PUBLIC RECORD

The Director, Investigations 1
Australian Trade Remedies Commission
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CANBERRA ACT 2601

BY EMAIL:
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20 October 2026

Dear Director,

RE: Dumping Investigation No. 692 - Certain welded steel mesh sheets exported from the People's Republic of China and Malaysia

AUSTRALIAN INDUSTRY RESPONSE TO SEF

InfraBuild (Newcastle) Pty Ltd (**InfraBuild**), an Australian industry applicant[1] for the publication of a dumping duty notice in respect of certain welded steel mesh sheets (**mesh**) exported to Australia from the People's Republic of China (**China**) and Malaysia, responds to the Australian Trade Remedies Commission's (**Commission**) recently published Statement of Essential Facts (**SEF**).

Summary

The Commission's SEF 692 contains several important findings that support the publication of a dumping duty notice in respect of welded steel mesh sheets exported from China. InfraBuild welcomes, in particular, the Commission's conclusion that dumped imports from China have caused material injury to the Australian industry, and its preliminary recommendation that interim measures be imposed using the combination method of duty calculation. These findings appropriately recognise the significant role that injurious price-based competition has played in the Australian market and provide a foundation for the effective application of trade remedies.

Notwithstanding its broad support for the Commission's findings and recommendations, InfraBuild submits that several aspects of the normal value and dumping margin calculations require further consideration before the investigation is finalised. In particular, InfraBuild is concerned that certain exporter-specific adjustments applied under subsection 269TAC(8) have been adopted in circumstances where a more direct and reliable measure of price comparability was available, or have been extended to exporters whose commercial

[1] Joint application with the Steel Reinforcement Institute of Australia (**SRIA**).

circumstances are unknown. InfraBuild also considers that the methodology adopted for uncooperative and all other exporters from Malaysia is inconsistent with the approach applied in comparable investigations and confers a more favourable outcome on uncooperative exporters than is warranted by the facts available. In effect, by proceeding to terminate the investigation as it relates to Malaysia, the Commission is potentially setting up the conditions for a new investigation at a later point in time against currently uncooperative Malaysian exporters.

Accordingly, this submission focuses on three principal issues. First, the adjustment applied for Kamen Steel's domestic technical support activities should be revisited given the Commission's own finding that a marked difference in pricing existed between cut-to-size/project mesh and standard mesh products. Secondly, the methodology adopted for certain cooperative and uncooperative Malaysian exporters should be reconsidered to ensure that exporter-specific adjustments are not transferred inappropriately and that non-cooperation does not result in more favourable treatment. Thirdly, while InfraBuild supports the Commission's revised price undercutting analysis and recommendation to apply the combination method of interim duty calculation, further clarity regarding certain aspects of the undercutting assessment would assist interested parties in understanding the basis of the Commission's conclusions.

Overall, InfraBuild submits that the Commission's central findings concerning dumping by Chinese exporters, injury and causation are well-founded and supported by the evidence on the record. The matters raised in this submission are not directed at those core conclusions, but at ensuring that the final determination; as it relates to Malaysia; reflects the most accurate, transparent and administratively consistent application of the normal value, dumping margin and injury assessment methodologies available under Australia's anti-dumping framework.

Kamen Steel (Malaysia) – Normal value adjustments (Section 6.9.3)

Adjustment for domestic technical support

In relation to cut-to-size (**CTS**) or project mesh produced by the Malaysian exporter, Kamen Steel Industries Sdn Bhd (**Kamen**), the Commission has preliminarily assessed:

> *…while the domestic CTS or project mesh products are commercially different than the standard mesh supplied to the Australian market, an amendment to the MCC structure is not required.*[2]

In relation to **price comparability** of CTS or project mesh relative to standard mesh, the Commission observed:

> *…there was a marked difference in the **pricing** of these goods.* [**emphasis** added]

Yet, despite finding a *'marked difference'* in the **pricing** of the CTS/project mesh compared to standard mesh, the Commission appears to have applied a **cost adjustment** for technical support under subsection 269TAC(8) based on the total technical team's salaries, bonuses and operating costs, i.e. costs. This is not the correct or preferable approach.

[2] SEF 692, p. 33.

The verification visit report for Kamen provides in relevant part[3]:

> *The domestic technical support allocation refers to the relevant* ***technical team's labour cost*** *and printing* ***cost*** *expenses … allocated by dividing* ***the total technical support expense*** *by the total quantity of cut-to-size goods sold on the domestic market.*[4]
>
> …[with] *the* ***quantum of salaries and bonuses paid to the technical sales department*** *…carved out* [from SG&A] *and* ***allocated to direct selling expenses*** *in relation to said domestic sales*.[5]

It remains unclear why the Commission did not choose to base any subsection 269TAC(8) adjustment deemed necessary for CTS/project mesh on the '*marked difference in pricing*' observed as the intent of this legislative provision is to ensure a fair **price** comparison between domestically sold and exported like goods. The Commission appears to have sufficient reliable information to base the adjustment on price comparability. The adjustment based on additional costs incurred assumes that those additional costs directly translate to a proportionate price premium. It further assumes that the entire technical team never assists with any inquiries concerning export orders of mesh, an unlikely scenario given Kamen has exported a range of mesh sheet sizes reflected in the MCCs from "extra-large (XL)" to "small (S)" to Australia during the investigation period. Producing this range of goods may have required some consultation with the technical support team and also involved cutting of mesh sheets to the required size. Both assumptions in relation to this adjustment may be highly flawed and should only be considered where a price comparison is not possible, which is clearly not the case here given the Commission reported observing a marked difference in pricing.

It is also unclear whether the subsection 269TAC(8) adjustment for technical support (costs) was applied across all MCC categories as a unit factor adjustment to all domestic sales or whether CTS/project mesh sales were limited to certain MCCs and the adjustment only applied to those relevant MCCs. InfraBuild would expect that Kamen's sales of extra-large sheet size mesh models typical of "standard mesh" (P-N-A-XL, P-N-B-XL and P-N-C-XL) would contain very little, if any, CTS mesh and not require this adjustment.

DMW (Malaysia) – Normal value (Section 6.8.3)

We note that absent Malaysian domestic sales of like goods for Dynamic Mesh and Wire (**DMW**), the Commission has:

> *…calculated weighted average normal values for DMW based on the normal values ascertained for the other sellers of domestic like goods during the investigation period*.[6]

However, SEF 692 goes on to report that the:

[3] EPR 692/065.
[4] EPR 692/065, p. 11 at [3.3.6].
[5] EPR 692/065, p. 16 at [4.2.2].
[6] SEF 692, p. 63.

> *…normal value ascertained from the other sellers* ***has already been adjusted under section 269TAC(8)'***. [**emphasis** added]

Firstly, determining a normal value under subsection 269TAC(1) only permits *'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 other sellers of like goods'*. It does not permit that calculation of the normal value be based on an *'already… adjusted'* normal value. The question of adjustment, is a separate and distinct exercise to the determination of the normal value. InfraBuild does not agree that the subsection 269TAC(8) normal value adjustments applied **for the other exporters** are relevant to DMW. For example, the **domestic** technical support adjustment applied for Kamen relates to products only sold domestically by Kamen and not exported.

For two of the DMW galvanised export MCCs, namely P-G-A-L and P-G-A-XL; that were not reported to be sold domestically by any of the three other sellers; InfraBuild considers a constructed normal value under paragraph 269TAC(2)(c) for those models is the preferable approach to normal value assessment for those export goods, rather than applying another seller's surrogate model adjustment that may not be relevant to the export goods produced by DMW.

Uncooperative and all other exporters (Malaysia) – Normal value (Section 6.12.2)

InfraBuild observes that Malaysian mesh exporter Rong Mah Wire Industries Sdn Bhd (**RM Wire**) was afforded a 13-day extension to provide a response to exporter questionnaire. The exporter did not provide a questionnaire response and '*also did not request a further extension to provide a response to the questionnaire before the extended due date*'[7] and was determined by the Commission to be an uncooperative exporter.

InfraBuild is unclear why the Commission has departed from its established and WTO compliant practice for determining non co-operative exporters' dumping margins and selected the most favourable combination of export price and normal value determined for only two of the four Malaysian cooperative exporters, **inclusive of the subsection 269TAC(8) adjustments to normal value relevant to those cooperative exporters.**

The Commission has observed that the FOB export prices for uncooperative exporters from Malaysia, as reported in the Australian Border Force (**ABF**) import database, '*on a weighted average basis are similar to Kamen Steel's and Southern Steel's ascertained export prices and the FOB export price reported for Kamen Steel's and Southern Steel's exports in the ABF import data*'. Further:

> *The Commissioner has selected the lowest weighted average export price* [for Kamen Steel and Southern Steel] *on the basis that it demonstrates a price at which an uncooperative exporter* ***may*** *export goods to Australia*.[8]

[7] SEF 692, p. 19.
[8] SEF 692, p. 71.

In relation to the normal value determination for uncooperative exporters[9]:

> *The Commissioner considers Kamen Steel's and Southern Steel's selling prices of domestic sales in the ordinary course of trade are the most relevant basis to ascertain the selling prices of uncooperative exporters' sales of like goods in the domestic Malaysian market, based on the information before the Commission. This is due to them making up a significant proportion of domestic sales volume of cooperative exporters.*
>
> *The Commission had regard to Kamen Steel's and Southern Steel's selling prices of domestic sales in the ordinary course of trade, and adjustments for differences in domestic and export sales as outlined in Table 16 and 17*. [emphasis added]

For reference, the subsection 269TAC(8) adjustments, considered by InfraBuild to be exporter-specific, as listed in **Tables 16** and **17** include:

- Domestic and export credit terms
- Domestic and export packaging
- Domestic and export inland transport
- Export port handling and other charges
- Domestic technical support (Kamen only)

The Malaysian approach is in stark contrast to that applied for uncooperative and all other exporters from China[10]:

> *The Commission has used the lowest FOB export price of selected cooperative exporters who exported to Australia during the investigation period...*

and,

> *The Commission has used the highest normal value for the investigation period of selected cooperative exporters who exported to Australia during the investigation period.*

In the recently concluded *Investigation No. 658* concerning *hot-rolled coil exported from China*, the Commission was consistent in this approach for uncooperative and all other exporters:

> *In the case of all other exporters, the commission notes that the ad valorem duty method is calculated with reference to the lowest ascertained export price (AEP) of all the selected exporters and the highest normal value, resulting in the highest ad valorem duty*.[11]

Again, in the recently concluded *Investigation No. 688* concerning *certain flat-rolled products exported from China and Korea*, the Commission provided the following in relation to dumping margin calculation for uncooperative and all other exporters:

> [For export price] *...the commission has used information provided in Australian importer declarations for goods sourced from each of the subject countries. Based on this*

[9] SEF 692, p. 72.
[10] SEF 692, p. 71.
[11] REP 658, p. 106.

information, the commission has selected the lowest weighted average export prices declared by importers of the goods…at FOB terms.[12]

[For normal value for China] *The highest normal value ascertained for cooperating exporters* ***including all upwards adjustments applied in relation to those exporters under section 269TAC(9)***. [**emphasis** added]

[For normal value for Korea] *Cooperating exporters normal value* ***excluding all downward adjustments applied in relation to those exporters under section 269TAC(8)***.[13] [**emphasis** added]

The approach taken in SEF 692 is not the correct or preferable approach to establishing a dumping margin for uncooperative and all other Malaysian exporters of welded steel mesh for the following reasons:

- It rewards non-cooperation by exporters, in this instance RM Wire and other Malaysian exporters known to have exported to Australia in the investigation period who chose to not participate in the investigation. This includes [redacted] who exported a range of mesh at various prices to Australian customers throughout the investigation period[14]. The total exports by uncooperative and all other Malaysian mesh exporters during the investigation period was not negligible at approximately [redacted] t of which [redacted] t was exported by mesh producers with current ACRS accreditation, demonstrating their commitment to long-term mesh supply to the Australian market.
- It includes favourable exporter-specific downward adjustments to the normal value that are not relevant to all other exporters.
- It assumes that the unverified uncooperative exporters sell a similar range of mesh products to the selected exporter entities who's adjusted normal values were applied in the dumping margin calculation.

The Commission's approach is inconsistent with Annex II of the WTO *Anti-dumping Agreement*, which concerns the question of the best information available for the purpose of Article 6.8 of the Agreement. Annex II provides that if a party does not cooperate this could lead to a less favourable result for that party.[15]

Commission's approach to price undercutting analysis (Section 8.5.2)

The Commission's analysis appropriately acknowledges the concerns raised by the Australian industry regarding the methodology initially adopted in the PAD.[16] Most notably, the Commission accepted and implemented an alternative approach to constructing delivered prices at the distributor level, resulting in a more accurate and representative comparison between imported and domestic products. The importance of the Commission identifying the two MCC models on which the undercutting analysis was performed provides necessary transparency to all interested parties.

[12] REP 688, p. 75.
[13] REP 688, p. 76.
[14] Refer CONFIDENTIAL ATTACHMENT 1 – Export data provided under paid subscription
[15] Refer also *Anti-dumping Commission*, 'Dumping and Subsidy Manual'(December 2021), p. 47.
[16] EPR 692/058.

Further clarification of SG&A expense and profit used

InfraBuild observes that the Commission has revised its approach to applying importer SG&A expenses and profit to the extrapolation of an equivalent delivered-duty-paid (**DDP**) selling price to Australian distributors for the exported goods:

> ...rather than basing the SG&A and profit on the largest trader only, the
>
> Commission has used all information available to the Commission from relevant traders in the investigation.[17]

Given that only one importer verification report was published,[18] and that its channel to the Australian market differs from that of InfraBuild and other importers, in that it does not import and sell the goods to distributors in arms length transactions,[19] then InfraBuild would not consider the SG&A expense and profit of this importer relevant to the extrapolation of a DDP selling price for price undercutting analysis purposes by other importers. It remains unclear to InfraBuild what other verified; and therefore, reliable; information was available to the Commission for the purpose of assessing other importer/trader's SG&A expenses and profit suitable for undercutting analysis.

Commission's recommendation of the combination method of interim dumping duty calculation (Section 11)

InfraBuild welcomes the Commission's preliminary recommendation that interim dumping duty (**IDD**) be imposed through the combination method of interim duty calculation (**combination method**), rather than continue under a purely *ad valorem* approach (***ad valorem* method**). The recommendation appropriately reflects the nature of competition in the Australian steel mesh sheet market, the magnitude of the identified dumping margins, and the demonstrated risk that exporters may seek to maintain market share through future reductions in export prices.

Combination method suits the price-based injury suffered by Australian industry

The injury identified by the Commission is price-based. The Commission's causation analysis found that the injury suffered by the Australian industry arose principally through price effects rather than merely the existence of import volumes. The Commission correctly found that steel mesh sheets are fundamentally a commodity product and that competition occurs predominantly on price. Chinese exporters were found to have undercut Australian prices by between 14% and 21% in the two largest volume product categories across the investigation period.

The Commission further concluded that:

- dumped Chinese imports caused price depression and price suppression;
- Australian producers lost market share to dumped imports;
- reduced prices and lost market share translated into lower revenue, profits and profitability; and

[17] SEF 692, p. 90.
[18] EPR 692/064.
[19] EPR 692/064, p. 4 at [1.2.2].

- absent dumping, the Australian industry's prices would likely have exceeded actual levels and Chinese imports would have been less price competitive.

As the identified cause of injury is directly linked to export pricing behaviour, a duty methodology must be capable of preventing exporters from restoring that injurious price advantage after measures are imposed. InfraBuild agrees that the combination method is uniquely suited to achieving that objective.

***Ad valorem* rates of duty would be vulnerable to price manipulation**

The Commission correctly identified a weakness of the *ad valorem* method. While simple to administer, the *ad valorem* method is calculated as a percentage of the actual export price. Consequently, an exporter can partially offset the remedial effect of the measure by lowering export prices further. The Commission's concern in this case is well founded. In the current investigation, the Commission found:

- dumping margins ranging from **28.5% to 45.4%**;
- substantial excess capacity in the Chinese steel industry;
- continuing exports after the investigation period;
- strong competition based on price; and
- an ongoing likelihood that dumping may continue.

The Commission also found that Chinese producers benefit from distorted upstream input costs and maintain a significant pricing advantage in export markets. Accordingly, the existence of these structural incentives creates a credible risk that exporters could respond to anti-dumping measures by reducing export prices further to maintain sales volumes in Australia.

In these circumstances, it is appropriate for the Commission to conclude that an *ad valorem* duty may not fully neutralise the injurious effect of future price reductions.

The risk of renewed price suppression best addressed through the combination method of duty calculation

The practical effect of the combination method is that exporters cannot regain a dumped-price advantage merely by cutting prices further after measures are imposed. This is particularly important given the Commission's findings that:

- Australian purchasers are highly price sensitive;
- small changes in price materially affect purchasing decisions;
- Chinese exporters gained market share largely through lower prices; and
- Chinese exporters achieved significantly higher profitability on Australian sales than on domestic sales.

A method of interim duty calculation that preserves the effect of the measures regardless of subsequent export price reductions is therefore necessary to ensure that the injury caused by dumping is effectively removed.

Australian market characteristics favour the combination method

The Commission observed that the combination method can be less suitable where there are numerous highly differentiated products with significant price variation. However, it concluded that such concerns are limited in this investigation and for the Australian steel mesh sheet market.

Although different categories of steel mesh sheets exist, most Chinese exports consist of uncoated reinforcing mesh used in concrete reinforcement applications. The Commission observed that these products:

- represent the dominant export volumes;
- exhibit relatively limited price differentiation compared with galvanised products; and
- operate in a commodity-style market where price is the primary competitive factor.

These findings strongly support the use of the combination method. The more homogeneous the product mix and the greater the importance of price competition, the stronger the rationale for a mechanism that prevents exporters from undermining the effectiveness of the measure through subsequent price reductions.

Consistency with the objectives of Australia's trade remedies framework

The purpose of anti-dumping measures is remedial, not punitive. The objective is to remove the injurious effects of dumping and restore fair competition.

The Commission found that:

- dumped imports from China materially injured the Australian industry;
- price undercutting was substantial and persistent;
- dumped prices enabled Chinese exporters to obtain a disproportionate share of market growth; and
- injury would likely continue if effective measures were not imposed.

Applied here, the combination method is more closely aligned with this remedial objective because it maintains the integrity of the Commission's ascertained export price and prevents exporters from recreating the very price effects that gave rise to material injury. Unlike the *ad valorem* method, it ensures that any future deterioration in export pricing automatically gives rise to a corresponding increase in duty liability.

Conclusions

Adjustments to be based on price comparability

The Commission stated that there was a '**marked difference in pricing'** between CTS/project mesh and standard mesh. Despite identifying an observable price differential, the Commission appears to have adjusted normal value by reference to costs. Adjustments to the normal value under subsection 269TAC(8) are concerned with achieving a **fair price comparison**, not necessarily reimbursing or reconstructing cost differences. Where reliable evidence exists of the actual market price premium associated with CTS/project mesh, a price-based adjustment may be more accurate than a cost-based proxy.

Furthermore, the Commission's calculated adjustment assumes that all technical support costs relate exclusively to domestic CTS sales, and no comparable support was provided in connection with Australian exports.

Indeed, once the Commission found that CTS/project mesh commanded a readily observable market price premium, reliance on an indirect cost proxy risks understating or overstating the actual commercial effect of those differences and therefore producing a comparison less, rather than more, reflective of marketplace behaviour.

"Adjusted" normal values based on other sellers not correct or preferable

It is not permissible to determine a normal value based on "other sellers'" 'already... adjusted' normal values. The application of adjustment to the normal value under subsection 269TAC(1) are to be made following an assessment of the subject exporter's circumstances for comparison to the goods exported.

Furthermore, for certain galvanised MCCs not sold domestically by any cooperating domestic seller, a constructed value under subsection 269TAC(2)(c) is the correct or preferable approach.

Determining the variable factors for uncooperative Malaysian exporters

The Commission's approach to the determination of the variable factors for uncooperative Malaysian exporters is inconsistent with recent, past practice, namely, Investigation Nos. 658 and 688 and the Annex II of the WTO Agreement. The Commission has previously adopted methodologies that utilised the lowest available export prices and the highest available normal values when assessing uncooperative and all other exporters. InfraBuild submits that a consistent application of that approach in this investigation would better reflect the information available on the record, maintain the integrity of the trade remedies framework, and provide a stronger incentive for exporters to participate fully in investigations.

The Commission's methodology potentially leaves uncooperative exporters in a better position than would have resulted from application of the highest available normal values without the benefit of exporter-specific subsection 269TAC(8) reductions, in relevant part:

- Kamen's domestic technical support adjustment is exporter-specific;
- those costs may have no relevance whatsoever to other manufacturers;
- applying such reductions to an uncooperative exporter risks importing favourable assumptions unsupported by the record.

As such, the Commission has not merely used information from cooperative exporters; it has imported favourable exporter-specific normal value adjustments into the dumping calculations of firms whose actual circumstances are entirely unknown.

Price undercutting

InfraBuild acknowledges that the Commission accepted InfraBuild's earlier concerns regarding the method of calculating SG&A expenses and profit for the purpose of its undercutting analysis. There remains the need for further clarification regarding:

- which importers' SG&A expenses were used; and
- how representative those expenses were

Proposed measures

The Commission's recommendation to apply the combination method should be endorsed in the Commissioner's final report to the Minister.

The evidence in the SEF demonstrates that this investigation is fundamentally a case of price-driven injury. Chinese exporters obtained a substantial competitive advantage through dumping, materially undercut Australian prices, suppressed domestic prices, increased market share and caused injury to Australian producers.

Given the continuing existence of large dumping margins, the commodity nature of the product, the importance of price competition in purchasing decisions, and the demonstrated risk that exporters may attempt to maintain market share through additional price reductions, the combination method provides a more effective and durable remedy than an *ad valorem* rate of duty alone under the *ad valorem* method. It directly addresses the mechanism through which injury occurred and better ensures that the remedial effect of the anti-dumping measures is maintained over time.

To discuss any aspect of this submission, please do not hesitate to contact your InfraBuild representative on record.

FOR AND ON BEHALF OF

InfraBuild (Newcastle) Pty Ltd

A member of the Australian industry producing like goods