteel's recorded production costs.

Therefore, in accordance with article 2.2.1.1 of the ADA, the Commissioner finds that it is not appropriate to use Masteel's unadjusted records to construct the normal value.

The Commissioner considers that the most appropriate approach to determine the cost of production in China was to use Masteel's recorded cost of production adjusted to remove the effects of those abnormal circumstances.

The commission's cost of production adjustment assessment is at appendix C of SEF 690. The findings from this assessment are unchanged from SEF 690.

The commission has recorded the confidential benchmark data relied upon for the determination of the appropriate cost of production at **Confidential Attachment 1 – Benchmark calculation**.

Use of surrogate normal value information

Masteel exported only one model, 915-NPN-PT-AAR-BMS, to Australia during the investigation period, for which there were no domestic sales. To calculate Masteel's normal value, the commission used the CTM for the exported model, and Masteel's recorded SG&A costs for domestic model 915-PN-PT-AAR-BMS as a surrogate, under section 269TAC(c)(ii).

The commission calculated profit using the profit for Masteel's domestic like goods sales in the OCOT. The commission notes the cost to make and sell (CTMS) used to establish if Masteel's domestic like goods sales were in the OCOT relied on its unadjusted production costs.

4.4.3 Adjustments

To ensure proper comparability between export price and normal value under section 269TAC(9), the Commissioner made adjustments for domestic credit terms, domestic inland transport, export inland transport, export port charges, export credit terms and specification differences.

Adjustment description	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port charges
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification differences

Table 4: Masteel summary of adjustments

4.4.4 Dumping margin

The Commissioner calculated a dumping margin of **negative 28.2%** for the goods exported to Australia by Masteel during the investigation period**.**

The commission's dumping margin calculations for Masteel are in **Confidential Attachments 2 to 6.**

5 PARTIAL TERMINATION OF THE DUMPING INVESTIGATION

5.1 Legislative reference

Section 269TDA sets out the circumstances in which the Commissioner must terminate a dumping or subsidy investigation in its entirety, or solely in respect of a specific exporter.

Section 269TDA(1) provides, among other things, that in a dumping investigation, if the Commissioner is satisfied that there has been no dumping by an exporter of the goods, the Commissioner must terminate the investigation in so far as it relates to that exporter.

5.2 Partial termination of dumping investigation

The Commissioner is satisfied that Masteel did not export dumped goods to Australia during the investigation period. The dumping margin calculated for Masteel is **negative 28.2%.**

Accordingly, under section 269TDA(1)(b)(i), the Commissioner terminates the dumping investigation in so far as it relates to Masteel.

6 ATTACHMENTS

Confidential Attachment 1	Benchmark Calculation
Confidential Attachment 2	Masteel Export Price
Confidential Attachment 3	Masteel CTMS
Confidential Attachment 4	Masteel Cost Replacement
Confidential Attachment 5	Masteel Normal Value
Confidential Attachment 6	Masteel Dumping Margin