Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Investigation No. 692

Certain welded steel mesh sheets

Exported from the People's Republic of China and Malaysia.

Comparative variable factors assessment

Southern Steel Mesh Sdn. Bhd.

Table 1 summarises the commission's assessment based on the information currently available and may not reflect the final position of the commission.

Export Price	Normal Value	Dumping Margin
Section 269TAB(1)(a)[1]	Section 269TAC(1)	0.01%

Table 1: Summary of preliminary variable factors for Southern Steel

The commission determined that no onsite or virtual verification would be conducted for Southern Steel Mesh Sdn. Bhd. (Southern Steel). This decision was based on the fact that two similar Malaysian exporters, Kamen Steel Industries Sdn. Bhd. (Kamen Steel) and Dynamic Mesh and Wire Industries Sdn. Bhd. (DMW), are already subject to verification under Investigation 692 for exports of goods during the same investigation period.

This is considered reasonable in the circumstances, given that the goods the subject of this investigation share a high degree of commonality with respect to key production processes and the supply chain arrangements identified in relation to Southern Steel's sales into the domestic market in Malaysia and the Australian market.

The commission has therefore assessed Southern Steel by having regard to its response to the exporter questionnaire (REQ) and questionnaires received by other exporters cooperating with the investigation. These include the 2 verified exporters Kamen Steel and DMW, along with Malaysian exporter, Wei Dat Steel Wire Sdn. Bhd. who also provided an REQ but was not verified.

In support of the analysis and findings detailed in this report, the commission has prepared the comparative analysis work program at **Confidential Attachment 1**.

1 Response to the exporter questionnaire

Southern Steel's response was received within the legislated period and contained relevant information regarding the following:

- its role in the export of the goods to Australia
- sales of like goods made to export and domestic markets

[1] All legislative references are to the Customs Act 1901 (Cth) (the Act).

- the cost of production of like goods, including selling, general and administrative expenses (SG&A).

Southern Steel is considered a cooperative exporter.

The public version of Southern Steel's REQ is available on the electronic public record (EPR) for this case on the commission's website at www.adcommission.gov.au.[2]

1.1 Summary of material revisions

The following assessment details revisions performed on the data supplied in the exporter's REQ.

Material revision 1: Domestic inland transport

Description: The commission identified a number of sales that had a negative value for inland transport, including sales sold at 'ex-factory' terms. The commission also identified transactions with excessively high per unit transportation rate, and that sales tax had been included in the inland transport expense.

Resolution: Southern Steel explained that they made an error in the allocation process and provided a revised inland transport listing for domestic sales. This removed sales tax from the expense, removed all negative transactions, and correctly allocated inland transportation across only sales that were made Delivered at Place (DAP). The commission notes that for transactions where the customer paid a surcharge for transport, that this was included in the net invoice to the customer. Inland transport expenses were reconciled to source documents.

Material revision 2: Australian Cost to Make (CTM)

Description: The commission identified large discrepancies between the Domestic CTM and the Australian CTM. It appeared that Southern Steel had submitted incorrect figures in their Australian CTM. This also had a flow-on effect with not being able to reconcile the CTM data to their submitted upwards cost spreadsheet.

Resolution: Southern Steel identified that the issue was being caused by an inadvertent referencing error between worksheets. The Australian CTM was referencing incorrect production data. Southern Steel resubmitted their Australian CTM data and upwards cost spreadsheet with the correct production data referenced. The revised Australian CTM reconciled to upwards cost spreadsheet and was in line with Domestic CTM for comparable models.

2 Export price

For the purpose of this assessment, the commission proposes to determine an export price for Southern Steel under section 269TAB(1)(a) of the *Customs Act 1901* (the Act).

The commission has calculated an export price of the goods exported by Southern Steel to Australia from Malaysia under section 269TAB(1)(a). The export price was calculated as the price paid by the importer to the exporter for the goods, less any charges or expenses in respect of the transport of the goods after exportation.

Confidential appendix 1 contains the commission's export price calculations.

[2] EPR 692 – document 016.

2.1 Who is the exporter?

The commission considers Southern Steel is the exporter of the Australian export goods because this company:

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

2.2 Who is the importer?

For all transactions, the commission considers Southern Steel's Australian customers are the importers of the Australian export goods.

For each transaction, Southern Steel's Australian customer:

- is named as the consignee on bills of lading
- is named as the importer on import declarations to Australian Border Force (ABF)

2.3 Were the Australian export sales sold at arms length?

2.3.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Southern Steel sold the Australian export goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Southern Steel:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market
- appeared to genuinely negotiate the price with unrelated customers

2.3.2 Related customers

The commission found that Southern Steel did not sell to related customers on the Australian market.

The commission found that Southern Steel sold a small volume of goods to related customers on the domestic market.

3 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arm's length and in the ordinary course of trade to set a normal value under section 269TAC(1).

The commission recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8).

The commission recommends the following adjustments:

Adjustment description	How to apply an amount for adjustment
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic packaging	Deduct an amount for domestic packaging
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port and handling charges	Add an amount for export port and handling charges
Export credit terms	Add an amount for export credit

Table 2: Summary of adjustments

The commission calculated and applied adjustments in the normal value calculations at **Confidential appendix 3.**

3.1 Did the exporter produce and sell like goods for the domestic market?

The commission finds that, during the investigation period, Southern Steel produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestic goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

3.1.1 Physical likeness

Southern Steel does not distinguish between domestic like goods and the Australian export goods based on physical characteristics. The commission notes however that Southern Steel sold a different range of goods to the domestic market compared to the Australian market.

3.1.2 Production likeness

Southern Steel produced goods at the same facilities, using the same types of raw material inputs and production processes.

3.1.3 Commercial likeness

All goods compete in the same market sectors, can be interchangeable and use similar distribution channels.

3.1.4 Functional likeness

All goods are functionally alike, as they have similar end uses.

3.2 Were the domestic sales sold at arms length?

3.2.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Southern Steel sold the domestic goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Southern Steel

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the domestic market.

3.2.2 Related customers

For all related customer transactions, the commission finds that Southern Steel sold the domestic goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Southern Steel:

- sold goods at similar prices to related and unrelated customers
- appeared to genuinely negotiate the price with related customers.

3.3 Do the accounting records comply with generally accepted accounting principles?

The commission finds that Southern Steel's accounting records for the investigation period comply with the generally accepted accounting principles of Malaysia. This is based on the auditor's opinion contained in the financial statements for the 2025 financial year (year ending 30 September 2025), which concluded Southern Steel's financial accounts comply with the Malaysian accounting standards.

3.4 Did the production records reasonably reflect competitive market costs?

The commission finds that Southern Steel's production records reasonably reflect competitive market costs.

The commission did not identify any other evidence of non-competitive market costs.

3.5 Related party suppliers

Southern Steel purchased some raw materials from related suppliers during the investigation period.

The commission found that the purchase prices from related parties were comparable and similar to purchase prices from non-related suppliers.

3.6 Were domestic sales in the ordinary course of trade?

The following table summarises the figures the commission used to assess if Southern Steel's domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The investigation period
Reasonable recoverability period	The investigation period
Price	Net invoice price
Cost	Quarterly cost to make and sell the like goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the like goods over the investigation period, including direct selling expenses for each transaction.

Table 3: Ordinary course of trade assessment details

3.7 Is there a low volume of relevant domestic sales?

The commission finds that Southern Steel sold a sufficient volume of domestic like goods for use in establishing a normal value set under section 269TAC(1).

The commission finds that Southern Steel's domestic like goods sales volume sold in the ordinary course of trade in arm's length transactions was at least 5% of its Australian export goods sales volume.

3.8 Domestic sales volumes for each model

Table 4 details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is the MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
P-N-B-S	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-XL	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.

Table 4: Export models compared to domestic model by volume

The commission's volume analysis is at **Confidential appendix 3.**

4 Appendices and attachments

Confidential Attachment 1	Comparative analysis work program
Confidential Appendix 1	692 - Southern Steel - Appendix 1 – Export Price
Confidential Appendix 2	692 - Southern Steel - Appendix 2 – CTMS
Confidential Appendix 3	692 - Southern Steel - Appendix 3 – Normal Value
Confidential Appendix 4	692 - Southern Steel - Appendix 4 – Dumping Margin