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The Director - Investigations
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Re: Case Number 692 – Welded steel mesh sheets

Investigation into certain welded steel mesh sheets exported from the People's Republic of China

Dear Director,

This submission is made on behalf of Beijing Xingtai Steel Weldmesh & Technology Development Co., Ltd (Xingtai) and Tianjin TianKang Metal Products Co., Ltd (TianKang), collectively described as the exporters throughout this submission). Both parties are cooperative exporters of the goods from the People's Republic of China. Recently, the Commission placed on the public record seven file notes recording consultations conducted with individual members of the Steel Reinforcement Institute of Australia (SRIA), the joint applicant in this investigation

The exporters welcome the Commission's engagement with market participants. However, having reviewed the consultation file notes against the application, the applicant's submission concerning material injury, the earlier correspondence of Bestbar and Wire Industries, and the Commission's verification report in respect of InfraBuild (Newcastle) Pty Ltd (InfraBuild), it is submitted that the consultation file notes cannot rationally support an affirmative injury or causation finding. To the contrary, when the seven accounts are read together and against the applicant's own submitted claims, they disclose material contradictions on the questions of:

- whether the Australian industry's condition deteriorated or improved over the investigation period,
- the state of demand in the Australian market,
- the source of any price pressure,
- when any injury in fact occurred, and
- even which businesses properly constitute the industry for the purposes of the injury assessment.

The also identify precisely "factors other than the exportation" that subsection 269TAE(2A) requires the Minister to consider and not attribute to the subject goods.

The status of the file notes and procedural issues

Each of the seven consultation file notes concludes in materially identical terms, with the Commission *requesting* further information and supporting evidence from the member concerned. The Commission requested:

- from AKZ Reinforcing "quotes, volume data, and monthly average selling price information for the relevant period";
- from Mesh & Bar "evidence to support the claims made during the meeting" together with "additional confidential data or evidence… to assess longer-term trends in pricing and customer behaviour";
- from Neumann Steel "further information and evidence… to support the statements outlined above";
- from Wire Industries "additional information and evidence… to support the claims outlined above and specifically… further evidence of pricing trends;
- from Bestbar "further information… including sales volume trends, pricing information, and margin impacts";
- from VicMesh "additional information and evidence… to support the statements made about market pricing and conditions"; and
- from AUSREO "further information and evidence… to support the claim outlined above, including evidence related to volume trends and examples of customers or sales affected by imported mesh".

The consultation file notes therefore record claims that remain unsupported some two to three months after they were made. It is submitted that statements of this character, untested, unquantified and unaccompanied by the very evidence the Commission itself identified as necessary, are not "positive evidence" capable of supporting an "objective examination" within the meaning of Article 3.1 of the WTO Anti-Dumping Agreement.

The statements carry even less weight because of where they come from, as each of the seven entities is a member of SRIA, the joint applicant. Their statements are, with respect, advocacy in support of their own application, made in informal meetings rather than through the official application form or subsequent Australian industry questionnaire and verification process to which InfraBuild's claims were subjected. The Commission's treatment of unverified applicant-side assertion should be no more generous than its treatment of unverified exporter assertion.

Inconsistent statements amongst SRIA members

Economic condition during the investigation period

The question of injury during the investigation period receives mutually inconsistent answers from the applicant's own members. Bestbar stated that "industry data indicates aggregate sales volumes have increased during the investigation period", and separately acknowledged "some improvement in market conditions during the investigation period". VicMesh went further and conceded the point directly, submitting that "any improvement in financial performance during the investigation period should be considered alongside ongoing loss of customers, reduced market share and continued margin compression". Neumann Steel stated that "sales volumes showed some recovery after the investigation period". Mesh & Bar stated that "there was no recovery in mesh sales during the investigation period, with year-on-year sales of square mesh declining in each annual period since 2021", continuing into 2026. These accounts describe the same national market over the same period, and they cannot all be correct.

Only the Bestbar and VicMesh accounts are consistent with the verified evidence. The Commission's verification report in respect of InfraBuild records an improvement in the investigation period across sales volume, production volume, market share, price effects, unit profit and profitability, a pattern InfraBuild itself accepts. The Commission's preliminary market-size analysis records that the Australian market reached its largest size of the injury analysis period in the investigation period. Mesh & Bar's account of unbroken annual decline is contradicted by the verified record and now also by two of its SRIA members, whilst Neumann's account defers any recovery to a period after the investigation period, which is not the statutory period of examination. It is submitted that the Commission's consultation evidence is internally contradictory on the central volume question. The accounts that align with the verified information describe improvement. As a result, the consultation evidence as a whole cannot be given probative weight in support of an affirmative finding. To the extent it is given any weight, it actually corroborates improvement during the investigation period.

Market demand

Neumann Steel attributed its position to price alone, expressly stating that revenue and profitability declined "despite ongoing demand in the broader construction market in Australia". Bestbar stated the opposite in respect of its principal market as "competition in Victoria had been particularly intense since COVID, with reduced residential construction activity contributing to customer losses and competitive pressures", and that it "has reduced welded steel mesh manufacturing activity despite having available production capacity, due to insufficient demand and pricing pressure".

These are opposing accounts of the demand side of the causation assessment. If demand was "ongoing", Bestbar's attribution of customer losses to "reduced residential construction activity" and "insufficient demand" is wrong, however, if Bestbar is right, the demand contraction it describes is an other factor whose injurious effects must not be attributed to the subject goods.

Commencement of claimed injury

The members' accounts identify the claimed injury in different periods, none of which coherently supports injury caused during the investigation period by the subject goods.

AKZ Reinforcing's central injury event, its cessation of mesh manufacturing, occurred "in December 2023", some ten months before the investigation period commenced. Whatever caused that exit, it cannot have been dumping in an investigation period that had not yet begun, and since December 2023 AKZ has operated as a reseller "sourc[ing] mesh from other suppliers", a business model that by definition benefits from competitively priced supply, including imports. Its reported margin compression "during the investigation period" is the margin compression of a trader, not of an Australian producer of like goods, and is not injury to the Australian industry within the meaning of section 269TAE.

AUSREO's account reaches back further still. AUSREO ceased manufacturing mesh "in 2020 due to commercial factors", before the injury analysis period commenced on 1 July 2021, and while it "continues to supply steel mesh products", it has not been an Australian producer of like goods at any time within the period the Commission is examining. Its reported margin compression "during and after the investigation period", incurred as it "sought to remain competitive against lower-priced imported welded steel mesh traders", is the margin compression of a distributor competing with other distributors. Whatever caused its 2020 exit, it predates the injury analysis period entirely and cannot be attributed to the goods the subject of this investigation.

Bestbar expressly framed its position by reference to the pre-investigation period as "imports had hindered the ability of Australian producers to recover market share lost in earlier years prior to the investigation period", and "the impact of imports may extend beyond the period of investigation, as earlier market disruption continues to affect current business performance". That is a concession that the operative market disruption occurred before the investigation period, with present effects said to be its continuation. Injury caused by pre-investigation-period events is not injury caused by the goods the subject of this investigation during the period the Commission is examining, and attributing it to those goods would not comply with both subsection 269TAE(2A) and Article 3.5.

Wire Industries described a third chronology, "while anti-circumvention inquiry 643 was being considered by the commission, there was a temporary improvement in market conditions, however the improvement reversed after the termination of the inquiry". Inquiry 643 was initiated on 9 May 2024, its SEF proposing termination was published on 21 July 2025, and it was terminated by final report on 28 October 2025. The period of "improvement" Wire Industries describes therefore spans all but the final weeks of the investigation period, and the "reversal" it describes post-dates the investigation period entirely. On Wire Industries' own account, conditions for local producers improved during the investigation period and deteriorated only afterwards.

VicMesh's account is to the same post-period effect, as it advised that "mesh sales had declined over the previous six months and the effects of import competition had become more pronounced". Measured from the 2 June 2026 meeting, "the previous six months" is approximately December 2025 to June 2026, a period commencing more than two months *after* the investigation period ended. VicMesh's account of intensifying import effects is therefore an account of the post-investigation period, consistent with its concession of improved financial performance during the investigation period itself.

Mesh & Bar, alone, asserted continuous uninterrupted decline from 2021 through 2026, a claim already shown to conflict with the verified record and with other members' statements.

Taken together, the applicant's own members cannot agree whether the claimed injury arose before, during or after the investigation period. That disagreement is not a peripheral matter as it goes to the precise finding the Minister must make under section 269TAE, and it corroborates the exporters' central contention that the verified record discloses an industry whose condition improved during the investigation period, with the members' complaints directed substantially at periods outside it.

Import figures

A further inconsistency predates the consultations but bears directly on the reliability of the members' evidence. By letters each dated 28 April 2026, Bestbar and Wire Industries cited identical monthly import figures, January 2026 of 9,500 tonnes and February 2026 of 12,800 tonnes, described as record monthly highs, but characterised them differently. Wire Industries described them as "imports from China… to their highest monthly volumes on record", while Bestbar described them as "[i]mports of steel mesh" generally. The same tonnages cannot be simultaneously China-only volumes and total import volumes. The near-simultaneous lodgement of letters citing identical unsourced figures, differently described, suggests a common prepared source and underlines that at least one characterisation, and possibly both, is inaccurate. The exporters request that the Commission test these figures against the Australian Border Force import database rather than accept either characterisation.

The members disagree about which businesses constitute the industry for the injury assessment

VicMesh submitted that "the commission's injury assessment should focus on businesses that continue to manufacture mesh and maintain investment in local production capacity". That submission, made by a continuing manufacturer from within the applicant's own coalition, correctly criticises the reliance on the claims of AKZ Reinforcing, which ceased manufacturing in December 2023 and has since operated as a reseller. The criticism applies with even greater force to AUSREO, which ceased manufacturing mesh in 2020, before the injury analysis period began, and now participates in the market solely as a supplier of mesh products. It also sits uneasily with the SRIA’s reliance on the commentary of members whose mesh activities are wholly or substantially distribution rather than production. The exporters agree with VicMesh to this extent, that injury within the meaning of section 269TAE is injury to Australian producers of like goods, and the statements of non-producing or import-purchasing members cannot support it. The disagreement amongst the SRIA members as to who properly speaks for the "Australian industry" is itself a further reason the consultation evidence cannot be treated as a coherent body of industry testimony.

Inconsistent statements with the injury and causation claims in the application

Demand

In its application, Infrabuild dismissed contraction in demand as an alternative cause of injury, stating that "demand for the goods and like goods remained stable across the proposed injury analysis period with the Australian market reaching its highest volume in the proposed investigation period", growing by 1.6 per cent across the period, and "[t]he applicant is not aware of changes in patterns of consumption in the proposed investigation period such that it reduced the demand for the goods and like goods in the Australian market". In answer to the application form's request to identify causes of demand variability, the applicant answered "Nil capable of verification".

Bestbar, a member of the joint applicant, has now told the Commission that residential construction activity in Victoria has been reduced since COVID, that this "contribut[ed] to customer losses", and that it curtailed manufacturing for "insufficient demand". On the application's own description of the market, "[t]he residential and commercial construction markets are the main drivers of demand for welded mesh". A contraction in the principal driver of demand in the largest mesh-consuming region is exactly the kind of "contraction[] in demand or changes in patterns of consumption" that subsection 269TAE(2A)(c) and Article 3.5 require to be examined and not attributed to the subject goods. The applicant's coalition cannot plead demand stability in the application and demand insufficiency in consultation.

Price differential

The application attributes the price differential between imported and locally produced mesh to dumping, estimating margins of 31.5 per cent for China and 10.3 per cent for Malaysia. The members' own explanations are conspicuously different.

AKZ Reinforcing told the Commission that "local production costs, including labour, testing, certification and operating costs, has made it cheaper to purchase finished mesh than manufacture it locally", that this cost structure was the commercial reason it exited manufacturing in December 2023, and that "imported mesh had improved in quality and is available at materially lower prices". Wire Industries told the Commission that "higher Australian labour, material and energy costs limit its ability to compete with lower-priced imported mesh", and that "changes in logistics, including the use of smaller sheet sizes to maximise ship container space, have reduced the cost of the international shipment of mesh which was traditionally a barrier to importing it".

VicMesh's account is to the same effect and adds a further dimension. VicMesh told the Commission that "changes in raw material supply arrangements and competition from imported mesh have affected its operating model over time", that imported finished mesh has been available at lower prices "affecting VicMesh's ability to compete <u>when using domestically sourced raw material</u>", and that "importing mesh has become more commercially attractive for some local businesses due to the relative pricing of imported finished mesh compared with <u>domestic production costs</u>" (emphasis added). On VicMesh's own account, the competitiveness of local mesh production is a function of the cost of domestically sourced raw material inputs and of changes in the arrangements under which that raw material is supplied, matters internal to the Australian supply chain, not to the export behaviour of Chinese mesh producers.

These are admissions, from within the applicants, that material components of the landed price differential are attributable to (i) the domestic industry's own cost structure and productivity, a subsection 269TAE(2A)(f) factor; (ii) the cost and supply arrangements for domestic raw material inputs; (iii) ordinary competitive advantages of the exporting producers; and (iv) technological and logistical developments in shipment, a subsection 269TAE(2A)(e) factor. None of these relate to dumping.

The Appellate Body's requirement of "separating and distinguishing the injurious effects of the other factors from the injurious effects of the dumped imports" (*US – Hot-Rolled Steel*, WT/DS184/AB/R, para 223) applies with particular force where the "other factors" are identified by the applicant's own members. The exporters further note that the only quantified differential offered in the consultations, AKZ's unverified estimate that imported mesh "was available at approximately $200 per tonne below locally sourced product", is unreconciled with the application's claimed undercutting of the prices of third-country imports of between 19 and 56 per cent at FOB terms, and on the members' own evidence incorporates the cost, raw material and freight factors described above before any question of dumping arises.

<u>Contradicting indexed data on sustained price and profit injury</u>

The general narrative of the consultation file notes is one of continuous and worsening margin destruction through the investigation period. The applicant's own indexed injury data, filed with the application, discloses a different picture. Taking FY2022 as the base (index 100), the application reports unit profit at 246 in FY2023, 98 in FY2024 and 145 in FY2025, and profitability at 273, 45 and 151 respectively. That is, unit profit and profitability in the financial year overlapping nine months of the investigation period were materially above the base year, and the trough in FY2024 preceded the investigation period. Production (index 88), sales volume (index 86) and capacity utilisation (index 88) each improved in FY2025 relative to FY2024.

Price suppression is claimed in the application only for three discrete windows, October 2021 to March 2022, October 2022 to March 2023 and January to March 2025, not continuously.

It is submitted that the Commission should test the members' generalised assertions of "sustained" price pressure and unsustainable margins against this data and against the verified InfraBuild data, which the applicant itself concedes shows improvement in the investigation period, and which VicMesh's consultation statement likewise presupposes. Statements such as Mesh & Bar's that "profit margins remain below pre-COVID levels" are, even if true, not evidence of injury caused by dumping in the investigation period, as the injury analysis period commences on 1 July 2021, margins in the post-COVID base year are themselves elevated in the applicant's own indices, and a comparison to a period predating the injury analysis period is not a comparison the statute contemplates.

Investment and employment

Mesh & Bar reported that it "had deferred planned investment in additional mesh manufacturing capacity, whilst Bestbar identified "reluctance to invest in capital under current market conditions" and "employment impacts". Wire Industries reported "reduced staffing levels and changes to production shifts", and VicMesh reported that it "continues to maintain production capacity but has reduced production levels". Yet the application's own "other factors" index reports the applicant's capital investment increased by 250 per cent in FY2025 against the FY2022 base, while employment declined by five percentage points, with wages already declining from FY2023, before the investigation period commenced.

The largest Australian producer, on its own data, tripled capital investment across the very period in which the industry is said to have been deterred from investing. The Commission cannot make an industry-wide finding of investment- or employment-related injury on unverified member assertion that the applicant's own verified data contradicts.

The reseller and trader channel

Wire Industries told the Commission that "traders are a major source of imported mesh and resellers sell significant volumes of imported product", and that "a significant proportion of Wire Industries' mesh sales are made through reseller channels". AKZ Reinforcing has, since December 2023, operated wholly as a reseller. AUSREO, a non-manufacturer since 2020, likewise described competing against "lower-priced imported welded steel mesh traders" and "increasing difficulty maintaining its distribution network while sourcing mesh locally", confirming both the scale of the trader channel and the presence of distribution-side participants within the SRIA coalition. VicMesh confirmed that "importing mesh has become more commercially attractive for some local businesses", confirming that participants within the local industry are themselves importing. The application itself describes a market in which the applicant sells through related downstream businesses (ARC and InfraBuild Reinforcing) and in which customers "have access to purchase a combination of imported and locally produced welded mesh", and Wire Industries confirms that customers increasingly adopt "hybrid sourcing models involving both imported and Australian-produced mesh".

Two consequences follow from these statements. First, the "Australian industry" advancing this application includes participants who purchase, resell or distribute the imported goods, whose commercial interests are not uniformly aligned with the injury case advanced and whose market commentary must be weighed accordingly. Second, price formation in a market characterised by hybrid sourcing, reseller intermediation and intra-group transfers is complex. A reasonable and rational price-effects analysis must compare prices at proper levels of trade with due allowance for these channels, and cannot proceed on generalised assertions that "imports" set prices.

<u>The pivot from realised injury to threat</u>

In its application, the applicant made no claim of threat of material injury, as section C-2 of the application form is answered "Not applicable". Following the verification report's disclosure of improvement in the investigation period, the applicant's submission of 11 June 2026 advanced, "further or in the alternative", a threat case founded on post-investigation-period import volumes following the publication of SEF 643, and the April 2026 letters of Bestbar and Wire Industries urged a preliminary affirmative determination on the same footing. The consultation file notes now published confirm that the substance of the members' complaints is likewise directed at the post-investigation period, with Neumann Steel's inadequate "recovery after the investigation period", Wire Industries' "reversal" after the termination of Inquiry 643, and VicMesh's sales decline "over the previous six months" from June 2026.

The exporters make the following observations on the applicant’s attempt to pivot away from realised injury to threat of injury.

A threat case raised for the first time seven months into the investigation, contradicting the applicant's own choice in the application, should be approached with caution, and must be squarely put to interested parties before the SEF. Further, any threat determination is subject to subsections 269TAE(2AA) and (2B) of the Act and Article 3.7 of the Anti-Dumping Agreement, which requires that it "shall be based on facts and not merely on allegation, conjecture or remote possibility", and the relevant change in circumstances "must be clearly foreseen and imminent". The material relied upon for the assertion of threat is unsourced monthly tonnages cited inconsistently in the members' correspondence, a chart of post-period export projections, and the unverified consultation statements addressed in this submission None of this meets the standard. Finally, the applicant's own theory cuts against the change in circumstances being imminent. The applicant's account of the post-period volume growth reflecting the release of volumes artificially suppressed by the ongoing Inquiry 643, confirms a one-off normalisation following the termination of a regulatory overhang, not a sustained "significant rate of increase of dumped imports… indicating the likelihood of substantially increased importation" within Article 3.7(i).

The exporters also observe the internal tension in the applicant's Inquiry 643 theory as it relates to the investigation period itself. The applicant contends that, for all but the final two months of the investigation period, importers were deterred by the anticipated risk of a notice under section 269ZDBH(1) with potential retrospective effect. Wire Industries' consultation account corroborates that market conditions for local producers improved while the inquiry was on foot.

The applicant cannot simultaneously contend that the subject imports were suppressed to non-injurious levels for substantially the whole of the investigation period, <u>and</u> that those same imports caused material injury through volume and price effects during that period. If Inquiry 643 suppressed the subject imports to non-injurious levels for substantially the whole of the investigation period, those imports cannot also have caused material injury during that period. In that case, the applicant's case is reduced to a mere threat case that was never claimed and rests entirely on post-period data.

If, instead, the imports did cause injury during the investigation period, the Inquiry 643 theory fails, and with it the applicant's explanation for the improvement recorded in its verified indicators. On either view, a significant part of the applicant's case fails

Proposed SEF

It is submitted that the material now on the record compels the following conclusions for the purposes of the SEF.

The consultation file notes cannot be relied upon as positive evidence of injury or causation. They are unverified, mutually contradictory on the central questions of volume, demand, source, timing and even industry composition, and in material respects contradicted by the verified data. If the Commission nonetheless proposes to give them weight, the evidence requested from the seven consulted members must first be obtained, verified and placed on the non-confidential record with adequate opportunity for comment.

The file notes independently establish "known factors other than the dumped imports", such as contraction in residential construction demand in Victoria; the domestic industry's labour, energy, testing, certification and operating cost disadvantages; the cost of domestically sourced raw material and changes in raw material supply arrangements; freight and logistics developments reducing the cost of importation; pre-investigation-period market disruption, the December 2023 exit of a producer for reasons of its own cost structure; and intra-industry competition through reseller, importing and hybrid sourcing channels. The Minister is required to consider each of these pursuant to subsection 269TAE(2A), and the injurious effects of which "must not be attributed" to the subject goods. Consistently with *US – Hot-Rolled Steel*, the SEF must separate and distinguish the effects of these factors before any injury is attributed to exports from China or Malaysia, including exports by Xingtai and TianKang.

Further, the verified data shows improvement across InfraBuild's sales volume, production, market share, price effects, unit profit and profitability over in the investigation period. This is not evidence of an industry suffering material injury caused by the subject goods during the investigation period. Any residual case is a threat case that was never claimed, which is directed at the post-investigation period on the consulted members' own accounts, and relies on post-investigation period data that the applicant's own theory characterises as a one-off normalisation.