



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

Application for the publication of  
dumping and/or  
countervailing duty notices  
**SOLID BASE ANGLE**  
exported from  
The People's Republic of China

December 2018

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APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

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**DECLARATION**

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:


- ☒ a dumping duty notice, or
- ☐ a countervailing duty notice, or
- ☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature: 

Name: Jason Darr

Position: Chief Financial Officer, Nepean Building & Infrastructure

Company: Galintel Pty Ltd

ABN: 27 000 159 866

Date: 4 December 2018

## IMPORTANT INFORMATION

### Signature requirements

Where the application is made:

*By a company* - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

*By a joint venture* - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

*On behalf of a trust* - a trustee of the trust must sign the application.

*By a sole trader* - the sole trader must sign the application.

*In any other case* - contact the Commission's Client support section for advice.

### Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

**Phone:** 13 28 46

**Fax:** (03) 8539 2499

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Other information is available from the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit [www.business.gov.au](http://www.business.gov.au) or telephone the ITRA Service Hotline on +61 2 6213 7267.

### Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ( $P^1, P^2, \dots, P^n$ ) to evaluate industry trends and to correlate injury with dumped imports. The labels  $P^1 \dots P^n$  are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

## Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in

	response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u> ).
<b>Provision of data</b>	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"> <li>• The data should be submitted on a media format compatible with Microsoft Windows.</li> <li>• Microsoft Excel, or an Excel compatible format, is required.</li> <li>• If the data cannot be presented electronically please contact the Commission's client support section for advice.</li> </ul>
<b>Lodgement of the application</b>	<p>This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:</p> <ul style="list-style-type: none"> <li>• preferably, email, using the email address <a href="mailto:clientsupport@adcommission.gov.au">clientsupport@adcommission.gov.au</a>, or</li> <li>• post to: <p>The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or</p> </li> <li>• facsimile, using the number (03) 8539 2499.</li> </ul>
<b>Public Record</b>	<p>During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a>.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.</p>

# PART A

## INJURY

### TO AN AUSTRALIAN INDUSTRY

#### **IMPORTANT**

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## **A-1 Identity and communication.**

**Please nominate a person in your company for contact about the application:**

Contact Name: Mr Jason Darr  
Company and position: Chief Financial Officer – Nepean Building & Infrastructure  
Address: 117-153 Rookwood Road, Yagoona NSW 2199  
Telephone: (02) 9707 5000  
Facsimile: (02) 9790 6145  
E-mail address: Jason.Darr@nepean.com  
ABN: 5412 5224 302

Alternative contact

Name: Mr Anthony Sive  
Position in company: Managing Director  
Address: 117-153 Rookwood Road, Yagoona NSW 2199  
Telephone: (02) 9707 5000  
E-mail address: Anthony.sive@nepean.com

**If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).**

Nepean Building and Infrastructure ("Nepean") has engaged the services of the following representative:

Name: Mr John O'Connor  
Business name: John O'Connor and Associates Pty Ltd  
Address: P.O. Box 329, Coorparoo, QLD 4151  
Telephone: (07) 3342 1921  
Facsimile: (07) 3342 1931  
E-mail address: jmoconnor@optusnet.com.au  
ABN: 3909 865 0241

## **A-2 Company information.**

- 1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

This application for anti-dumping and countervailing measures is made by Galintel® Pty Ltd (hereafter referred to as "Galintel"), an Australian manufacturer of steel lintels (ABN No. 27 000 159 866). Galintel is a local manufacturer and supplier of galvanised steel lintels for the building and construction industry.

Galintel manufactures angles, flats and T-bars as well as a proprietary range of lintels namely Cavi-T-Bar™, J-Bar™ and Rendabar® Angle.

In addition to its lintel manufacturing facility at Coffs Harbour, NSW, Galintel operates a hot rolling mill at Yagoona, NSW that supports downstream manufacturing activities at Coffs Harbour by transforming coil steel into multi-rib sections. The rolling mill also undertakes toll slitting of hot rolled coil.

Galintel is part of Nepean Building and Infrastructure which represents iconic brands including Galintel®, Weldok®, Balltube®, Mastermesh® and Galserv® servicing industries across Civil, Architectural, Mining and Construction.

- 2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Galintel has included a copy of its internal organisation chart at Confidential Attachment A-2.2. The company specialises in the development and manufacture of steel lintels which comply with the Building Code of Australia and all other relevant Australian Standards.

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Galintel is ultimately owned by Nepean Building and Infrastructure (via Ronald E Graham (Holdings) Pty Ltd). Please refer to Non-Confidential Attachment A-2.3 for a copy of Galintel's Current ASIC Company extract.

- 4. If your company is a subsidiary of another company list the major shareholders of that company.**

Nepean Building & Infrastructure is the 100 per cent owner of Ronald E Graham (Holdings) Pty Ltd.

- 5. If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Not applicable.

- 6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Please refer to Confidential Attachment A-2.6 which identifies each of the companies that is owned by Nepean Building & infrastructure (including Galintel).

- 7. Are any management fees/corporate allocations charged to your company by your parent or related company?**

Galintel does have support services including Finance, Human Resources and Information Technology functions. These are provided by Nepean Building & Infrastructure to Galintel for a fixed fee charged monthly to Galintel.



Galintel is also charged for Warehouse and Distribution services by a related company, Weldock Industries Pty Ltd, in each of the following locations:

- Banyo, Queensland;
- Yagoona, NSW;
- Derrimut, Victoria.

**8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Galintel does not have a relationship (commercial or otherwise) with an exporter to Australia or Australian importer of the goods the subject of this application.

**9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Please refer to Confidential Attachment A-2.9 (i) for the 2017/18 Annual Report, A-2.9 (ii) for the 2016/17 Annual Report and A-2.9 (iii) for the 2017/18 Annual Report.

**10. Provide details of any relevant industry association.**

Galintel is a member of:

- The Australian Steel Institute ("ASI"); and
- The Galvanisers Association of Australia.

## A-3 The imported and locally produced goods.

### 1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

#### Goods description:

The goods the subject of this application are as follows:

***Solid base angle, made from hot rolled coil steel, alloyed or non-alloyed, cold roll-formed, whether or not galvanised.***

#### Further information

The subject goods are typically described as “solid base angle” or “Budabar” or “B-bar” or “ribbed angle Lintel” or “L-section” and are typically used as lintels.

The goods are generally supplied in section sizes being nominally 100mm x 100mm x 6mm or 150mm x 100mm x 6mm ranging in length from 900mm to 4,000mm.

Goods not covered by this application include T-bar, flat bar, perforated bar (e.g. Rendabar), and hot rolled sections; goods made from hot rolled coil steel that are subsequently subject to a further hot rolling process.

### 2. What is the tariff classification and statistical code of the imported goods.

Galintel understands that the tariff classification for the goods the subject of this application is subheading 7308.90.00 statistical code 64.

It is also understood that some imported goods that are the goods the subject of this application may be entered under the following subheadings and statistical codes:

- 7216.61.00 statistical code 57;
- 7228.70.00 statistical code 12;
- 7308.30.00 statistical code 07.
- 

### 3. Fully describe your product(s) that are ‘like’ to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

Galintel manufactures solid base angle, galvanised, in accordance with Australia and New Zealand Standard AS/NZ 4680:2006, with an R3 durability rating in accordance with AS/NZ 2699:2002, and load tested in accordance with AS/NZ 1170:2002.

The objective of the Australian Standard AS/NZS 4680:2006 is to specify the requirements of “hot-dip galvanized (zinc) coatings on fabricated ferrous articles”. This Standard specifies requirements and tests for hot-dip zinc coatings on fabricated ferrous articles including structural steel, steel reinforcements, steel sheet fabrications, assembled steel products, tubular fabrications, fabricated

wire work, steel forgings, steel stampings, ferrous castings, nails and other small components. The hot-dip galvanised coating on solid base angle manufactured by Galintel comply with the requirements of AS/NZ 4680:2006.

The objective of the Australian Standard AS/NZ 2699:2002 is to specify the requirements for “built-in components for masonry construction”. AS/NZ 2699.3 specifies the requirements for durability of lintels and shelf angles. Solid base angle manufactured by Galintel comply with the requirements of AS/NZ 2699.3.

The objective of the Australian Standard AS/NZ 1170:2002 is to provide designers of structures with values representing the permanent actions, likely actions imposed due to use and occupancy, and other actions appropriate to the type of structure for use in structural design. Solid base angle manufactured by Galintel has been load tested in accordance with AS/NZ 1170:2002.

Galintel locally manufactured solid base angle are supplied in the following dimensions:

- 100mm x 100mm x 6mm in lengths ranging from 0.9 m to 2.7 m (in 0.2m increments); and
- 150mm x 100mm x 6mm in lengths ranging from 1.8 m to 4.0 m (in 0.2 m increments).

Please refer to Non-Confidential Attachment A-3.3 for Galintel's product brochure and specification details.

Galintel understands that the imported goods are variously described as lintels and B-bar. The following importer publication extracts identifies the imported goods:



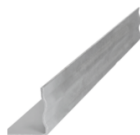
# vincentbudacompany

## BUDABAR LINTELS

### Budabar – B Bar

Australian designed light weight lintels used for supporting brickwork over openings. Features are:

- Hot Dip Galvanised to AS/NZ 4680:2006
- R3 Durability Rating in accordance with AS/NZS 2699:2002
- Load Tested in accordance with AS/NZS 1170.1:2002
- Light Weight in comparison to tradition lintels.



# vincentbudacompany

## LOAD TABLES

### **Budabar B- Bars**

#### Section Properties

DIMENSIONS		SECTION PROPERTIES						
Designation	Mass per metre	Gross Section Area	About x-axis		About y-axis		About n-axis	About p-axis
		Ag	Ix	Zx	Iy	Zy	ln	lp
	kg/m	mm <sup>2</sup>	10 <sup>6</sup> mm <sup>4</sup>	10 <sup>3</sup> mm <sup>3</sup>	10 <sup>6</sup> mm <sup>4</sup>	10 <sup>3</sup> mm <sup>3</sup>	10 <sup>6</sup> mm <sup>4</sup>	10 <sup>6</sup> mm <sup>4</sup>
100 x 100 x 6.0 B-Bar	8.19	1164	1.83	25.84	0.46	11.97	1.14	1.14
150 x 100 x 6.0 B-Bar	10.53	1464	4.05	39.4	0.72	13.39	3.49	1.29

Buda B-bar 100 x 100 x 6.0 -Safe load table

Angle 100x100x6.0 9.42kg/m	Span(m m)	900	1200	1500	1800	2100	2400	2700
	Bar Length (mm)	1200	1500	1800	2100	2400	2700	3000
	UDL (kg/m)	2550	1520	995	601	390	260	182
	Point Load(kg)	1350	1035	805	655	535	415	325

Buda B-bar 150 x 100 x 6.0 -Safe load table

Angle 150x100x6.0 11.78kg/m	Span(m m)	1800	2100	2400	2700	3000	3300	3600	4000
	Bar Length (mm)	2100	2400	2700	3000	3300	3600	3900	4300
	UDL (kg/m)	1320	945	705	525	375	275	210	155
	Point Load(kg)	1301	1050	875	758	645	555	495	415

Note: 1. a minimum of three courses of bricks must be laid above the lintel beam.

2. Load limited by deflection of   
1/600 span.

3. Yielding stress  $f_y=235$  Mpa, tensile strength  $f_u=375$  Mpa for both legs.

4. Calculate bar length is span+150mm each end.

Galintel's locally produced solid base angle and the imported goods are directly substitutable, are of similar physical dimensions and have the same essential appearance, and are used in the same end-use applications.

**4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.**

The locally manufactured goods are considered alike to the imported goods and have characteristics closely resembling the imported goods on the basis of the following:

- (i) Physical likeness – the goods made by Galintel possess the same physical dimensions as the imported goods (i.e. solid based angles measuring 100mm x 100mm x 6mm, or 150mm x 100mm x 6mm, in varying lengths), have the same physical appearance as the imported goods, are of similar weight and strength, and comply with applicable AS/NZ Standards 4680:2006, 2699:2002, and 1170:2002;
- (ii) Commercial likeness – the domestically manufactured goods are sold via the same or similar distribution channels, to the same or similar customers on the Australian market, and therefore compete directly with the imported goods;
- (iii) Functional likeness – both the Australian and imported goods have comparable or identical end-uses in the building and construction industry;

- (iv) Production likeness – the Australian industry products are manufactured in a similar manner to the imported goods, using the same or similar raw materials to the imported goods.

The locally produced and imported goods compete primarily in the east coast markets of NSW, Victoria and Queensland. The market may be segmented as follows:

- Large building market, the big project buildings, supplied through large resellers;
- Small building market (small builders/ owner builders, home improvement contractors), supplied through distributors to smaller resellers such as hardware stores.

In the large building market, the large resellers typically bid for supply contracts at fixed pricing over a period of time, typically 12 months. The large builders are very price sensitive and will switch resellers for better pricing. In the smaller building market, factors such as lead-time, stock availability, supplier location are important, though price is also an important element.

Galintel therefore considers that locally produced solid base angle and the imported goods possess the same essential characteristics and Galintel produces goods that are “alike” to the imported goods.

**5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC applicable to the goods the subject of this application is Division C – Manufacturing, Subdivision 21 – Primary Metal and Metal Product Manufacturing, Class 2149 Other Basic Non-Ferrous Metal Product Manufacturing (which includes bar, non-ferrous metal manufacturing, and section, non-ferrous metal, rolling drawing or extruding).

**6. Provide a summary and a diagram of your production process.**

Galintel has included a detailed production flow process schematic for solid based angle at Confidential Attachment A-3.6.

A brief summary of the manufacturing process involves:

- Receipt of steel coils from local manufacturer;
- Uncoil and form through rollform machine;
- Stack black bundled lintels into various sized packs;
- Goods pass to pickling/pre-treatment process;
- Goods placed onto trestles for drainage prior to loading onto jig;
- Lintels loaded onto jigs;
- Pickler moves loaded jigs into pre-flux prior to galvanising;
- Jig is picked up by galvaniser and lintels are galvanised in kettle for required time to achieve specification;
- Lintels are then quenched post galvanising;
- Finished goods are subject to QA and then bundled into designated packs for despatch to own and customer warehouses.

**7. If your product is manufactured from both Australian and imported inputs:**

- describe the use of the imported inputs; and
- identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Galintel manufactures solid base angle from Australian steel manufactured locally in Australia. Hot rolled coil is sourced locally (supplied by BlueScope Steel Limited), as is zinc used in galvanising (supplied by Sun Metals in Queensland).

**8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).**

The goods the subject of this application are not considered 'a processed agricultural good'.

**9. Supply a list of the names and contact details of all other Australian producers of the product.**

Galintel is the sole Australian manufacturer of solid base angle as described in this application.

## **A-4 The Australian market.**

### **1. Describe the end uses of both your product and the imported goods.**

The locally produced and imported goods (i.e. solid base angle) are sold and used in the residential housing market to support brickwork over window, door and garage openings.

The solid base angles are primarily used in single and double story residential construction. The image below demonstrates where a solid base angle is used above a window.

Figure 1 – Window solid base angle



### **2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:**

- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

The market for this product is primarily in NSW, Victoria and QLD and to a lesser extent in S.A., N.T. and Tasmania. The market was developed by the Galintel business over many years displacing what was previously used.

Galintel is the only Australian manufacturer of Solid Base Angle.

There are a number of alternatives to using Solid Base Angle including traditional angles (which are made from merchant bar angles) and also T-Bars made from coil plate. In many cases the choice of product will depend on the location and type of dwelling. Residential housing close to the coast will typically require a galvanised product. In certain states such as WA, Solid Base Angles are not used at all.

Galintel supplies products through a number of customer channels. The key channels are:

- Distributors who stock the product and sell to resellers;
- Resellers who sell direct to the end user, in this case typically builders. In many cases the Resellers would have large contracts with residential builders; and
- Hardware stores which sell to small end-user builders.

Galintel product is made at Galintel's local manufacturing facility located at Coffs Harbour and delivered direct to larger customers such as Distributors / Resellers or sold through its own warehouses in Brisbane, Sydney and Melbourne to end customers. A diagram of the distribution channels to market for the goods and like goods is included at Non-Confidential Attachment A-4.2.

The market is driven by new residential housing construction which over the last few years has been very buoyant and has experienced growth (which Galintel has been prevented from participating in). The preference for new residential homes on the east coast of Australia continues to be single and double story brick veneer houses.

The key players in the market are Galintel (local producer), Vincent Buda (importer) and Vespel Pty Ltd ("Vespel") (supplier of imported product sourced from Vincent Buda).

Imported and Australian made product compete on a number of levels:

- For the larger building customers, competition is based on price: Residential builders will look to maximise margins through reducing construction costs.
- Product availability (DIFOT): For many of the smaller customers, particularly hardware stores the key driver is the ability to get product quickly to supply their customers.

The end-user market is not differentiated for the goods and the like goods (i.e. they are indistinguishable in end use applications). The market is subject to only minor seasonal fluctuations associated with the holiday period at the end of December/early January, and again at Easter. Some impact is observed in extended periods of wet weather.

Sales of the goods and like goods are made as follows:

- Contract pricing for the larger project builders
- Specific customer Price Lists, which are fixed for periods of time, typically 6-12 months.  
The pricing on these lists will vary based on:
  - o Volume sold
  - o Customer location (ie if in country area may be higher due to increased freight)
- Importers also sell direct via retail list price.

**3. Identify if there are any commercially significant market substitutes for the Australian and imported product.**

There are certain market substitutes for lintels, however, they are not price competitive with solid base angles.

Substitutes include:

(a) Traditional Angles

Traditional angles are hot rolled merchant bar lintels manufactured from 300MPa grade steel. They are traditional steel sections used in the support of brickwork over clear openings and are not reliant on composite action. This product is used a lot in the Victorian market. Traditional angles contain more steel and hence are more expensive per tonne.

(b) Painted Angles



These are steel angles which are painted rather than galvanised. As the product is painted, the risk of rust is higher particularly if the steel surface becomes exposed due to accidental scratches during the installation process.

(c) Concrete Lintels

Concrete lintels are much heavier, more fragile and more expensive than solid base angles.

**4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.**

Galintel has completed Confidential Appendix A1 detailing production volumes in 2017/18 (for year ending September 2018). As Galintel is the only Australian manufacturer of solid base angle the company accounts for 100 per cent of total Australian production.

**5. Complete appendix A2 (Australian market).**

Galintel has completed Confidential Appendix A2 – Australian Market for the goods the subject of the application (i.e. solid base angle). Please refer to Confidential Appendix A2.

**6. Use the data from Confidential Appendix A2 (Australian market) to complete this table:**

Galintel has completed Confidential Appendix A2 – Australian market. The goods the subject of the application are classified to subheading 7308.90.00 statistical code 64 that includes a broad range of angles and similar goods. It is therefore not possible for Galintel to readily identify import volumes of the goods in Australian Bureau of Statistics (“ABS”) import data.

Galintel has therefore relied upon purchased export data for the goods which are understood to have been sourced from China. Galintel has been able to identify the supplier in China, as well as identify the import volumes and values for the 2017 calendar year (by month) and to March 2018 (with no data yet available post May 2018).

Galintel has purchased Chinese export data from [company name] and has a pending request for further updated export data once it becomes available. This data has not been released due to the US-China trade impasse. It is Galintel’s understanding from the market that the dumped imports from China have continued throughout the remainder of 2018 as Galintel continues to meet competition from the supplier of the Chinese imports (refer to the Case Study examples at Section A-9.2 below).

Please refer to Confidential Attachment B-1.5 for identified monthly export data for solid base angle exported to Australia from China over the identified period.

In order to prepare Confidential Appendix A2 – Australian market (see below), Galintel has relied upon its assessment of the Australian market for solid base angle to demonstrate the increase in export volumes from China which have displaced locally produced solid base angle supplied by Galintel.

*Indexed table of sales quantities*

Period	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2014/15	100	100	100	100	100	100	100
2015/16	139.5	100	139.5	126.5	100	126.5	134.5
2016/17	158.2	100	158.2	117.1	100	117.1	141.9
2017/18	167.4	100	167.4	122.3	100	122.3	149.5

Galintel has made a number of assumptions in the determination of the Australian market for like goods, based upon limited information available from published ABS import statistics. Galintel has relied upon the sourced export data for Chinese solid base angle for the 2017/18 year, and obtained export data from January 2015 to compile an analysis of the Australian market for the purposes of Confidential Appendix A2. Galintel understands that the dumped imports commenced during the 2015 year – an exact date is not identifiable (understood to be in latter part of year).

Galintel has purchased export data from 2015 to complete Confidential Appendix A2. The data confirms an increase in dumped exports from China in 2015/16 (and a subsequent decline in non-dumped exports). Galintel's own market intelligence is based upon its knowledge that each house has approximately xx windows of which approx. xx are solid base angle. Housing start information is readily available from the ABS, as well as other sources including HIA – housing prediction/forecast information.

Galintel's view is that the Australian market has experienced growth in 2017/18, consistent with increase in housing starts.

**A-5 Applicant's sales.****1. Complete appendix A3 (sales turnover).**

Confidential Appendix A3 has been completed by Galintel for the goods the subject of this application.

**2. Use the data from appendix A3 (sales turnover) to complete these tables.***Indexed table of Applicant's sales quantities\**

Quantity	2014/15	2015/16	2016/17	2017/18
<b>All Products</b>				
Aust. Market	100	147.02	177.51	197.99
Export Market	100	100.00	100.00	100.00
Total	100	147.02	177.51	197.99
<b>Like Goods</b>				
Aust. Market	100	139.53	158.18	167.39
Export Market	100	100.00	100.00	100.00
Total	100	139.53	158.18	167.39

In 2015, Nepean acquired Ingal Building Systems, an importer of solid base angle. Nepean replaced imported solid base angle with locally manufactured solid base angle, enabling it to increase utilisation at its Coffs Harbour production site. As a consequence of the acquisition, Galintel's production and sales volumes increased from the 2015/16 year. However, Galintel has experienced injury from increasing volumes of dumped solid base angle imported from China at declining prices over the last three-year period (up to, and including, the 2017/18 period identified in this application).

*Indexed table of Applicant's sales values\**

Revenues	2014/15	2015/16	2016/17	2017/18
<b>All Products</b>				
Aust. Market	100	141.17	167.33	190.00
Export Market	100	100.00	100.00	100.00
Total	100	141.17	167.33	190.00
<b>Like Goods</b>				
Aust. Market	100	135.34	165.30	182.96
Export Market	100	100.00	100.00	100.00
Total	100	135.34	165.30	182.96

Galintel's sales values have also increased since 2015 following the acquisition of Ingal Building Systems by Nepean.

**3. Complete appendix A5 (sales of other production) if you have made any:**

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Galintel does not have any internal transfers of the goods the subject of this application. Galintel has not imported any solid base angle over the four-year injury period identified in this application.

**4. Complete appendix A4 (domestic sales).**

Galintel has completed Confidential Appendix A4 for all domestic sales by invoice in the period 1 October 2017 to 30 September 2018. Please refer to Confidential Appendix A-4.

**5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

Galintel is not related to any of the customers listed in Confidential Appendix A4.

**6. Attach a copy of distributor or agency agreements/contracts.**

Galintel does not have a distributor or agency agreement for sales of the goods the subject of this application.

**7. Provide copies of any price lists.**

Galintel does utilise price lists for the purposes of selling the goods the subject of this application. Please refer to Confidential Attachment A-5.7 for a copy of certain price lists.

- 8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**
- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
  - If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

Galintel does not provide price reductions or rebates on its sales of lintels sold in Australia.

- 9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Galintel has selected two domestic sales from each quarter in 2017/18 and included a complete set of commercial documents for each sale at Confidential Attachment A-5.9.

**A-6 General accounting/administration information.**

**1. Specify your accounting period.**

Galintel's financial year is 1 July to 30 June.

**2. Provide details of the address(es) where your financial records are held.**

Galintel's business address is:

137 Rookwood Road  
Yagoona NSW 2199

**3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- *chart of accounts;*  
Galintel has included a copy of its chart of accounts at Confidential Attachment A-6.3.1.
- *audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);*  
Galintel has included copies of its audited annual financial statements for 2017/18 and 2016/17 at Confidential Attachment A-2.9.
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.  
*These documents should relate to:*
  1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
  2. the company overall.

Copies of monthly internal reports for December 2017, March 2018, June 2018 and September 2018 are included at Confidential Attachment A-6.3.2.

**4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

Galintel's financial statements are audited. This question does not apply.

**5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

Galintel's accounting practices do not differ from Australian generally accepted accounting principles.

**6. Describe your accounting methodology, where applicable, for:**

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Galintel recognises sales revenue when the goods are despatched from its premises. Discounts are accrued for as they occur and then reconciled back to actual when invoice is paid by the customer, however, no discounts are generally provided.

- **provisions for bad or doubtful debts;**

Galintel takes up specific provisions for doubtful debts when the likelihood is high that a debt will not be recoverable. Nepean does not take up a general debtor's provision.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses and interest are not allocated to cost of goods.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Galintel has a Bill of Materials for manufactured goods. When the goods are produced, the accounting system generates a COGS which includes:

- direct labour;
- materials;
- a share of direct and indirect overheads.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials are valued in a number of different ways:

- Standard cost for steel coil
- Average cost for manufactured goods
- FIFO for zinc used in the galvanising process

- **valuation methods for scrap, by-products, or joint products;**

Scrap is not recorded as inventory. Scrap proceeds are treated as sundry income when sold.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Goods damaged during the manufacturing process are either repaired or if unable to be repaired, scrapped.

- **valuation and revaluation of fixed assets;**

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable value if the assets carrying value is greater than its estimated recoverable amount.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

The useful life and depreciation period of each class of asset is as follows:

Class of asset	Useful life	Dep Rate	Dep method
Land and Buildings	20-40 years	2.5%	Straight Line
Plant and Equipment	2-15 years	18.75%	Straight Line
Motor Vehicles	2-10 years	20%	Straight Line
Office Furniture / Fittings	4 years	25%	Straight Line

Office Equipment

4 years

25%

Straight Line

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**
  - Exchange rate gains and losses on the purchase of inventory items are included in the valuation of inventory.
  - Unrealised exchange gains / losses on balance sheet items are revalued monthly.
  - Unrealised exchange gains / losses are taken to the profit and loss every month as
- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

When restructuring costs are incurred these costs are taken up in the profit and loss account and, depending on their materiality, treated as an impairment expense.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

Galintel's accounting methods have not changed over the period covered by the application.

## **A-7 Cost information**

1. **Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

Galintel has completed Confidential Appendices A6.1 (domestic sales) for the goods the subject of this application. Galintel does not export the goods the subject of this application, hence, Confidential Appendix A6.2 has not been completed.

## A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

### 1. Estimate the date when the material injury from dumped imports commenced.

The injury from dumping commenced in 2015 following Nepean Building & Infrastructure's acquisition of Ingal Building Systems – an importer of solid base angle from China – with an objective of displacing imported solid base angle with locally manufactured products. Immediately prior to this, one of Galintel's largest customers – Vincent Buda Company – abandoned purchasing from Galintel and commenced importing from China. Galintel lost all purchases by Vincent Buda company to Chinese imports.

Galintel has been unable to capture sales volume growth in an expanding market in 2017/18 (reflecting growth in housing starts). Galintel, therefore, has experienced volume injury in 2015, and further in 2017/18.

Galintel has experienced price injury from the dumped imports from late 2015 as Galintel's selling prices were impacted by the selling prices of the importer of the dumped goods. It was only via the acquisition of Ingal that Galintel was able to reduce costs (via higher production and sales volumes) that Galintel was able to achieve modest levels of profit. In 2017/18, Galintel was further injured with the dumped exports undercutting Galintel and preventing Galintel from recovering cost increases, primarily driven by higher HRC prices).

Galintel commenced to experience injury from the dumped exports in 2015. Further volume and price injury has been experienced by Galintel in 2017/18 from the dumping of exports from China to Australia.

### 2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production. P<sup>n</sup> is the most recent period.

*Index of production variations (model, type, grade of goods)*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	139.5	158.2	167.6

#### Notes:

1. Period is 1 October 2014 to 30 September 2018.
2. Data is from Line 9 of Confidential Appendix A6.1.

Galintel's production of the goods has increased since 2015 following the acquisition of Ingal Building Systems by Nepean Building & Infrastructure with the replacement of imported solid angle sections from China. Galintel, however, has suffered price suppression as a result of declining price offers in the Australian market for Chinese-sourced lintels as offered by the Australian importer of the goods.

*Index of cost variations (model, type, grade of goods)*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	91.3	97.7	105.7

#### Notes:

1. Period is 1 October 2014 to 30 September 2018.
2. Data is from Line J49 of Confidential Appendix A6.1



Galintel's cost to make and sell ("CTM&S") the goods, the subject of this application, declined in 2015/16 as the company increased production volumes and unit fixed costs and overheads declined. However, in 2017/18, Galintel has experienced increases in production costs that it has been unable to recover through increased selling prices due to price undercutting experienced from the dumped Chinese exports into Australia.

*Index of price variations (model, type, grade of goods)*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	97.0	104.5	109.3

Notes:

1. Period is 1 October 2014 to 30 September 2018.
2. Data is from Line L56 of Confidential Appendix A6.1

Galintel's CTM&S for solid base angles increased by approximately 8 per cent in 2017/18, whereas selling prices have not increased. It should be noted that the injury experienced by Galintel is less than it otherwise could have been in the absence of increased rebates provided by Galintel's HRC supplier during the 2017/18 period.

*Index of profit variations (model, type, grade of goods)*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	829.8	1007.4	480.8

Notes:

1. Period is 1 October 2014 to 30 September 2018.
2. Data is from Line N60 of Confidential Appendix A6.1

Galintel experienced an increase in unit profit in 2015/16 and 2016/17 as it increased sales volumes of local product and the capacity utilisation of Galintel's Coffs Harbour facility improved. However, in 2017/18, Galintel's unit profit declined by almost 50 per cent as it experienced price undercutting and was unable to pass-on higher production costs in the period.

*Index of profitability variations (model, type, grade of goods)*

Period	2014	2015	2016	2017
Index	100	855.5	964.0	439.8

Notes:

1. Period is 1 October 2014 to 30 September 2018.
2. Data is from Line N62 of Confidential Appendix A6.1

Galintel's profitability reflected the trend evident in unit profit, with a halving of profitability evident in 2017/18 due to the impact of dumping on Galintel's selling prices for locally produced goods.

3. **Complete appendix A7 (other injury factors).**

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

Galintel has completed Confidential Appendix A7 for each of the relevant indicators. Galintel has identified the following two indicators that demonstrate a deterioration in the 2017/18 year.

*Index of Return on Investment*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	934.7	897.9	744.7

Notes:

1. Period is 1 October to 30 September.
2. Data is from Line 24 of Confidential Appendix A7.

Galintel has experienced a decline in its return on investment in 2017/18 as it competes with the injurious prices of dumped imports from China.

*Index of Employment*

Period	2014/15	2015/16	2016/17	2017/18
Index	100	111.9	133.9	120.8

Notes:

1. Period is 1 October to 30 September.
2. Data is from Line 63 of Confidential Appendix A7.

Galintel increased its employment levels following its acquisition of Ingal Building Systems to manage increases in production. However, in 2017/18, Galintel has had to manage its costs and reduced employment levels (and salaries) accordingly in order to compete with imports.

## **A-9 Link between injury and dumped imports.**

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

### **1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.**

Galintel considers that it has been impacted by imports of solid base angles from China following the shift in sourcing by one of its larger customers – Vincent Budda – to sourcing from China in 2015.

Galintel lost the sales volumes it previously had with Vincent Buda & Co (“VB”) to Chinese sourced-goods – approx. 2,500 to 3,000 tonnes per annum from 2015. Galintel acquired a competitor in the market (that also sourced from China) and replaced the imported volumes with product by Galintel. Galintel has progressively increased its local sales volumes (via the displacement of the previously imported Ingal volumes), however, this increase in sales has not reflected the growth in the Australian market.

In 2016, Vespel Pty Ltd (“Vespel”) a seller of building products entered the market and sourced solid base angle from VB and has actively sold against Galintel, further dampening sales of domestic production in an otherwise expanding market (evidence as per Confidential Attachment A-9.2 Case Study 4 Attachment 1 – see email dated 1 November 2016 re Vespel pricing).

Galintel has suffered margin reduction across its sales (see Case Studies 3 and 4 below) due to VB selling dumped imports of solid base angle into the Australian market at a time when raw material hot rolled coil prices increased substantially. Galintel has not been able to raise selling prices to recover cost increases in 2017/18 and this has adversely affected Galintel's profit and profitability (refer email correspondence included with Confidential Attachment A-9.2 Case Study 4 – Attachment 1).

Galintel has also not captured the anticipated growth in sales volume that was expected in 2017/18 with the increase in housing starts. Galintel's sales volumes have been retarded due to the price undercutting from the dumped Chinese exports. Galintel therefore is also claiming lost opportunity on sales forgone in 2017/18.

### **2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.**

#### **(i) Introduction**

Demand in the Australian market for solid base angle is linked to housing starts and building activity. The market has expanded across the injury period and Galintel has improved sales volumes above historic levels and that represented by the annual sales volumes of the acquired Ingal Building Systems. Whilst sales volumes have improved, Galintel has been unable to increase selling prices to recover recent production cost increases from raw material HRC and zinc. The inability of Galintel to raise selling prices has been driven by price undercutting experience from imports of solid base angles sold by Vincent Buda & Co sourced from its related trading company in China.

The following examples highlight the price undercutting experienced by Galintel over the 12 months to 30 September 2018.

(ii) Price Injury**(a) Case Study 1**

Vincent Buda & Co (“VB”) is a company which supplies a variety of products including (Solid Base Angles) to building market.

VB supplies Solid Base Angles to a number of large number of builders including:

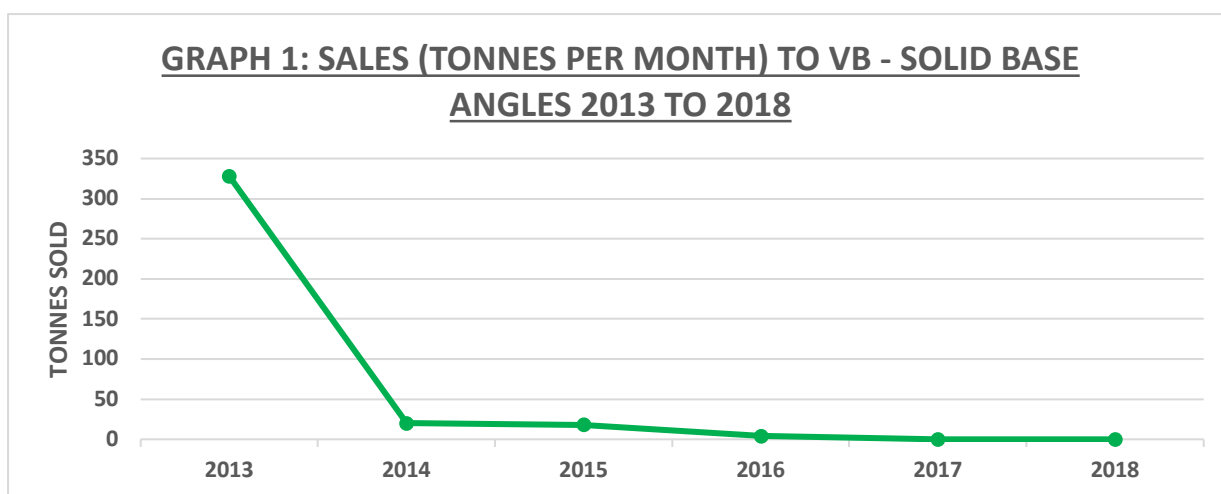
- Masterton Homes;
- Clarendon Homes;
- Rawson Homes.

In addition to large Builders VB also supplies to many small resellers and distributors. A number of these builders were supplied by customers of Galintel.

VB was a large customer of Galintel (until 2014), but now imports Solid Base Angles directly from China. The ability of VB to obtain and then sell cheap overseas product into the Australian market has had the following impact on Galintel:

- Loss of a large customer resulting in financial loss (annual sales revenues of approx. \$xxxk);
- The low pricing in market resulting in a number of Galintel’s customers having to match these prices or lose volume. This has directly impacted the profitability of Galintel.

**Graph 1** shows the drop in sales volume (tonnes) from Galintel to VB for the period 2013 to 2018. VB is now fully importing Solid Base Angles and is not buying from Galintel at all.



VB is importing cheap Solid Base Angles and selling them into the Australian market. This action has resulted in financial loss to Galintel.

**(b) Case Study 2**

[Company name] (“name”) is a building supply company which supplies a variety of products including cold rolled steel angles of varying lengths (Solid Base Angle) to the residential housing market. The typical customers are small builders. In addition to Solid Base Angle the company sells other building materials including bricks, structural beams and concrete.

[Name] is a major customer of Galintel and purchases a significant amount of the Solid Base Angle that are manufactured in Coffs Harbour.

In April 2017 Galintel advised [Name] of a price rise for all Solid Base Angle. This price rise was based on rising input costs including Zinc (used in the Hot Dip galvanising process) and the cost of hot rolled steel coil.

Due to import competition, Galintel was unable to maintain this price increase to [Name] and reduced its price on 100x100x6 Solid Base Angles by 2.5% to retain this business. This price was permanent and has continued throughout 2018.

This price decrease impacted Galintel margins and caused Galintel financial loss.

Refer Confidential Attachment A-9.2 - Case Study 2 Attachment 1:

- Sold Base Angle pricing per unit to Complete over the period April 2017 to May 2018;

Refer Confidential Attachment A-9.2 - Case Study 2 Attachment 2:

- July 2017 invoice No. 122515 showing per unit price on highlighted Solid Base Angles;

Refer Confidential Attachment A-9.2 - Case Study 2 Attachment 3

- August 17 Invoice No 123478 showing per unit price on highlighted Solid Base Angle. The prices highlighted are less than the price shown in Attachment 2.

Refer Confidential Attachment A-9.2 – Case Study 2 Attachment 4:

- Feb 18 Invoice No 129904 showing price per unit price on highlighted Solid Base Angle. The prices highlighted are the same per unit prices as those shown in Attachment 3.
- 

### **(c) Case Study 3**

[Company Name] ("name") is a company which supplies a variety of products including cold rolled steel angles of varying lengths (Solid Base Angles) to the residential housing market.

[Name] held a number of contracts in NSW with large builders including:

- *customer*
- *customer*
- *customer*

Galintel was the main supplier of Solid Base Angle to [Name] for these contracts. Galintel manufactures this product in Australia at its Coffs-Harbour facility.

Galintel was advised by [Name] that a competitor was approaching builders with substantially cheaper prices than that being offered by [name]. This activity began in October 2017. The competitor was:

- Steel Builders <https://www.steelbuilders.com.au/>

This competitor does not manufacture the Solid Base Angle in Australia but imports them from China. The name of the competitor's Chinese supplier is:

- Yongkang Vincent Import and Export Co., Ltd formerly called Yongkang Vincent Tools Co., Ltd (organisation number 590552410)

The prices being offered were substantially lower than the pricing from [Name]. To retain the business of [Name], Galintel had to:

- 100x100x6 Solid Base Angle
  - Maintain the price at 2016 levels and not pass through input cost increase on steel, zinc, labour and other production costs such as energy.
- 150x100x6 Solid Base Angle
  - Reduce the selling price to below 2016 levels and not pass through input cost increases on steel, zinc, labour and other productions costs such as energy.

This impacted the margin that Galintel was making on these products and caused Galintel financial loss.

From July 2018, [Name] lost these contracts and this will result in a further loss of margin / volume for the Galintel Business.

- Refer Confidential Attachment A-9.2 Case Study 3 - Attachment 1.
  - 100x100x6 Solid Base Angle showing the drop in Gross Margin during 2017 on products sold to [Name].
  - Sell Price to [Name] of 100x100x6 Solid Base Angles.
- Refer Confidential Attachment A-9.2 – Case Study 3 - Attachment 2.
  - 150x100x6 Solid Base Angle showing the drop in Gross Margin during 2017 on products sold to [Name].
  - Sell Price to [Name] of 100x100x6 Solid Base Angle.
- Refer Confidential Attachment A-9.2 – Case Study 3 - Attachment 3
  - Invoice dated July 2016 showing sell price for 100x100x6 Solid Base Angle to [Name]. Specifically, 2.1m Length.
  - Invoice dated May 2018 showing sell price for 100x100x6 Solid Base Angle to [Name]. Price per unit has not changed in 24 months due to competitive pressure from an importer.
- Refer Confidential Attachment A-9.2 – Case Study 3 - Attachment 4.
  - Invoice dated July 2016 showing sell price for 150x100x6 Solid Base Angle to [Name]. Specifically, 3m length.
  - Invoice dated May 2018 showing sell price for 150x100x6 Solid Base Angle to [Name]. Price per unit has dropped due to due to competitive pressure from an importer.

Please also refer to BSD's communication dated 11 May 2018 confirming it could not accept Galintel's proposed price increase due to competition from VB (refer Confidential Attachment A-9.2 Case Study 4 – Attachment 1).

**(d) Case Study 4**

Galintel supplies solid base angle to the NSW large home project building market via sales to a reseller customer, [customer name] (“name”).

[Name] did not purchase solid base angle from Galintel prior to February 2016. Galintel also understands that other resellers were unable to purchase from Galintel and compete in the NSW large home project building market against Vincent Buda & Co (“VB”) due to VB supplying dumped solid base angle into the NSW building market (specifically targeting large home projects).

Galintel, therefore, has been unable to gain its fair share of the NSW large home building market.

The following Table details Galintel’s sales to [Name] over the period February 2016 to November 2018 and contrasts with imports by VB over the same period. The loss opportunity of sales for Galintel over this period amounts to approximately xxxx tonnes that could have been supplied by Galintel (but for the dumping). Galintel has the capacity to produce this additional volume at its Coffs Harbour facility.

**Table 1 – Galintel sales to [Name] v imports by VB**

*Estimates sales volumes to Customer v import by month from February 2016 to November 2018.*

Galintel considers it has suffered lost sales volumes to [Name] that have been supplied into the large home building market by VB since February 2016.

Please refer to correspondence from [Name] confirming price pressures from VB at Confidential Attachment A-9.2 Case Study 4 – Attachment 1 which includes both direct external communications and internal emails within Galintel.

**(iii) Price suppression**

Galintel has experienced price suppression in 2017/18 as it has not been able to increase selling prices (by 4.5 per cent) to reflect cost increases (by xxx per cent) due, in the main, to higher production costs. Galintel’s attempt to increase selling prices in 2017 is evidenced in the above Case Study 4 citation. Galintel highlights with the Commission that the price suppression experienced by Galintel is actually greater than evidenced in its Confidential Appendix A6.1 due to the pricing support received from its HRC supplier that enables Galintel to compete with the dumped Chinese imports.

Galintel has the available capacity to supply the Australian market with sales volumes presently supplied by dumped imports. The price undercutting experienced by Galintel from the dumped imports has prevented Galintel from securing these volumes.

The impact of the margin erosion is that in 2017/18, Galintel’s profit and profitability declined by almost 50 per cent from the levels achieved in 2016/17.

**3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).**

Galintel has experienced an increase in cost to make and sell (“CTM&S”) solid base angle in 2017/18 of approximately xxx per cent. Over this period, Galintel has not been able to increase prices to recover cost increases and has, in certain instances, reduced prices in response to selling prices for dumped imports of lintels from China (refer Case Study examples at 9.2 above, particularly correspondence referenced for Case

Study 4).

The dumped exports from China have prevented Galintel from recovering increasing costs during 2017/18 and is likely that further price suppression is likely as the Australian importer continues to supply at prices that undercut Galintel's selling prices. As a consequence of the price undercutting and Galintel's inability to raise prices to fully recover cost increases, Galintel has experienced an approximate 50 per cent reduction in its profit and profitability from the level achieved in 2016/17.

- 4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.**

Galintel has experienced injury in select other forms (including reduced return on investment, reduction in attractiveness to reinvest) which are principally driven by the level of returns achieved in the production and sale of solid base angle in 2017/18.

Due to Galintel's acquisition of a competitor in 2015, Galintel has been able to displace the imports of its competitor with locally produced solid base angle. This has resulted in increased production, increased production utilisation of its manufacturing facility, and an increased labour force (although levels of employment declined in 2017/18 as Galintel sought to reduce costs).

It is also apparent from Galintel's Confidential Appendix A7 schedule that the company has experienced increases in its inventory level at the end of each period in 2016/17 and 2017/18. This is considered to reflect Galintel's unwillingness to sell stocks at reduced prices against dumped imports.

Galintel considers it has experienced injury in each of the following "other" indicator forms:

- Reduction in return on investment;
- Reduced attractiveness to reinvest;
- Reduced employment in 2017/18; and
- Increase in inventory levels.

- 5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.**

The reduction in profit and profitability for Galintel in 2017/18 by approximately 50 per cent is considered significant when it is considered that the company's turnover on solid base angle is approximately \$xxx M and the level of profit achieved was less than xxx per cent. Solid base angle is the single largest product line manufactured by Galintel.

The concern for Galintel is that the actual injury is higher once rebates on HRC purchases received by Galintel's supplier are taken into account.

The injury experienced by Galintel is considered "material" and threatens the future viability of the business if Galintel is required to compete with unfairly priced imports. The forms of injury considered to be material by Galintel include:

- Volume injury;
- Price suppression;
- reduced profit and profitability.



**6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

Galintel has benefited from its acquisition in 2015 of an importer of solid base angle as Galintel has replaced the imports from local production. This has resulted in increased utilisation of local production capacity at its Coffs Harbour production plant.

As Galintel has experienced increased production utilisation it would be expected that it would have achieved economies of scale. This, however, has not occurred. Coinciding with increased production, there have been increases in production costs including raw material HRC and electricity costs.

It is considered by Galintel that there have been no “other” factors that have contributed to injury experienced by Galintel in 2017/18.

**7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry’s economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Galintel has observed during 2017/18 an increase in the willingness of the importer of the dumped solid base angle to approach a broader representation of wholesalers/distributors of lintels to the building industry at prices that undercut Galintel’s selling prices.

Galintel has monitored the progress in Investigation 441 as steel pallet raking is also manufactured from HRC and has been supplied into the Australian market from China at dumping margins that are considered substantial.

The dumping of Chinese solid base angle into the Australian market is therefore not too dissimilar to the practices involving steel pallet racking. Provided the volume of exports is sufficient to enable the importer to offer across the market – which is the case for solid base angle – the levels of dumping provide an ‘incentive’ for the importer to increase volumes at the expense of Australian-produced solid base angle.

In the 2017/18 period Galintel was experiencing increases in costs through higher input costs (i.e. HRC and electricity) whereas the selling prices for imported solid base angle remained flat and undercut Galintel’s selling prices.

In 2017/18, Galintel has experienced injury in the following forms:

- Loss of sales volumes;
- Price suppression;
- Reduced profit and profitability;
- Reduced return on investment;
- Reduced attractiveness to reinvest; and
- Increased inventory levels.

The injury experienced by Galintel in 2017/18 is considered material in nature for a small to medium sized enterprise of Galintel’s size.

Galintel is concerned that the increased preparedness of the Australian importer of Chinese solid base angle to undercut the Australian industry demonstrates a likelihood of increased import volumes in the foreseeable future. Galintel has identified that the lintels exported from China are at significant margins of dumping and that further material injury in the form of lost sales volumes, price suppression, reduced profit and profitability is considered likely.

Galintel therefore requests the Commission to commence an investigation into the alleged dumping of solid

base angle into Australia at margins of dumping that are large and have caused material injury to the Australian industry manufacturing like goods. Galintel also requests the Commission to publish a Preliminary Affirmative Determination ("PAD") and impose provisional measures at the earliest opportunity from Day 60 of an investigation to prevent further material injury from occurring to the Australian industry.

# PART B

## DUMPING

### **IMPORTANT**

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## **B-1 Source of exports.**

### **1. Identify the country(ies) of export of the dumped goods.**

The goods the subject of this application have been exported from the People's Republic of China ("China").

### **2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.**

The country of origin of the goods is also understood to be the country of export of the goods.

### **3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.**

China is not considered by Australian authorities to be "economy in transition" country for the purposes of Australia's Anti-Dumping provisions.

### **4. Where possible, provide the names, addresses and contact details of:**

- **producers of the goods exported to Australia;**
- **exporters to Australia; and**

#### **China – producer/exporter**

The applicant understands that the exporter of the goods is:

Yongkang Vincent Import and Export Co., Ltd formerly called Yongkang Vincent Tools Co., Ltd  
Zhejiang Province, Jinhua, China (organisation number 590552410)

Yongkang Vincent is a trader of goods. It does not manufacture the solid base angle exported to Australia. The applicant does not know the name of the Chinese producer of the solid base angle exported to Australia by Yongkang Vincent.

The manufacturer of the goods is (only available contact details):

Jinhua Hongtuo Metal Product Co., Ltd (organisation number 307440086)  
Zhejiang Province, Jinhua City, Jindong District, Yajin Road, No.3 (In the site of Zhejiang Kaiyuan Mechanical and Electrical Engineering Co., Ltd), China

- **importers in Australia.**

The Australian importer of lintels exported from China is:

Vincent Buda & Company Pty Ltd  
82-88 Benaroon Road  
Belmore NSW 2192  
Tel: (02) 9740 1500  
Web: [www.buda.com.au](http://www.buda.com.au)

Vincent Buda & Company Pty Ltd ("Vincent Buda") is a manufacturer and distributor of building supplies including solid base angle. Vincent Buda is an importer of Chinese-manufactured lintels and sources the goods from its related-exporter in China, Yongkang Vincent Tools Co., Ltd.

Galintel also understands there is another imported of solid base angles from China into Australia, namely:

Vespol Pty Ltd

26 Garner Place  
 Ingleburn NSW 1890  
 Tel: (02) 8795 5100  
 Fax: (02) 9618 3155

5. **If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.**

The import volume of solid base angle from China exceeds 3 per cent of the total import volume in the twelve-months ending September 2018. China is the main source of imports of solid base angle and has supplied the Australian market over the last four-year period. In 2015, Vincent Buda ceased purchasing from Galintel and sourced its requirements solely from China. From 2016 onwards, imports of solid base angle by Vincent Buda account for the greatest import volumes into Australia year-on-year.

6. **In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.**

This application does not include an application for countervailing measures.

## B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. **Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.**

The Applicant is not able to identify imports of solid base angle in Australian Bureau of Statistics ("ABS") published data. The classification for the goods is 7308.90.00, statistical key 64. The subheading for the goods is "Other" and hence there are numerous goods included in this category, including in statistical key 64, where solid base angle is correctly classified.

It is the Applicant's view that the goods exported from China may be included in this classification, however, the export volumes and values cannot be readily identified.

To aid in the identification of the dumped exports to Australia, the Applicant has purchased export data for 7308.90 from [Company name], a company that specialises in the sourcing and supply of import and export trade data.

Table 1 below identifies the export volumes and values of solid base angle from China exported by Yongkang Vincent Tools Co., Ltd to Australia, by month since January 2017.

**Table 1 – Monthly exports of solid base angle to Australia from China (A\$/kg)**

Month	Qty (kgs)	Value A\$	Unit Value A\$/kg
Jan 2017	342,832	306,835	0.895
Feb 2017	-	-	
Mar 2017	200,338	213,961	1.068
Apr 2017	250,856	240,108	0.957
May 2017	148,835	178,453	1.199
Jun 2017	220,329	226,719	1.029
Jul 2017	289,614	307,089	1.060

Aug 2017	326,017	379,501	1.164
Sep 2017	89,912	106,096	1.180
Oct 2017	175,136	213,238	1.218
Nov 2017	469,762	522,514	1.112
Dec 2017	199,232	243,037	1.220
Jan 2018	273,261	345,278	1.264
Feb 2018	45,168	61,748	1.367

Source: [Name]

Export data published by Chinese agencies is only available until February 2018. Following the trade sanctions imposed by the U.S. early in 2018, Chinese authorities have ceased publishing certain export data (including information for exports of solid base angle). The Applicant is seeking to source updated information as soon as it becomes available.

**2. Specify the terms and conditions of the sale, where known.**

The Applicant understands that the published export data is for goods sold at FOB point, China.

**3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

The Applicant considers that the published data is reliable for the purposes of establishing *prima facie* dumping margins. It is noted, however, that the trading company exporter and the Australian importer are related companies and this relationship may affect the arms-length nature of the export price.

**4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Please refer to Confidential Attachment B-2.4 for export data information supplied by [Name] for solid base angle exported to Australia under subheading 7308.90.

### **B-3 Selling price (normal value) in the exporter's domestic market.**

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

**1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

**A. Introduction**

The Applicant submits that normal values for the goods sold in China cannot be determined under subsection 269TAC(1). Domestic selling prices for solid base angle are considered artificially low due to Government of China ("GOC") influence on the key raw material input, hot rolled coil ("HRC"). HRC accounts for more than 50 per cent of the production cost of solid base angle and it is considered that distortions in the HRC market have a substantial impact on the selling prices for solid base angle. As a consequence, the applicant contends that a particular market situation exists for solid base angle sold domestically in China.

In Statement of Essential Facts No. 441 ("SEF 441") involving steel pallet racking exported from China

(Published on 5 November 2018), the Commission has preliminarily determined<sup>1</sup> that domestic selling prices in China for steel pallet racking are not suitable for normal value purposes as the GOC through its “*directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs*” has substantially distorted market conditions in the steel industry in China.

The Commission concluded that “*the GOC influences in the Chinese steel industry have created a ‘market situation’ in the steel pallet racking market, such that sales of steel pallet racking are not suitable for determining normal value under subsection 269TAC(1).*”

As is the case with steel pallet racking, HRC represents a substantial proportion of the total production cost for solid base angle. The applicant, therefore, considers that a particular market situation in China also exists for solid base angle.

## **B. Market situation – solid base angle**

The Commission’s preliminary determination in SEF 441 reflects findings in earlier investigations in which HRC was the key input in the manufacture of the exported goods. The relevant investigations involving Chinese exports to Australia where HRC was a key input include:

- Investigation No. 177 (2012) Hollow Structural Sections;
- Investigation No. 190 (2013) Galvanised and Aluminium Zinc Coated Steel;
- Investigation No. 203 (2013) Hollow Structural Sections
- Investigation No. 379 (2017) Hollow Structural Sections;
- Investigations No. 456 & 457 (2018) Galvanised and Aluminium Zinc Coated Steel.

The investigations by the Commission as they relate to HRC produced and sold in China have enabled the Commission to progressively build its knowledge and understanding of the dynamics of the Chinese HRC market since 2012. The Commission’s analysis of the Chinese steel industry has established that the GOC plays a significant influencing role in the industry and this has impacted selling prices for steel products, including HRC, such that they are lower than they otherwise would be.

The key mechanisms identified by the Commission which have influenced pricing in the Chinese steel industry include:

- The role and operation of State Owned Enterprises (including State Invested Enterprises - SIEs);
- Industry planning guidelines and directives;
- The provision of direct and indirect financial support;
- Taxation and tariff policies.

It is appropriate to examine each of the identified mechanisms further examined by the Commission in SEF 441.

### **(i) The role and operation of SOEs**

The Commission identified that SOEs account for 49 per cent of total steel production in China<sup>2</sup>. Additionally, the World Bank identified “state enterprises have close connections with the Chinese government. SOEs are more likely to enjoy preferential access to bank finance and other important input, privileged access to business opportunities, and even protection against competition<sup>3</sup>.”

Government-support mechanisms provided to SOEs include: subsidies, support from associated

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<sup>1</sup> Statement of Essential Facts No. 441 – steel pallet racking exported from P R China, Non-Confidential Appendix 2 – Assessment of a Particular Market Situation – China, P.100.

<sup>2</sup> European Commission (2017). Commission staff working document on significant distortions in the economy of the People’s Republic of China for the purposes of trade defence investigations, SWD (2017) 483 final/2, Brussels, p. 358.

<sup>3</sup> World Bank, China 2030: Building a Modern, Harmonious, and Creative Society, Report No 96299 (March 2013), P.25.

enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks<sup>4</sup>.

The Commission further noted:

*“.....these mechanisms have supported the rapid expansion of steel production capacity in the SOE segment, in spite of repeated attempts by the Central Government to reduce the scale of steel production. It is also the Commission’s view that these support mechanisms have created rigidities in the way recipient firms respond to price and profit signals and hence have significantly contributed to the excessive investment in capacity, excess steel production and distorted prices.”*

SEF 441 further details the impact of the GOC on SOEs and how decisions are politically influenced as distinct from market-driven.

(ii) Industry planning guidelines and directives

In SEF 441 the Commission also found that the GOC’s planning guidelines and directives also contributed to the overcapacity, oversupply and distortion of prices in the Chinese steel industry during the investigation period.

SEF 441 identifies a range of GOC planning guidelines and directives that demonstrate long-standing support by the GOC for the Chinese steel industry. The identified programs that have been implemented since 2005 and have currency until 2020.

The list of guidelines and directives relied upon by the Commission in SEF V441 are included at Non-Confidential Appendix 2 – Assessment of a Particular Market Situation P 95-98.

(iii) Direct and indirect financial support

The GOC has provided a range of subsidies and tax concessions that reduce the operating cost of Chinese steel enterprises. The reduced costs “confer a competitive advantage through the ability to offer steel products at lower prices, and increase the profitability of steel production<sup>5</sup>.”

Programs that operate to assist steel manufacturers in China include preferential loans and directed credit, equity infusions and/or debt-to-equity swaps, access to land at little or no cost, government mandated mergers (permitting acquisition at little or no cost) and direct cash grants for specific steel construction projects<sup>6</sup>.

The Commission has stated in SEF 441 that “*the programs have directly contributed to the conditions within the Chinese steel industry during the review period by providing direct financial support to recipient steel producers.*”<sup>7</sup>

(iv) Taxation arrangements

The Commission has previously determined that Chinese steel producers benefit from favourable taxation arrangements including export taxes and export quotas on a number of key inputs used in steel making including coking coal, coke, iron ore and scrap steel<sup>8</sup>. SEF 441 states at Section A3.5:

*“The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products to the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed*

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<sup>4</sup> Liu. H & Song L, 2016, p.348.

<sup>5</sup> Article 34 of the Law of The People’s Republic of China on Commercial Banks (2003).

<sup>6</sup> Duke Centre on Globalisation, Governance and Competitiveness (Duke Centre), 2016. Overcapacity in steel: China’s role in a global problem, September 2016, P.25.

<sup>7</sup> Statement of Essential Facts No. 441, P.99.

<sup>8</sup> Refer Report No. 198.



*under normal competitive market conditions.”*

The Commission identified the GOC's use of the VAT refund process and export taxes as means by which the GOC can influence the availability of domestic supplied inputs at the expense of imported goods. The export taxes drive the domestic raw material inputs down and these are considerably lower than world prices for the same goods.

The Commission sought to obtain from the GOC information on taxes that impact HRC and the raw material inputs used in the manufacture of HRC. The GOC elected not to cooperate with the Commission's investigation and did not supply any information to challenge that already in the Commission's possession.

(v) Particular market situation – conclusion

Consistent with the Commission's preliminary finding in SEF 441 (and the preceding investigations into Hollow Structural Sections, Galvanised steel and Aluminium Zinc Coated Steel), Galintel considers that the GOC has exerted influence on the Chinese steel industry that has distorted domestic steel prices in China. The GOC has been able to achieve this influence *“through directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs”* that exist in the industry.

Galintel considers that the Commission's findings in SEF 441 are relevant to this application involving solid base angle exported from China. That is, the available information indicates that the GOC materially has influenced conditions within the Chinese HRC markets and because of that influence, the domestic prices for Chinese solid base angle are substantially different to those would exist in normal competitive market conditions.

Galintel therefore considers that the GOC influences in the Chinese steel industry have created a 'market situation' for solid base angle and that normal values for lintels cannot be determined under subsection 269TAC(1).

C. Benchmark of Chinese HRC prices versus Japan, Korea & Taiwan HRC prices

Galintel has examined domestic selling prices for HRC in China and contrasted these with domestic selling prices for HRC in Japan, Korea and Taiwan from 1 July 2017 to 30 September 2018. Selling prices (in A\$ equivalents) for HRC during this period (sourced from *Confidential Source*) for China, Japan, Korea and Taiwan are reflected in Table B-3.1 below.

**Table B-3.1 – Domestic HRC prices – China, Japan, Korea and Taiwan (A\$/MT equivalent)**

Month	China	Japan	Korea	Taiwan
Jul 2017	595.18	729.93	746.72	656.72
Aug 2017	660.51	741.77	751.47	686.19
Sep 2017	688.53	724.47	814.39	737.19
Oct 2017	685.40	751.54	864.95	750.32
Nov 2017	693.83	785.04	862.50	735.74
Dec 2017	727.16	800.37	883.94	750.11
Jan 2018	673.54	797.99	898.68	767.91
Feb 2018	694.64	851.37	877.28	779.28
Mar 2018	689.94	883.69	902.08	814.46
Apr 2018	685.44	887.82	886.04	822.70
May 2018	733.18	909.09	888.91	821.06
Jun 2018	752.97	900.36	888.31	833.70
Jul 2018	725.72	899.39	884.07	842.20
Aug 2018	744.39	931.45	869.91	871.70
Sep 2018	765.31	932.14	889.27	869.96

Source; [Name] – refer Confidential Attachment B-3.1.

The average difference between the Chinese HRC price over the period 1 July 2017 to 30 September 2018 and each of the three benchmark countries was as follows:

- Japan – 19.1 per cent;
- Korea – 22.8 per cent; and
- Taiwan – 11.6 per cent.

Over the nominated period, Chinese prices for HRC were on average 17.8 per cent below Japan, Korea and Taiwan prices.

Galintel considers that the contrast in prices confirms that Chinese domestic selling prices for HRC are artificially low and are influenced by the GOC's policies. As HRC accounts for a major proportion of the cost of solid base angle, the domestic selling prices for solid base angle are lower than they otherwise would be (in the absence of GOC influence) and a market situation for solid base angle in China applies.

Normal values for solid base angle in China therefore cannot be determined under subsection 269TAC(1).

**2. Specify the terms and conditions of the sale, where known.**

As normal values are not based upon selling prices in China, please refer to B-4.1 below.

**3. Provide supporting documentary evidence.**

Please refer to B-4.1 below.

**4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.**

As normal values are not based upon selling prices in China, please refer to B-4.1 below.

Galintel has identified the name of the Chinese producer of the exported goods at Section B-1.4 above.

## **B-4 Estimate of normal value using another method.**

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

**1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).**

**(i) Available information**

Normal values for solid base angle sold in China have been determined on a constructed basis by Galintel in accordance with subsection 269TAC(2)(c).

Galintel does not have access to domestic selling prices in China for solid base angle, nor does it have access to production costs for solid base angle in China. Domestic selling prices and production cost

data is not published for the goods the subject of this application.

Galintel does not have export prices for solid base angle from China to other export destinations (for determination of normal values in accordance with subsection 269TAC(2)(d)). Galintel has, therefore, based normal values on the best available information which is a constructed selling price methodology using estimated production costs.

(ii) Methodology

Galintel is asserting that a particular market situation for solid base angle is evident in China. Galintel has used an average of domestic selling prices for HRC sold in Japan, Korea and Taiwan during the period 1 July 2017 to September 2018 to calculate normal values for Chinese producers.

The average HRC prices have been calculated on a quarterly basis and included in Galintel's production costs for solid base angle over the nominated period, sourced from Galintel's Confidential Appendix A6.1 CTM&S data.

For selling, general and administrative expenses, Galintel has relied upon its own costs as reflected in Confidential Appendix A6.1.

A level of profit has also been included in the constructed normal values. The level of profit included is that achieved by Galintel immediately prior to the most recent 12-month period – i.e. from 1 October 2016 to 30 September 2017. The level of profit achieved by Galintel on domestic sales of solid base angle over this period is considered reasonable – although it is less than an adequate level of profit required for re-investment purposes.

Please refer to Confidential Attachment B-2.4 for constructed normal values for solid base angle in China on a quarterly basis from Jul 2017 to September 2018.

**2. Provide supporting documentary evidence.**

Please refer to Confidential Attachment B-2.4 (with supporting cost information relied upon by Galintel sourced from Confidential Appendix A6.1).

**B-5 Adjustments.**

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

**1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

Galintel has obtained export data for solid base angle exported from China from [Company name]. It is understood that the export data is recorded at the FOB point, port of loading, China. The export price(s) therefore includes loading and handling charges in the export port, as well as inland freight expenses from the manufacturer's facility in China to the port of loading.

Galintel does not have access to a breakdown of inland freight expenses or port loading and handling charges in China.

As Galintel's constructed normal values for solid base angle in China is prepared at the ex-factory level, adjustments to normal value are required for the inland freight component and port loading and handling fees that are included in export price values. Upward adjustments are therefore required to the constructed normal values (although Galintel does not have estimates of these amounts).

2. **State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.**

As indicated adjustments to normal values are required for, inland freight and port loading and handling charges. Galintel does not have information on the amounts for these upward adjustments.

## **B-6 Dumping margin.**

1. **Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

Galintel has calculated *prima facie* dumping margins for solid base angle exported from China over the period 1 July 2017 to 31 March 2018. Galintel has been advised by [Company name] that Chinese export data is not available for the period post March 2018. The release of Chinese export data has been influenced by the trade dispute involving the United States and China, with an embargo placed on the release of export data by the GOC.

Galintel has therefore used the available information to determine dumping margins to 31 March 2018. A one-month lag has been used in the published export data to more accurately reflect likely time of importation into Australia. Galintel would also draw to the attention of the Commission that selling prices in the Australian market post March 2018 for imported Chinese solid base angle have not increased and continue to undercut the selling prices of Galintel (as reflected in the Case Study competition examples at Section A-9.2 above).

The dumping margins determined for exports to Australia are reflected in Table B-6.1.

**Table 6.1 – Dumping margins for solid base angle exported from China**

<b>Period</b>	<b>Dumping Margin A\$/MT</b>	<b>Dumping Margin as % of Export price</b>
Jul – Sep 2017	\$392 - \$527	33.71 – 51.26 per cent
Oct – Dec 2017	\$537 - \$643	44.15 – 57.79 per cent
Jan – Mar 2018	\$434 - \$581	31.72 – 47.62 per cent
Apr – Jun 2018	\$434 - \$581	31.72 – 47.62 per cent
Jul – Sep 2018	\$434 - \$581	31.72 – 47.62 per cent

Please refer to Confidential Attachment B-2.4 for dumping margin calculations.

2. **Show dumping margins as a percentage of the export price.**

Galintel has included dumping margins as a percentage of export price in Table 6-1 above.

# PART C

## SUPPLEMENTARY SECTION

### **IMPORTANT**

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

**1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**

- (i) the nature and title of the subsidy;
- (ii) the government agency responsible for administering the subsidy;
- (iii) the recipients of the subsidy; and
- (iv) the amount of the subsidy.

This application is for an application for anti-dumping measures. Galintel has not requested the imposition of countervailing measures.

## C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

**1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**

- 1. the rate of increase of dumped/subsidised imports;
- 2. changes to the available capacity of the exporter(s);
- 3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
- 4. inventories of the product to be investigated; or
- 5. any other relevant factor(s).

Galintel's application is in respect of material injury that has already occurred. If anti-dumping measures are delayed or, not imposed, Galintel will suffer further material injury that is clearly imminent and foreseeable.

**2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.**

Exports of lintels from China have been at prices that undercut Galintel since 2015. The dumping and injury will continue in the absence of anti-dumping measures.

### C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission's client support section before completing this section.**

**1. Fully describe the locally produced raw agricultural goods.**

The goods the subject of this application are not close processed agricultural goods.

**2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

The goods the subject of this application are not close processed agricultural goods.

**3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

The goods the subject of this application are not close processed agricultural goods.

**4. Provide information to establish either:**

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

The goods the subject of this application are not close processed agricultural goods.

### C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

**1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

Under Australia's anti-dumping provisions, China is not considered a 'non-market economy' country.

**2. Nominate a comparable market economy to establish selling prices.**

This question does not apply.

**3. Explain the basis for selection of the comparable market economy country.**

This question does not apply.

**4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

This question does not apply.

**C-5 Exports from an 'economy in transition'**

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

**1. Provide information establishing that the country of export is an 'economy in transition'.**

Under Australia's anti-dumping provisions, China is not considered an 'economy in transition' country.

**2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

This question does not apply.

**3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

This question does not apply.

**4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

This question does not apply.

**C-6 Aggregation of Volumes of dumped goods**

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
<b>Total</b>				



\* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

Imports from China represent more than 3 per cent of the total import volume into Australia during the most recent twelve-month period. China is the only country whose exports are the subject of this application.

## **APPENDICES**

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Not Applicable
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Not Applicable
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value