



PUBLIC FILE

**Application for the publication of
dumping and/or
countervailing duty notices
Painted Steel Strapping
exported from
The People's Republic of China &
The Socialist Republic of Vietnam**

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

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:

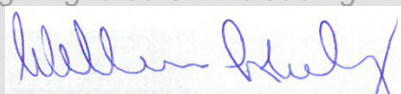
- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

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.

Please note that giving false or misleading information is a serious offence.

Signature:



Name:

Mr William Kiely

Position:

Managing Director

Company:

Signode Packaging Group Australia Pty Ltd

ABN:

37 165 085 227

Date:

31 March 2020

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 on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the 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

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at 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 International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit 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 appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions 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 evaluate industry trends and 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 does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

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 or subsidised 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.

Applicants 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 verification, 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 <u>Attachment A2.2</u> . 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>).
Provision of data	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission’s client support section for advice.
Lodgement of the application	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: <ul style="list-style-type: none">• preferably, email, using the email address clientsupport@adcommission.gov.au, or• post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or• facsimile, using the number (03) 8539 2499.
Public Record	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 www.adcommission.gov.au . 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 publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

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.

A-1 Identity and communication

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

Contact Name:	Sham Godugu
Company and position:	Financial Controller, Signode Packaging Group Australia
Address:	30 Fulton Drive, Derrimut, Victoria, 3026
Telephone:	+61 3 9373 4858
Facsimile:	+61 3 9373 4602
E-mail address:	sgodugu@signode.com
ABN:	37 165 085 227

Alternative contact

Name:	Willam Kiely
Position in company:	Managing Director, Signode Packaging Group Australia
Address:	30 Fulton Drive, Derrimut, Victoria, 3026
Telephone:	+61 3 9373 4841
Facsimile:	
E-mail address:	lkiely@signode.com

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

Name:	John O'Connor
Business name:	John O'Connor & Associates
Address:	P.O. Box 329, COORPAROO, QLD, 4151
Telephone:	+61 7 3342 1921
Facsimile:	+61 7 3342 1931
E-mail address:	jmoconnor@optusnet.com.au
ABN:	39 098 650 241

A-2 Company information

1. **State the legal name of your business and its type (e.g. 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.**

Signode Packaging Group Australia Pty Ltd (hereafter referred to as “Signode” or “Signode Australia”) is a private company that manufactures and supplies load containment and protective packaging systems.

Signode Australia trades under the “Signode Australia” trade name for the goods the subject of this application.

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

Signode Australia has included a copy of its internal organisation chart at Confidential Attachment A-2.2.

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

The shareholder of Signode Australia is Signode Industrial Group GMBH.

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

The major shareholder of Signode Industrial Group GMBH is Crown Holdings, Inc, USA.

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

The ultimate parent company is Crown Holdings.

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 for a diagram of associated entities.

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

Management fees and royalties [*commercially sensitive financial details*] by the parent company to Signode Packaging Group Australia Pty Ltd.

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

Signode Australia does not have a relationship with the exporters or importers 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.**

Signode Australia has included copies of its 2017 and 2018 Annual Financial Reports at Confidential Attachment A-2.9 (i) and (ii). The 2019 Annual Financial Report is not finalised as at the date of this application.

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

Signode Australia is a member of the Australian Industry Group (Ai-Group) and the Australian Steel Institute (“ASI”).

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.**

The imported goods (“the goods”) the subject of this application is painted steel strapping, of carbon steel, whether or not in coils, whether or not waxed, with a nominal width of 12 mm to 32 mm, a nominal thickness of 0.5 mm to 1.5mm.

Hereafter the goods are described as “painted steel strapping” or “steel strapping”.

Stainless steel strapping and galvanised steel strapping are excluded from this application.

2. **List the tariff classification(s) and statistical code(s) of the imported goods.**

The goods the subject of this application are classified to subheading 7212.40.00 statistical code 62 within Schedule 3 of the *Customs Tariff Act 1995*.

Heading 7212 of the *Customs Tariff* includes products that are “Flat-rolled products of iron or non-alloy steel, of a width of less than 600mm, clad, plated or coated”. Sub-heading 7212.40.00 includes flat rolled products that are “Painted, varnished or coated with plastics”.

The general rate of duty applicable to goods the subject of subheading 7212.40.00 is 5 per cent. Imports from China and Vietnam are the subject of a “Free” rate of duty.

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.**

The goods manufactured by Signode Australia are “like” to the imported painted steel strapping.

Signode Australia manufactures a range of painted steel strapping that falls within three broad categories, namely

- (i) Apex (including High Strength Apex ‘H.S.A.’ and Semi-Magnus ‘Semi-Mag’)
- (ii) Magnus and High Strength ‘HS’ Magnus; and
- (iii) Unit Strap Lifting Method (“USLM”) and also includes “Lashing”.

The imported goods are alike to the locally manufactured goods, including all physical characteristics and appearances are wholly interchangeable and substitutable for the locally produced painted steel strapping.

Please refer to Confidential Attachment A-3.3 for a listing of the grades and sizes of painted steel strapping manufactured by Signode in Australia. Signode Australia has also included details of the grades and sizes of certain painted steel strapping that is in cut to length sizes (and has different item codes). Please refer to Confidential Attachment A-3.4.

Signode Australia has examined the models/grades of steel strapping offered by the Vietnamese exporter Sam Hwan Vina Steel (refer Non-Confidential Attachment 4). It is noted that the width, thickness and strength are in similar ranges to those produced and supplied by Signode Australia.

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

The imported goods have the same essential characteristics as the locally produced goods in the following respects:

- The primary physical characteristics of the imported goods and locally produced goods are the same or similar. The goods and the imported goods are used in similar applications using similar tools/equipment for application;
- The goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- The goods and locally produced goods are functionally alike as they have a similar range of end-uses; and
- The goods and locally produced goods are manufactured in a similar manner.

Signode Australia submits that the locally produced painted steel strapping and imported painted steel strapping are alike in all respects as the locally produced goods possess the same essential characteristics as imported painted steel strapping from China and Vietnam. The imported goods are considered “alike” in all respects to the painted steel strapping manufactured locally by Signode Australia.

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

Painted steel strapping is covered by the ANZSIC Class 2110 Iron Smelting and Steel Manufacturing category which is classified as follows:

Division C	Manufacturing
Subdivision 21	Primary Metal and Metal Product Manufacturing
Group 211	Basic Ferrous Metal Manufacturing
Class 2110	Iron Smelting and Steel Manufacturing

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

Please refer to Confidential Attachment A-3.6 for an outline of the painted steel strapping manufacturing process.

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).

Signode Australia manufactures painted steel strapping at its manufacturing facility located at Kurri Kurri, New South Wales.

Signode Australia purchases hot rolled coil ("HRC") [*source*] in full width of approx. 928 mm and processes the rolls through a splitter, where they are cut into smaller width coils (e.g. 324 mm). The smaller coils are then fed through a slitting line and cut into strips (e.g. 31.7 mm). The strips are then processed through a heat treatment line where the mechanical properties are altered to achieve specific tensile and elongation properties as per Signode global specification standards.

The strips are then passed through an online paint process, then pass through an infra-red oven and finally re-wound into coils ranging in weight from 15kg to 430kg.

The splitting, slitting, heat processing and painting of the original raw material coil is considered a substantial process of manufacture that transforms the HRC into painted steel strapping.

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

Painted steel strapping is not considered 'close processed agricultural goods'.

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

Signode Australia is the only Australian manufacturer of painted steel strapping that is used for load containment and packaging purposes.

10. If different models can be established for the goods subject to the application:

- **What are the differences in physical characteristics that give rise to distinguishable and material differences in price?**

The differences in physical characteristics that give rise to distinguishable and material differences in price include the width, thickness, elongation and length of the goods.

- **Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.**

Please refer to Confidential Attachment A-3.3 for a breakdown of the different grades and physical properties of the painted steel strapping.

- **In providing the list of physical differences, identify the characteristics in order of significance.**

In terms of physical differences and in order of importance: grade, width, thickness, elongation, length, finish.

- **Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.**

It is not meaningful to compare different grades and goods of differing width and thickness.

- **Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices**

A4 and A6.

All differing grades, finish, width, thickness, length are detailed in Signode sales reports. For costs, the breakdown is by grade.

- **Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.**

Signode Australia has completed the Table below reflecting key characteristics for painted steel strapping.

Category	Sub-category	Sales Data	Cost data	Key category
APEX & HSA Semi Magnus	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level	Yes
Magnus & HS Magnus	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level	Yes
USLM & Lashing Steel (LS)	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level	Yes

A-4 The Australian market**1. Describe the end uses of both your product and the imported goods.**

The goods the subject of this application – painted steel strapping – are used for the purposes of load containment or lifting in a range of industries. There are a number of grades of HRC steel that can be used in steel strapping depending on the product that needs to be contained, how it is to be contained and where it is to be transported to. Typically, these grades are described as Apex, High Strength Apex, Magnus and USLM and Lashing for lifting.

2. 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;**

Demand for painted steel strapping is driven by output of the customer base and the industry which it is a member of.

- **marketing and distribution arrangements;**

The Australian market is a mix of supply to direct customers and via distributors. Signode has no formal arrangements with distributors, who may also import the goods.

- **typical customers/users/consumers of the product;**

Typical customers for painted steel strapping fall within the following industries:

- food industry - producers of food products;
- steel manufacturers – e.g. coils, finished products;
- raw material ores;
- paper;
- timber; and
- wool.

- **the presence of market segmentation, such as geographic or product segmentation;**

Signode Australia considers that the market for the goods may be segmented by product the industry in which the customers reside. Please see response to previous question.

Additionally, Signode Australia does sell painted steel strapping to customers in the recycling industry which can be considered a further market segment.

- **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;**

As heavy industries decline in Australia, the demand for steel strapping will also decline. There was also some low end substitutability toward PET strap over more than a decade ago where PET strap was used to mimic the properties of steel strapping.

- **the way in which the imported and Australian product compete; and**

The imported and locally produced steel strapping compete on the basis of price. Locally produced steel strapping may be directly substituted by imported steel strapping.

- **any other factors influencing the market.**

Signode Australia does not consider there are any other factors influencing demand for steel strapping.

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

PET strap was substituted for steel strapping in some limited applications some 15-20 years ago. More than a decade ago the brick, cotton fibre, timber and textiles industries were 100 per cent steel strap and now these industries are mainly supplied with PET strap. There has been limited/no substitution in more than a decade impacting painted steel strapping.

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

Signode Australia has completed Confidential Appendix A1 for the period 1 January to 31 December 2019.

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

Signode Australia has completed Confidential Appendix A2 – Australian market for painted steel strapping.

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

Confidential Appendix A2 has been prepared from Signode's domestic sales of the goods plus the identified imports of steel strapping as declared from China and Vietnam under 7212.40.00

statistical code 62.

*Indexed table of sales quantities**

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2016	100	100	100	100	100	100	100
2017	102.8	100	102.8	75.7	91.7	80.9	93.7
2018	96.6	100	96.6	90.2	114.6	98.1	97.2
2019	97.2	100	97.2	75.2	54.9	68.6	85.4

Notes:

1. Data from Confidential Appendix A6.1;
2. Years ending December.

The Australian market for steel strapping has shown some level of volatility over the last four years – however, this can be attributed to the timing of imports, including from the nominated countries China and Vietnam.

Whilst market volumes may be somewhat erratic, Signode Australia has experienced continued price undercutting from imports from China and Vietnam – See Section A-9.2 below.

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

Signode Australia has completed Confidential Appendix A3 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	2016	2017	2018	2019
All Products				
Aust. Market	100			
Export Market	100			
Total	100			
Like Goods				
Aust. Market	100	102.8	96.6	97.2
Export Market	100	97.3	99.1	73.5
Total	100	100.2	97.8	86.0

*Index of data. For years ending December.

Signode Australia has not included quantity for "All Products" as sales volumes for all other products do not align with sales quantities for the like goods (i.e. different forms of measurement).

Signode Australia has maintained relatively stable domestic sales volumes of steel strapping over the four-year period 2016 to 2019.

*Indexed table of Applicant's sales values**

Revenues	2016	2017	2018	2019
All Products				
Aust. Market	100	96.5	99.2	89.7
Export Market	100	104.9	112.6	84.1
Total	100	98.4	102.3	88.4
Like Goods				
Aust. Market	100	105.2	101.4	98.0
Export Market	100	103.4	113.3	82.5
Total	100	104.5	106.4	91.5

Index of data. Pⁿ For years ending December.

Signode Australia has experienced a decline in domestic sales revenues for the subject goods since 2017.

- 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.

Signode Australia has not imported the goods the subject of this application over the period 2016 to 2019 – hence it is not required to complete Confidential Appendix A5.

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

Signode Australia has completed Confidential Appendix A4 for the period 1 January 2019 to 31 December 2019. [*Commercially sensitive pricing details*].

- 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.**

Signode Australia does not have any sales listed in Confidential Appendix A4 to related parties.

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

Signode Australia does not have a distributor or agency agreement with a third party.

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

Signode Australia does not use standardised price lists for the goods the subject of this application.

- 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.

Signode Australia [*commercially sensitive pricing information to Signode 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.**

Signode Australia has included two complete sets of commercial documentation for each quarter within the twelve month period 1 January 2019 to 31 December 2019. Please refer to Confidential Attachment A-5.9

10. **Provide a list of model control codes from appendix A4.**

The following Table details the broad product categories of the subject goods as sold by Signode Australia.

Category	Sub-category	Sales Data	Cost data	Key category
APEX & HSA Semi Magnus	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level.	Yes
Magnus & HS Magnus	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level	Yes
USLM & Lashing Steel (LS)	Width, thickness, breakforce, elongation, metres per kg, length	Mandatory	Mandatory at category level	Yes

A-6 General accounting/administration information.

1. Specify your accounting period.

Signode Australia's full financial year is the period 1 January to 31 December.

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

Signode Australia's financial records are held at the following addresses:

Signode Australia
30 Fulton Drive
Derrimut, Victoria, 3026

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;**

Please refer to Confidential Attachment A-6.3.1 for a copy of Signode Australia's Chart of Accounts.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

Signode Australia has included its consolidated audited accounts for the 2017 and 2018 years at Confidential Attachment A-2.9 (i) and (ii). The 2019 audited accounts are not published as at the date of submission of this application.

- **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.**

A copy of Signode Australia's internal Business Unit Reporting pack for December 2018 and December 2019 is included at Confidential Attachment A-6.3.2 (i) and (ii).

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.

Signode Australia's accounts are audited hence this question is not applicable.

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

Signode Australia's accounts comply with Australian accounting standards as certified by independent auditors in the 2017 and 2018 Annual Financial Statements at Non-Confidential Attachment A-2.9.

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;**

Signode Australia recognises income on an accrual basis.

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

Provision for doubtful debts are based on the age profile for the debt. A provision for bad or doubtful debts is made approximately [figure] % of debtors.

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

Cost of goods only related to direct manufacturing costs, non-manufacturing expenses 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;**

Manufacturing costs are allocated to cost of goods by tonnes. Other indirect costs are allocated by material margin on sales.

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

Signode Australia uses Weighted Average Cost across the company.

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

All scrap from steel strap production sold at steel scrap market rate. Revenue from scrap recorded against stock variance line in cost of goods.

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

Damaged or substandard goods are generally treated as scrap as per above.

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

Assets have been revalued in 2013 (Carlyle Group Acquisition) and 2018 (Crown Holdings) acquisitions.

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

Depreciation is calculated on the straight line method as follows:

- Buildings – 25 – 40 years;
- Machinery – 10-15 years;
- Vehicles – 3-5 years;
- Furniture, fittings, and equipment – 3-8 years;
- Plant & equipment – 10-15 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Signode Australia does not do any hedging. All FX gains and losses are realised FX gain or losses only.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

The last restructure we had in the business was in 2014. All restructure costs are excluded in the workings for this application.

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.**

There have been no accounting changes of significance in the periods covered in the application.

A-7 Cost information

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

Signode Australia has completed Confidential Appendix A6.1 and A6.2 for the goods the subject of this application.

2. **Provide a list of model control codes from appendix A6.1 and A6.2.**

Confidential Attachment A-6.1 does not categorise the subject goods beyond Apex, Magnus and USLM models.

A-8 Injury

The principal indicators of injury are price, volume 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 the application includes a claim of threat of material injury you must also complete question C.2.

1. **Estimate the date when the material injury from dumped and/or subsidised imports commenced.**

It is estimated that Signode Australia commenced to suffer injury that was material from exports of dumped painted steel strapping to Australia from China and Vietnam during 2017.

2. **Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.**

Index of production variations (model control code)

Period	2016	2017	2018	2019
Apex	100	xxx	xxx	xxx
Magnus	100	xxx	xxx	xxx
USLM	100	xxx	xxx	xxx
Total	100	93.2	95.1	81.0

Note: Data sourced from Label A of Confidential Appendix A6.1 & Appendix A6.2.

The above production indices are based upon goods produced but destined for both domestic and export sales. In terms of production destined for domestic sales, Signode Australia has

experienced a year-on-year decline across all grades of locally produced painted steel strapping.

Index of cost variations (model control code)

Period	2016	2017	2018	2019
Apex	100	xxx	xxx	xxx
Magnus	100	xxx	xxx	xxx
USLM	100	xxx	xxx	xxx
Total	100	108.4	115.1	117.7

Data from label J of appendix A6.1.

Signode Australia has experienced increases in the cost to make and sell ("CTMS") each grade of painted steel strapping over the consecutive years 2016 to 2019.

Index of price variations (model control code)

Period	2016	2017	2018	2019
Apex	100	xxx	xxx	xxx
Magnus	100	xxx	xxx	xxx
USLM	100	xxx	xxx	xxx
Total	100	102.4	104.9	100.8

Data from label L of appendix A6.1.

Signode Australia's selling price for each grade of painted steel strapping has not tracked increases in the CTMS from 2016 to 2019. Specifically, Signode Australia has experienced a decline in selling price for Apex grades during 2019 of almost 4 per cent, whereas Signode's CTMS increased by approximately 4 per cent.

Index of profit variations (model control code)

Period	2016	2017	2018	2019
Apex	100	xxx	xxx	xxx
Magnus	100	xxx	xxx	xxx
USLM	100	xxx	xxx	xxx
Total	100	74.6	57.9	22.5

Data from label M of appendix 6.1.

Signode Australia has experience price suppression across all of its grades of painted steel strapping since 2016. The decline in profit has been substantial in its highest volume Magnus grades of strapping.

Index of profitability variations (model control code)

Period	2016	2017	2018	2019
Apex	100	xxx	xxx	xxx
Magnus	100	xxx	xxx	xxx
USLM	100	xxx	xxx	xxx
Total	100	72.9	55.1	22.3

Data from label O of appendix A6.1.

Signode Australia's profitability for all grades of painted steel strapping have reflected the declines evident in unit profit for those grades.

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.

Signode Australia has completed Confidential Appendix A7 – Other factors relating to certain economic indicators associated with the production and sales of painted steel strapping.

Index of Revenue – like goods

Period	2016	2017	2018	2019
Index	100	Xxx	Xxx	xxx

Data from appendix A7

Signode Australia has experienced a decline in revenue for the goods the subject of this application in 2019 from the previous year (both for domestic sales and export sales).

Index of Return on Investment

Period	2016	2017	2018	2019
Index	100	Xxx	Xxx	xxx

Data from appendix A7

Signode Australia's return on investment for painted steel strapping has fallen year-on-year since 2016, including a substantial decline in 2019.

Index of Capacity Utilisation

Period	2016	2017	2018	2019
Index	100	Xxx	Xxx	Xxx

Data from appendix A7

Signode Australia's capacity utilisation for the goods the subject of this application has declined 14 per centage points in 2019.

Index of wages

Period	2016	2017	2018	2019
Index	100	Xxx	Xxx	xxx

Data from appendix A7

Signode Australia's wages bill for employees involved in the production of the subject goods have increased since 2017, contributing to a reduction in Signode Australia's overall margin between selling price and costs for painted steel strapping.

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. 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 and/or subsidised imports on your quarterly sales volume and market share.

The Chinese exports of the dumped painted steel strapping have increased year-on-year since 2016 and in 2019 are at 25 per cent higher levels than in 2016. The exports from Vietnam have contracted since 2016 – although there was an increase from 2017 to 2018 of 36 per cent, which fell away again in 2019 back to the levels of 2017. Signode Australia attributes the decline in the exports from Vietnam to Australia to the competition of the increasing Chinese exports on the Australian market.

A further factor influencing the level of the exports from China and Vietnam has been Signode Australia's decision in 2019 to reduce selling price in response to import offers from China and Vietnam so that it can maintain sales volumes. In 2018 when export volumes from China and Vietnam both increased, Signode Australia experienced a reduction in sales volumes and market share. Signode Australia is a 'price taker' in the market and has responded to import offers from China and Vietnam during 2019.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised 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.

A. The goods

Painted steel strapping is manufactured and sold across three broad categories:

- (i) Apex, High Strength Apex ("HSA") and Semi-Magnus;
- (ii) Magnus and High Strength Magnus; and
- (iii) USLM and Lashing.

The categories are differentiated by the relative width and thickness of the steel strapping, along with the Break Force (KN) with Signode Australia's Apex being of lower end width (typically 12 to 19 mm) and thickness of 0.49mm to 0.83 mm, and USLM & Lashing at the high end with widths of approximately 32 mm, and thickness of 1.16mm to 1.45 mm.

B. Impact of imports on Signode sales

The category of goods [*details of import competition penetration*] market. In 2017, Signode Australia's average selling price for Apex was approximately \$xxxx per kg. The main product section in [*model*] is the [*attributes*] Steel Strapping. The imported price (ex China and Vietnam) was in the range \$xxxx per kg to \$xxxx per kg landed into store for [*attributes*] Steel Strapping. At this time (Oct to Dec 2017) the A\$ was trading at US\$0.77. In October 2017, Signode Australia's [*commercially sensitive details concerning raw material purchase*]. In light of competitive offers, Signode Australia passed on a reduced \$xxx per tonne. The new volume rate to distributors was \$xxxx per kg.

The market feedback from key distributors was that Signode Australia was not competitive and that the distributors had no choice but to source from imports.

The impact to Signode Australia was significant as year-on-year volumes for steel strapping

dropped from [volume] tonnes in 2017 to [volume] tonnes in 2018 – a xx per cent decline in volume.

In the first five months of 2018, Signode lost significant sales volumes. Signode Australia evidenced to [commercially sensitive details re raw material purchase]. Signode Australia reduced its selling price for xxx metric tonne purchases to \$xxxx per kg [commercially sensitive details re raw material purchase] from May 2018. The reduction in prices to key distributors contributed to a recovery in sales volumes. Although Signode Australia recovered sales volumes from [period], it remained down on volumes by approximately xx per cent for [period].

In [period], the A\$ had fallen to \$US0.69 – a decline by 13 per cent and that should have made imports more expensive and Australian manufacturing more competitive. However, feedback from distributors was that imports were at \$xxxx per kg. At this reduced selling price, Signode Australia's variable margin was reduced to xxx per cent which is unsustainable and unprofitable. Signode was able to improve sales volumes but experienced price suppression, with profits and profitability reducing significantly.

Please refer to Confidential Attachment A-9.2.1 for detailed breakdowns of distributor pricing and reduced pricing between 2017 and 2020 for key distributors, highlighting annual volumes and supporting communications with [distributor customer], and [distributor customer].

C. Further examples of price impact from imports

(a) **Customer**

[Customer] is Signode Australia's [position and type of good] steel strapping. Signode Australia has been losing market share at [customer] since 2016 to cheap imports. [Customer] has been unwilling to commit to a formal contract for supply with Signode as it "wants to keep its options open".

Signode Australia understands that the imported price (ex China and Vietnam) for equivalent [model] grade painted steel strapping is A\$xxxx per kg FIS in all states.

Signode Australia's sales to [customer] since 2016 are identified in Table A-9.2.1 below.

Year	Volume	
2016	xxx tonnes	
2017	xxx tonnes	
2018	xxx tonnes	
2019	xxx tonnes	(H1 = xxx tonnes; H2 = xxx tonnes)

The sales history to [customer] shows a steady decline until mid-2019 when Signode Australia offered [customer and commercially sensitive details of offer].

As a consequence, [customer] increased its second half volumes [commercially sensitive commercial details]. [Customer] is a major customer for Signode representing approximately \$xxxx in revenue in 2019.

(b) **[Segment] industry**

Demand for painted steel strapping by the wool industry varies as customers seek to look at other options for packaging wool (e.g. cheap containers to house wool). However, there does

remain a level of sales into the wool segment of the market (xxxx tonnes in 2019).

Since 2018, Signode Australia has had to defend its position to key customers in this segment including:

- [customer];
- [customer];
- [customer]; and
- [customer].

Across each customer in this segment, Signode Australia's sales volumes and variable margin have decreased (refer Confidential Attachment A-9.2.2).

Signode Australia is benchmarked annually with [exporter] ex China. Signode Australia has been required to provide a price reduction each time despite raw material cost increases. In January 2020 [exporter] offered xxx tonnes of steel strapping at 10 per cent below Signode Australia's variable margin.

Similarly at [customer], Signode Australia has had to offer reduced net pricing to compete with import offers, with negotiations occurring each June/July at beginning of wool season (refer Confidential Attachment A-9.2.4).

(c) [Customer]

[Customer] is an importer of standard grade steel strap from China. Signode Australia has sought to supply [customer] with Apex steel strapping at a competitive rate for xx metric tonnes. [Customer] has communicated that they continue to buy from China – it would seem that the price is much lower than Signode Australia.

The forgoing examples further confirm that Signode Australia's steel strapping has been undercut by imports from China and Vietnam at prices that are below Signode Australia's prices. In 2019, Signode Australia weighted average selling price declined by approximately 4 per cent, where as costs increased by more than 2 per cent. Signode Australia has experienced price undercutting, price depression and price suppression in 2019 as it competes with dumped imports of steel strapping from China and Vietnam.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised 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).

Signode Australia has been impacted by the dumped imports since 2017. As indicated above, Signode Australia experienced a raw material price increase in [period]. Signode Australia sought to pass on the higher costs to customers (not by the full amount of the raw material increase) and, as a consequence of increased pricing, experienced a 15 per cent decline in sales volumes in the [period] quarter. The sharp decline in sales volumes experienced by Signode Australia highlights the price sensitivity associated with painted steel strapping.

Signode Australia did not recover its sales volume position until the [period] when it reduced its selling price in an effort to recover lost sales.

Over the period since 2017, Signode Australia has experienced an increase in its cost to make and sell ("CTMS") of xx per cent with selling prices remaining relatively flat (although a small decline is apparent).

The Australian market for painted steel strapping is price sensitive and relatively transparent. Customers will shift source of supply to achieve relatively minor gains. Signode Australia has not been able to increase selling prices to recover cost increases – it has been required to absorb

higher input costs and has therefore experienced price suppression, flowing through to reduced profits and profitability in 2018 and 2019.

An analysis of the [model] and [model] grades confirms that this category has experienced the greatest pricing pressures from imports. Selling prices in this category have declined by almost 4 per cent in 2019 and are lower in 2019 than in 2016. Since 2016, the CTMS [model] and [model] has increased by 18 per cent. Signode Australia has experienced a significant erosion in margin in [model] and [model] sales, despite it actually achieving increases in revenue in 2019.

- 4. The quantity and prices of dumped and/or subsidised 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 and/or subsidised 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.**

Signode Australia has been impacted by the painted steel strapping dumped exports to Australia from China and Vietnam as evidenced in a number of other economic indicators (that are not volume and/or price related).

These other economic indicators where there has been a decline include:

- a decline in capital investment;
- a reduction in revenue for like goods;
- a decline in return on investment; and
- a reduction in capacity utilisation.

Signode Australia has reduced its capital investment in steel strapping as profit and profitability has deteriorated to levels where reinvestment cannot achieve an adequate return on funds. Due to a deterioration in sales volumes, production utilisation has also fallen away.

The identified declines in the relevant economic indicators are sourced from Confidential Appendix A7.

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

The injury experienced by Signode Australia as a result of the dumping and subsidisation from China, and the dumping from Vietnam, is considered 'material'. In 2016, Signode Australia's domestic turnover for painted steel strapping was \$xxxxx M. Signode Australia's profit achieved on the 2016 domestic sales revenue was \$xxxx Million, or xxxx per cent.

In 2019, Signode Australia's domestic revenue for painted steel strapping \$xxxxx Million – relatively stable from 2016 – however profit on domestic revenue had deteriorated to \$xxxx, or xxxx per cent of domestic revenue for the like goods.

Signode Australia's domestic sales volumes for [model] and [model] have increased since 2016, although Signode Australia has suffered a substantial deterioration in profit that is material in nature for this category of painted steel strapping, confirming that the injury suffered is due to price suppression.

The reduction in profit and profitability for painted steel strapping is therefore material to Signode Australia's domestic sales revenue for the like goods. In this regard the injury sustained cannot be considered to be insignificant, insubstantial or immaterial when contrasted with domestic revenues on Signode Australia's sales of like goods.

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause 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 and subsidisation.

The manufacture of painted steel strapping utilises hot rolled coil (HRC) as a primary raw material input. Signode Australia's cost to manufacture the subject goods is influenced by the purchase price of HRC. As indicated at Section A-9.2 above, the market for painted steel strapping is price sensitive and even small changes in price can influence a customer's purchasing decision.

At [*commercially sensitive details re raw material input costs*] Signode Australia sought to pass on this raw material price increase in its selling price for the goods and as a result experienced a fall in domestic sales volumes. Signode Australia highlights that raw material price increases can impact Signode Australia's ability to sell painted steel strapping – particularly when it is competing with dumped and subsidised imports from China, and dumped imports from Vietnam.

Signode Australia does not consider that there are any other factors other than the dumping and subsidisation – with the exception of raw material cost increases – that have been a cause of the injury experienced by Signode Australia over the last four year period.

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 and/or subsidised 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.

Signode Australia has demonstrated (in Confidential Appendix A6.1) that it has experienced price suppression due to an increase in the CTMS painted steel strapping since 2016 and Signode Australia's selling prices have not increased to recover higher production costs (in fact, selling prices are at similar levels in 2019 to those evident in 2016). The price suppression experienced by Signode Australia has been driven by lower prices from distributors purchasing dumped and subsidised imports from China and dumped imports from Vietnam at prices that undercut Signode Australia's selling prices.

The price suppression experienced by Signode has caused an almost 80 per cent decline in Signode Australia's domestic profit since 2016 (with a 35 per cent deterioration evident in 2019).

Signode Australia has observed import volumes for painted steel strapping from China increasing year-on-year since 2016 and volumes from Vietnam at reduced levels (albeit substantially above negligible levels) over the same period. The import prices are at dumped levels – of approximately 32.6 per cent for China, and approximately 21 per cent for Vietnam – that have been used to undercut Signode Australia's selling prices requiring Signode Australia to respond with reduced selling prices in order to maintain sales volumes.

The trend of lower selling prices for imported painted steel strapping from China and Vietnam that undercut Signode Australia's selling prices, and Signode Australia responding to the lower prices cannot continue. Signode Australia has experienced a reduction in return on sales that cannot continue as it is unable to reinvest in the manufacture of steel strapping to make it viable in Australia.

Signode Australia is requesting the Commissioner to commence an investigation into Signode Australia's allegations that exports of painted steel strapping from China are at dumped and subsidised levels, and that exports from Vietnam are at dumped levels, that have caused material injury to the Australian industry manufacturing like goods. Signode Australia is also seeking the Commissioner to impose provisional measures to remove any further injury from the dumping and subsidisation to Signode Australia at the earliest opportunity from Day 60 in a formal investigation.

Signode Australia looks forward to assisting the Anti-Dumping Commission with its inquiries.

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.

B-1 Source of exports

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

The countries of export of the goods is The People's Republic of China ("China") and the Socialist Republic of Vietnam ("Vietnam").

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

The applicant understands that the country of export is also the country of origin for the goods (i.e. where the goods were manufactured).

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 and Vietnam are not considered a non-market economy or an economy in transition countries 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**
- **importers in Australia.**

The following companies are understood to export the goods the subject of this application to Australia:

(i) China

- Tangshan Jason Metal Materials Co., Ltd
No 58 Xueyuan Road
Tangshan City
Hebei, Hebei Province. China 063000
Tel: +86 315 235 6206
- Qinhuangdao Jiashilun Packaging Materials Co., Ltd
North of Guihua Branch Road
East of Longcheng Road
Lulong Economic and Technical Development Zone
Lulong County
Qinhuangdao China 066400
Tel: +86 0335 7206857
Fax: +86 0335 7013157
www.qhdjsslnc.com

(ii) Vietnam

- Sam Hwan Vina Steel Strapping
Road 2,
Nhon Trach 5
Industrial Zone
Dong Nai-Province Vietnam
Tel: +84 90 537 5852/+86 41 3569 400
Fax: +84 61 3569 401
Email: samhwansteel@gmail.com

Sam Hwan Vina Steel is understood to be the major Vietnamese exporter of painted steel strapping to Australia.

The following companies are understood to be importers of the subject goods from China:

(i) From China

- Strap and Wrap Industrial Packaging Systems
29 Griffin Crescent
Brendale Queensland 4500
Tel: +61 7 3268 5877
Fax: +61 7 3268 5968
www.strapandwrap.com.au
- ABL Distribution Pty Ltd
11 Harrington Street
Arundel Queensland 4214
Tel: +61 7 5618 5199
- PowerPak Packaging Pty Ltd
18 Casino Street
Welshpool W.A. 6106
Tel: 1800 982 920

(ii) From Vietnam

- Titan Strapping Systems Asia Pacific Pty Ltd
102 – 110 Glenroy Street
Athol Park Adelaide South Australia
Tel: +61 8 8447 4004
Fax: +61 8 8447 4007
www.titan-asiapacific.com
- Melbourne Packaging Supplies Pty Ltd
3/7 East Spur Ct
Kilsyth South Victoria 3137
Tel: +61 3 9761 7970
- Signet Pty Ltd
4154/77 Ingleston Road
Wakerley Queensland 4154
Tel: 13 7446
- Cyklop Packaging Systems Pty Ltd
8 Blackstone Street
Wetherill Park NSW 2164
Tel: +61 2 9827 1299
Fax: +61 2 9725 4513
www.cyklop.com.au
- Fromm Packaging Australia Pty Ltd
1/6 Yatala Road
Mount Kuring-Gai NSW 2080
Tel: 1800 940 356
www.fromm-pack.com.au
- Power Packaging Pty Ltd
2/23 Birmingham Ave
Villawood NSW 2163
Tel: +61 2 9725 2211
www.powerpackaging.com.au

- Gateway Packaging Pty Ltd
4 Neptune Ct
Shepparton Victoria 3630
Tel: 1800 003 310
www.gatewaypackaging.com.au

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 goods imported from China (44.7 per cent) and Vietnam (29.2 per cent) account for more than 3 per cent of the total import volume threshold during the period 1 January 2019 to 31 December 2019. Please refer to Table B-1.5.

Table 1.5 – Import volumes (metric tonnes) from China and Vietnam – 2016 to 2019

Country	2016	2017	2018	2019	As % of Total
China	1380	1585	1686	1733	44.7 %
Vietnam	2429	1299	1749	1132	29.2 %
Korea	617	685	1321	647	16.7 %
Germany	383	278	363	140	3.6 %
Other	841	724	426	224	5.8 %
Total	5650	4571	5544	3876	100 %

Supporting ABS Import data is included at Confidential Attachment B-1.5.

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.**

The imported goods from China account for more than 4 per cent of the total import volume into Australia during 2019.

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 model control codes or levels of trade involved, an export price should be supplied for each.**

Signode Australia has obtained import statistics for steel strapping under subheading 7212.40.00 statistical code 62 from the Australian Bureau of Statistics (ABS). In September 2018 'No Country Declared' and 'No State Declared' embargoes were placed on subheading 7212.40.00 statistical code 62. The NCD category is an aggregate of China and Taiwan import data. It is Signode's understanding that most (if not all) imports are of Chinese origin under the NCD category.

Signode Australia has compiled import data into quarterly data for the purposes of this application. Weighted-average quarterly FOB prices for steel strapping imported into Australia from China and Vietnam are included in Table B-2.1 below.

Table B-2.1 – Quarterly A\$FOB export prices per metric tonne, for China and Vietnam, 2019

	China	Vietnam
Jan-Mar 2019	\$1396	\$1345
Apr-Jun 2019	\$1266	\$1334
Jul-Sep 2019	\$1159	\$1384
Oct-Dec 2019	\$1214	\$1363

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

The FOB export prices relied upon by Signode Australia and published by ABS are at the FOB point, country of export.

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.

Signode Australia considers the ABS import volume sand FOB prices to be reliable for the purposes of this application for anti-dumping measures.

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-1.5 for details of ABS import statistics for the goods the subject of this application.

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 model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**I. CHINA Normal Value****A. Selling prices for painted steel strapping in China**

It is Signode Australia's view that normal values for the goods sold in China cannot be determined in accordance with subsection 269TAC(1) of the *Customs Act 1901*. The domestic selling prices in China for painted steel strapping are considered to be artificially low due to Government of China ("GOC") influence on the major raw material input, hot rolled coil ("HRC").

Sub-section 269TAC(1) states:

"...the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not sold by the exporter, by other sellers of like goods."

Sub-section 269TAC(1) is subject to the requirement of subsection 269TAC(2)(a)(ii) which states:

“because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1)”

Where domestic sale are not suitable due to a “situation in the market of the country of export” the Minister may consider an alternative basis for assessing normal values.

The Dumping and Subsidy Manual (“the Manual”) provides some guidance as to why domestic sales may be considered “unsuitable”. The Commission may have regard to the following factors when considering whether domestic selling prices are unsuitable¹:

- whether the prices are artificially low; or
- whether there are other conditions in the market which render sale in that market not suitable for use in determining prices under subsection 269TAC(1).

The Manual provides further guidance as to what influences may cause prices to be artificially low. The Manual indicates that “Government influence on prices or costs could be one cause of artificially low prices. Government influence means influence from any level of government.”

The guidance also indicates that *“Prices may also be artificially low or lower than they otherwise would be in a competitive market due to government influence and distortion of the costs of inputs.”*

The proportional cost of HRC in the total manufacturing cost for painted steel strapping is approximately 70 per cent. Distortions in the Chinese domestic HRC market have had a substantial and significant impact on the domestic selling prices for painted steel strapping in China. For this reason Signode Australia does not consider that the selling prices for painted steel strapping have been determined on a competitive basis and that domestic selling prices for the subject goods cannot be determined in accordance with subsection 269TAC(1).

Signode Australia notes that in Report No. 441 (“Report 441”) involving steel pallet racking exported from China (Published on 8 May 2019), the Commission determined² that domestic selling prices in China for steel pallet racking were not suitable for normal value purposes. The Commission’s findings confirmed that the GOC had exercised a broad range of policies and plans via *“directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs”* which had 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).”*

The Commission’s finding in Report 441 was based upon its examination of HRC prices in China which were distorted and when contrasted with benchmark values for HRC in other markets were lower than HRC prices in those markets where pricing is determined on a competitive basis.

The same principles assessed by the Commission concerning the impact of GOC’s influence to distort raw material HRC prices used in the manufacture of steel pallet racking apply equally to HRC used in the manufacture of painted steel strapping. HRC represents a substantial proportion of the total production cost for painted steel strapping and due to the impact on HRC raw material input prices, the selling prices for painted steel strapping in China are lower than they otherwise would be.

B. Market situation

Report 441 outlined earlier Commission investigations in which HRC was the key input in the manufacture of the exported goods. These investigations included:

- Investigation No. 177 (2012) Hollow Structural Sections;

¹ Dumping and Subsidy Manual, P.36.

² Report No. 441 – steel pallet racking exported from P R China, Non-Confidential Appendix 3 – Assessment of a Particular Market Situation – China, P.111.

- 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 nominated inquiries have enabled the Commission to progressively build on its knowledge and understanding of the dynamics of the Chinese steel market since 2012, and specifically in respect of HRC. With each subsequent investigation, the Commission 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.

Signode Australia submits that it is relevant to examine each of the elements identified by the Commission in recent investigations (including the May 2018 Report 441).

(i) The role and operation of SOEs

The Commission identified that SOEs account for 49 per cent of total steel production in China³. 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 competition⁴.”

Government-support mechanisms provided to SOEs include: subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks⁵.

The Commission stated⁶:

“.....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.”

It was further observed⁷:

“The significance of SOEs to the broader Chinese economy, including the steel industry, is also reflected in the State Council of China’s recent Guidance on the Promotion of Central Enterprises Restructuring and Reorganisation (the ‘Guidance’). In introducing the Guidance, the State Council notes the important role of SOEs in actively promoting structural adjustment, optimisation of structural layout and quality improvement within the Chinese economy. The

³ 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.

⁴ World Bank, China 2030: Building a Modern, Harmonious, and Creative Society, Report No 96299 (March 2013), P.25.

⁵ Liu. H & Song L, 2016, p.348.

⁶ Report 441, P.116.

⁷ Ibid, P. 117.

Guidance also indicates that the State Council will deepen reform of SOE policies and arrangements to optimise state owned capacity allocation, promote transformation and upgrading. Details concerning the promotion of central enterprises restructuring and reorganisation include the 'safeguard measures' theme, the strengthening of the organisation and leadership of SOEs, strengthening of industry guidance, increased policy support and improved support measures more generally."

The SOEs role in implementing the GOC's rationalisation plans through plans and policies is clear in the *Guidance*.

Report 441 also highlights 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 Report 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.

The Commission quoted the World Steel Association estimates of more than 320 steel-related policies and measures having been implemented by the GOC between 1990 and 2016, including approximately 50 per cent that were targeted at capacity control⁸. The Commission identified a list of controls and policies enacted by the GOC that outlined the GOC's central role in influencing the Chinese steel industry contributing to distortions in prices, including:

- National Steel Industry Development Policy (2005);
- Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009);
- 2011-2015 Development Plan for the Steel Industry (2100);
- Steel Industry Adjustment Policy (2015 Revision);
- Advice on Addressing Excessive Capacity and Relieving Hardship for the Steel Industry (2016);
- The Opinions of the State Council on Reducing Overcapacity in the Iron and Steel Industry of Gain Profit and Development (2016);
- The Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020).

Further to these planning guidelines and directives, the Commission identified the GOC's involvement within the Chinese Steel Industry through the following broader restructuring and reorganising directives:

- Notice of Several opinions on Curbing Overcapacities and Redundant Constructions in Certain Industries and Guiding the Healthy Development of Industries (2009);
- Guiding Opinions on Pushing Forward Enterprise Mergers & Acquisitions (M&A) and Reorganisation in Key Industries (2013);
- Guiding Opinions on Resolving Serious Excess Capacity Contradictions (2013);
- Directory Catalogue on Readjustment of Industrial Structure (2013 Amendment);
- Guidance on the promotion of central enterprises restructuring and reorganisation (2016).

Further adjustment programs and guidelines influencing production capacities and structuring are detailed by the Commission in Report 441 are included at Non-Confidential Appendix 3 – Assessment of a Particular Market Situation P 118-121.

(iii) Direct and indirect financial support

Report 441 confirmed that the GOC provided a range of subsidies and tax concessions that reduce the operating cost of Chinese steel enterprises. These reduced costs "*confer a competitive advantage*

⁸ Ibid, P.117.

through the ability to offer steel products at lower prices, and increase the profitability of steel production⁹.

The types of 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 projects¹⁰.

Signode Australia notes the Commission's finding 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."*¹¹

(iv) Taxation arrangements

In earlier investigations (see above) the Commission has 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 steel¹². Report 441 states at Section A5.4:

"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 under normal competitive market conditions."

The Commission also 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 in Investigation 441 and did not supply any information that could have assisted the inquiry.

(v) Particular market situation – painted steel strapping

Signode Australia considers that the Commission's findings in Report 441 are directly relevant to painted steel strapping manufactured in China. That is, painted steel strapping is manufactured from HRC (as is steel pallet racking) which accounts for a significant proportion of the cost of production for the subject goods. In the circumstance of painted steel strapping, it is likely that the HRC cost represents a higher proportion of the production cost of the finished goods than is the case with steel pallet racking.

It is Signode Australia's views that the conclusions made by the Commission concerning the impact of the GOC's plans and policies on the Chinese steel sector also influence and distort HRC prices and consequently painted steel strapping prices. These distortions have been achieved via the GOC *"through directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs"* that exist in the industry.

Signode Australia believes that the findings in Report 441 are relevant and apply equally to the circumstances surrounding HRC produced in China and distort prices in the Chinese market for painted steel strapping. The available information indicates that the GOC has materially influenced conditions within the Chinese HRC market and because of that influence, the domestic prices for Chinese painted steel strapping have not been determined on a competitive basis and are substantially different to those

⁹ Article 34 of the Law of The People's Republic of China on Commercial Banks (2003).

¹⁰ Duke Centre on Globalisation, Governance and Competitiveness (Duke Centre), 2016. Overcapacity in steel: China's role in a global problem, September 2016, P.25.

¹¹ Final Report No. 441, P.121.

¹² Refer Report No. 198.

prices that would exist in normal competitive market conditions.

Signode Australia submits that the GOC influences in the Chinese steel industry have created a 'market situation' for painted steel strapping such that normal values for the subject goods cannot be determined under subsection 269TAC(1).

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

Signode Australia has obtained domestic selling prices for HRC in China and contrasted these with domestic selling prices for HRC in Japan, Korea and Taiwan over the period 1 January 2019 to 31 December 2019. Selling prices (in A\$ equivalents) for HRC during this period have been sourced from MEPS International, a respected steel industry market survey organisation.

Across the 2019 period, the average differential between the Chinese HRC price and each of the three benchmark countries was as follows:

- Japan – 41.2 per cent;
- Korea – 19.8 per cent; and
- Taiwan – 21.2 per cent.

Over the 2019 calendar year the average Chinese HRC price was 27.4 per cent below the average of the Japan, Korea and Taiwan domestic HRC prices.

The foregoing establishes that HRC selling prices in China during 2019 were significantly below average selling prices for HRC in the market countries of Japan, Korea and Taiwan. The Commission has a preference for using verified domestic prices in Korea and Taiwan when benchmarking Chinese HRC costs for Chinese market situation investigations (Refer recent Reports 456 and 457). On this basis, the Chinese average domestic HRC price is approximately 20.5 per cent below the average domestic Korea and Taiwan domestic HRC price.

It is Signode Australia's view that the foregoing further confirms that Chinese domestic selling prices for HRC are artificially low and continue to be influenced by the GOC's plans and policies. As HRC accounts for a major proportion of the production cost of painted steel strapping, then the domestic selling prices for the painted steel strapping are also influenced by the GOC's plans and policies and are lower than they otherwise would be.

Normal values for painted steel strapping in China therefore cannot be determined under subsection 269TAC(1).

II. VIETNAM Normal Value

Signode Australia considers that normal values for painted steel strapping cannot be determined under subsection 269TAC(1). Domestic selling prices for painted steel strapping on the domestic market in Vietnam are considered to be artificially low and have been distorted by Government of Vietnam ("GoV") influence.

Australia considers Vietnam a "market-economy" country for Anti-Dumping purposes. Some other WTO members¹³ however continue to regard Vietnam as a "non-market" economy country. In Vietnam's accession to the WTO, Vietnam agreed that in anti-dumping investigations that an importing Member¹⁴:

¹³ Most notably in recent cases, the USA investigation on circular welded carbon-quality steel pipe Final Determination December 2016, and Canada in cold-rolled steel Final Determination November 2018.

¹⁴ WTO, Report of the Working Party on the Accession of Vietnam, WT/AA/VNM/48, 27 October 2006, at paragraph's 255 and 527; Vietnam's Protocol of Accession to the WTO, WT/L/662, 15 November 2006, at paragraph 2

“...use a methodology that is not based on a strict comparison with domestic prices or costs in Vietnam if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing like product with regard to manufacture, production and sale of that product.”

As mentioned above, Signode Australia considers that domestic sales in Vietnam are not suitable for determining normal values due to the GoV influence on raw material HRC prices. This influence has been experienced across the whole of the Vietnam steel industry which has been the focus of the GOC's Steel Industry plans implemented over two stages:

- The Steel Master Plan 2007-2015 (Decree No. 145/2007/QD-TTg¹⁵); and
- The Steel Master Plan 2015-2025 (Decision No. 694/QD-BCT¹⁶).

The original Steel Industry Plan (2007-2015) contained production targets of 23 million tonnes of finished steel production by 2020 and 28 million tonnes by 2025. This was to be achieved via large investment projects in a number of steel manufacturing facilities. The GoV sought to develop a domestic steel industry through a range of policy objectives including:

- (i) Protection of the domestic industry through technical barriers and environmental standards;
- (ii) Tasking the Ministry of Finance with enacting policies and mechanisms to influence the price of steel in Vietnam; and
- (iii) Influencing the raw material inputs into the steel industry, and hence influencing the prices for steel outputs.

The most recent *Steel Master Plan 2015-2025* details a diversification in domestic steel production into the production of hot-rolled, cold-rolled and galvanised steel. The GoV's intention for diversification was clear:

“Having incentive policies for combined steel plant projects. Prioritising the investment in projects of manufacturing pig iron, steel billets, hot rolled steel sheet, alloy steel, steel of high quality, large shaped steel and stainless steel...”¹⁷

The Steel Master Plan for 2015-2025 also seeks to influence and control steel prices, as per the following:

“People's Committee of centrally affiliated cities and provinces shall: Direct the market management force in the area to coordinate with the authorities to strengthen the inspection and control of prices of steel products; prevent speculation, fake and ensure price stability in the area (underline added).”¹⁸

The GoV has also identified the domestic steel industry as a “priority industry” specifically to “invest in the development of steel manufacturing for mechanical engineering such as steel sheets, shaped steel, and alloy steel”.¹⁹

The GoV can enact the policy initiatives via its ownership in large steel industry companies. The large integrated steel producer Vietnam Steel (“VN Steel”) manufactures a range of steel products, including both inputs for and finished products and is operated in accordance with a charter from the GoV. The GoV has an active role in VN Steel's management and daily operations.

The GoV's Circular 122 on price management and registration entered into force in 2010. This regulation enables the GoV via the Ministry of Finance to apply price controls when prices

¹⁵ Refer Non-Confidential Attachment B-3.1.1.

¹⁶ Refer Non-Confidential Attachment B-3.1.2.

¹⁷ Non-Confidential Attachment 12: Decision No. 694/QD-BCT of March 31, 2013.

¹⁸ Ibid.

¹⁹ Ibid.

increase or decrease without “legitimate” reasons. The goods subject to pricing registration includes steel products, along with some raw material inputs including coal. The intent is to place price ceilings on products such that they are inconsistent with global changes in prices (including steel)

The GoV maintains control over projects and investment in key industries (including steel) such that projects may be halted or advance at the discretion of the GoV. This level of influence does not enable the market to determine investment, but the GoV based upon its view as to what is appropriate for the Vietnamese economy.

Finally, Signode Australia understands that some steel producers in Vietnam benefit from GoV subsidies. This is evidenced in recent by the CBSA which determined subsidy margins from 6.5 per cent to 30.6 per cent for goods including certain oil country tubular goods and cold rolled steel exported from Vietnam to Canada.

The foregoing confirms that the GoV influences the steel industry in Vietnam through a broad range of policies and successive plans for the steel industry that remain current in 2019. The effect of the influence is that domestic selling prices in Vietnam are distorted and are not determined in a competitive manner and are substantially different to what they otherwise would be. Signode Australia submits that domestic prices in Vietnam for painted steel strapping are unsuitable for normal value purposes as the GoV exercises influence over the steel industry which distorts raw material input prices and the selling prices of finished goods (including the subject goods).

Signode Australia therefore considers that normal values for painted steel strapping in Vietnam cannot be determined in accordance with subsection 269TAC(1). Signode Australia has calculated normal values for painted steel strapping produced and sold in Vietnam on a constructed basis following the same methodology for constructing normal values as for exports from China (see above).

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

Please refer to Section B-4.1 below.

3. Provide supporting documentary evidence.

Please refer to Section 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.

Signode Australia has identified the names of exporters 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. CHINA

(i) Basis for normal values – painted steel strapping

Due to the *prima facie* position that a market situation exists in China for painted steel strapping and normal values cannot be determined in accordance with subsection 269TAC(1),

Signode Australia does not have access to a Chinese producer's CTMS to calculated normal values under subsection 269TAC(2)(c). Similarly, Signode Australia does not have access to reliable information as to export prices for painted steel strapping from China for the purposes of determining of normal values in accordance with subsection 269TAC(2)(d).

Signode Australia has therefore based normal values on the best available information which is a constructed selling price methodology using estimated production costs (in accordance with subsection 269TAC(6)).

Signode Australia has determined normal values in accordance with the methodology of subsection 269TAC(2)(c) that uses a constructed cost methodology. Production costs are not available to Signode for a Chinese manufacturer and therefore Signode has used its costs of production to produce painted steel strapping, adjusted for benchmark costs for HRC in Korea and Taiwan, and further adjusted the cost of labour in the production cost estimates²⁰.

(ii) Methodology

Signode Australia has calculated normal values under subsection 269TAC(6) based upon the constructed cost methodology that uses production costs in accordance with subsection 269TAC(2)(c), plus amounts for selling and general administration costs, and profit, in accordance with the Regulations 44 and 45, respectively.

Average HRC prices have been calculated on a quarterly basis and included in the CTMS constructed model using Signode Australia's conversion costs sourced from Signode's Confidential Appendix A6.1 data – for aggregated grades of the subject goods.

For selling, general and administrative expenses, Signode considers its own costs (in the absence of a producer's similar costs in China) 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 sourced from Signode Australia's Confidential Appendix A6.1 for the 2017 calendar year for "all domestic sales" of the subject goods.

Refer to Confidential Attachment B-4.1 for constructed normal values for painted steel pallet strapping in China on a quarterly basis from 1 January 2019 to 31 December 2019.

II. VIETNAM

(iii) Basis for normal values – painted steel strapping

Signode Australia has detailed its contention that a market situation exists in Vietnam for painted steel strapping. Signode Australia does not have access to a Vietnamese producer's CTMS to calculated normal values under subsection 269TAC(2)(c). Signode Australia also does not have access to reliable information as to export prices for painted steel strapping from Vietnam for the purposes of determining of normal values in accordance with subsection 269TAC(2)(d).

Signode Australia has therefore based normal values on the best available information which is a constructed selling price methodology using estimated production costs (in accordance with subsection 269TAC(6)).

²⁰ Chinese labour estimates based upon [source] 2019 China labour costs.

Signode Australia has determined normal values in accordance with the methodology of subsection 269TAC(2)(c) that uses a constructed cost methodology. Production costs are not available to Signode for a Vietnamese manufacturer and therefore Signode Australia has used its costs of production to produce painted steel strapping, adjusted for benchmark costs for HRC in Korea and Taiwan, and further adjusted the cost of labour in the production cost estimates²¹.

(iv) Methodology

Signode Australia has calculated normal values under subsection 269TAC(6) based upon the constructed cost methodology that uses production costs in accordance with subsection 269TAC(2)(c), plus amounts for selling and general administration costs, and profit, in accordance with the Regulations 44 and 45, respectively.

Average HRC prices have been calculated on a quarterly basis and included in the CTMS constructed model using Signode Australia's conversion costs sourced from Signode Australia's Confidential Appendix A6.1 data – for aggregated grades of the subject goods.

For selling, general and administrative expenses, Signode Australia considers its own costs (in the absence of a producer's similar costs in China) 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 sourced from Signode Australia's Confidential Appendix A6.1 for the 2017 calendar year for "all domestic sales" of the subject goods.

Refer to Confidential Attachment B-4.1 for constructed normal values for painted steel pallet strapping in Vietnam on a quarterly basis from 1 January 2019 to 31 December 2019.

2. Provide supporting documentary evidence.

Please refer to Confidential Attachment B-4.1.

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.

The FOB export prices for goods exported from China and Vietnam will include domestic inland freight in the country of export. An adjustment is required to remove the export inland freight from the declared export price.

The benchmark HRC prices in Korea and Taiwan are not delivered prices to the manufacturer. Freight costs associated with the delivery of the HRC are required to be included in the constructed normal value. Signode Australia does not have information as to the likely delivery costs for HRC in China or Vietnam.

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.

Signode Australia has identified export inland freight costs and delivery costs associated with

²¹ Vietnam labour estimates based upon [source] 2019 Vietnamese labour costs.

raw material HRC used in the production of painted steel strapping. Signode Australia does not have details of the costs of these two items.

B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).

Signode Australia has calculated weighted average dumping margins for painted steel strapping exported to Australia during 2019. The estimated dumping margins are:

- for exports from China to Australia – the weighted average dumping margin is A\$ 414 per tonne (or 32.6 per cent); and
- for exports from Vietnam, the weighted average dumping margin during 2019 is A\$290 per tonne (or 21.4 per cent).

Please refer to Confidential Attachment B-4.1 for dumping margin calculations.

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

Please refer to B-6.1 above for dumping margins as a percentage of export price.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

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

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.

Signode Australia contends that Chinese manufacturers of painted steel strapping have benefited from a range of subsidy programs from the Government of China (“GOC”) that have assisted Chinese exporters in exporting the goods to Australia at subsidised prices.

In recent Report No. 419 (of May 2018) the Commissioner considered a range of subsidy programs applicable to Hollow Structural Section (“HSS”) producers and exporters in China. HSS (also known as ‘pipe and tube’) is a product manufactured from Hot Rolled Coil (“HRC”) just as painted steel strapping is manufactured from HRC. In HSS, HRC accounts for up to 80 per cent of the production cost, whereas in painted steel strapping, HRC accounts for approximately 70 per cent of the production cost.

Signode Australia considers that the 45 subsidy programs considered by the Commission in Report 419 as countervailable subsidy programs apply equally to Chinese manufacturers of painted steel strapping that is exported to Australia. It is therefore relevant for the Commission to consider investigate the 45 subsidy programs identified in Report 419 as subsidy programs applicable to Chinese exporters of painted steel strapping.

In Report 419, the Commission considered the following 45 subsidy programs:

No.	China Subsidy Program Name	Type
1	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Tax Economic Open Areas and Economic and Technological Development Zones	Tax
2	One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of Grant China’ and ‘Famous Brands of China’	Grant
5	Matching Funds for International Market Development for Small and Medium Enterprises	Grant
6	Superstar Enterprise Grant	Grant
7	Research & Development (R&D) Assistance Grant	Grant
8	Patent Award of Guangdong Province	Grant
10	Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years	Tax
11	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)	Tax
12	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai	Tax
13	Preferential Tax Policies in the Western Regions	Tax

14	Tariff and VAT Exemptions on Imported Materials and Equipment	Tax
15	Innovative Experimental Enterprise Grant	Grant
16	Special Support Fund for Non State-Owned Enterprises	
17	Venture Investment Fund of Hi-Tech Industry	Grant
18	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant
19	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
20	Hot rolled steel provided at less than fair market value	LTAR
21	Water Conservancy Fund Deduction	Grant
22	Wuxing District Freight Assistance	Grant
23	Huzhou City Public Listing Grant	Grant
27	Huzhou City Quality Award	Grant
28	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
29	Land Use Tax Deduction	Tax
30	Wuxing District Public Listing Grant	Grant
31	Anti-Dumping Respondent Assistance	Grant
32	Technology Project Assistance	Grant
34	Balidian Town Public Listing Award	Grant
35	Preferential Tax Policies for High and New Technology Enterprises	Tax
36	Local tax Bureau Refund	Tax
37	Return of Farmland Use Tax	Tax
38	Return of Land Transfer Fee	Tax
39	Return of Land Transfer Fee from Shiyou	Tax
40	Dining Lampback governance subsidy of Jinghai County Environmental Protection Bureau	Grant
41	Discount interest fund for technological innovation	Grant
42	Energy conservation and emission reduction special fund project in 2015	Grant
43	Enterprise famous brand reward for Fengnan Finance Bureau	Grant
44	Government subsidy for construction	Grant
45	Infrastructure Construction Costs Of Road In Front Of No.5 Factory	Grant
46	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission	Grant
47	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury	Grant
48	Subsidy for Coal-Fired Boiler Rectification	Grant
49	Subsidy for District Level Technological Project	Grant
50	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau	Grant
51	Subsidy from Science and Technology Bureau of Jinghai County	Grant
52	Subsidy of Environment Bureau transferred from Shiyou	Grant

A detailed breakdown of the above programs is included at Appendix B to Report 419 (See Non-Confidential Attachment C-1 for a copy of this document).

Signode Australia submits that the Chinese manufacturers/exporters of the painted steel strapping are eligible for the above-nominated subsidies that have aided in reduced export prices for the goods to Australia. Signode Australia further considers that these subsidies have resulted in benefits received by the Chinese manufacturers/exporters that are countervailable subsidies which have enabled export prices to Australia to be lower than they otherwise would be, resulting in injury to the Australian industry manufacturing like goods.

Signode Australia is unable to demonstrate whether the Vietnamese exporter of the goods is in receipt of any subsidies from the Government of Vietnam.

C-2. Threat of material injury

- 1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:**
 - (i) the rate of increase of dumped/subsidised imports;**
 - (ii) changes to the available capacity of the exporter(s);**
 - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 - (iv) inventories of the product to be investigated;**
 - (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or**
 - (vi) any other relevant factor(s).**

Signode Australia's application for anti-dumping measures is not based on a "threat" of material injury but on injury that is material that has already been sustained by Signode Australia from the dumped exports from China and Vietnam.

However, Signode Australia would highlight with the Commission that should the price suppression and reduced profits and profitability continue due to the influence of the dumped imports from China and Vietnam, it is likely that Signode Australia's profit for painted steel strapping would deteriorate further to negative returns.

The import trend data for China demonstrates that Chinese producers and exporters of painted steel strapping are increasing exports to Australia. This is likely to continue in the foreseeable future. In respect of exports from Vietnam, the main exporter Sam Hwan Vina Steel Strapping has a number of distributors in Australia and has, in previous years, exported significantly higher volumes than in 2019. This exporter does possess the capacity to increase exports to Australia. The emergence of increasing volumes from China across the injury period has required the Vietnamese exporters to reduce prices to be competitive with Chinese exports to Australia. This has been a significant influencing factor in the price suppression experienced by Signode Australia during 2019 and is expected to continue for the foreseeable future.

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

Please refer to Section C-2.1 above.

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.**

Painted steel strapping is not close processed agricultural goods. This question is not applicable.

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

This question does not apply to the goods the subject of this application.

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

This question does not apply to the goods the subject of this application.

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.**

This question does not apply to the goods the subject of this application.

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.**

China and Vietnam are not considered “non-market economy” countries for the purposes of Australia’s Anti-Dumping provisions.

This question does not apply to the goods the subject of this application.

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

This question does not apply to the goods the subject of this application.

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

This question does not apply to the goods the subject of this application.

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

This question does not apply to the goods the subject of this application.

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’.

China and Vietnam are not considered “economy in transition” Countries for the purposes of Australia’s Anti-Dumping provisions. This question is not applicable.

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 to the goods the subject of this application.

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 to the goods the subject of this application.

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 to the goods the subject of this application.

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*				
Total				

* 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.

The goods the subject of this application imported from China and Vietnam do not account for less than 3 per cent of the total import volume of goods imported into Australia during 2019.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value