Australian Government
Department of Industry, Science and Resources

Australian Trade Remedies Commission

Consideration report 725

Application for a dumping duty notice and a countervailing duty notice

Submitted by CSR Building Products Limited

In relation to autoclaved aerated concrete exported to Australia from the People's Republic of China

12 November 2026



Acknowledgement of Country

Our department recognises the First Peoples of this Nation and their ongoing cultural and spiritual connections to the lands, waters, seas, skies, and communities.

We Acknowledge First Nations Peoples as the Traditional Custodians and Lore Keepers of the oldest living culture and pay respects to their Elders past and present. We extend that respect to all First Nations Peoples.

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DISR Journey
2024
Chern'ee Sutton

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Findings and Recommendations

This report provides the result of the Commissioner of the Australian Trade Remedies Commission's (the Commissioner) consideration of an application under section 269TB(1) of the *Customs Act 1901*[1] (the Act) by CSR Building Products Limited (CSR, or the applicant). CSR's application seeks the publication of a dumping and a countervailing duty notice in respect of autoclaved aerated concrete (the goods) exported to Australia from the People's Republic of China (China).

CSR alleges that the Australian industry for autoclaved aerated concrete has suffered material injury caused by the goods exported to Australia from China at dumped and subsidised prices.

The legislative framework that underpins the making of an application and the Commissioner's consideration of an application is in Divisions 1 and 2 of Part XVB.

Findings

In accordance with section 269TC(1), the Commissioner has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) – see 'Compliance with section 269TB(4)' chapter
- there is an Australian industry in respect of like goods – see 'Like goods and the Australian industry' chapter
- there appear to be reasonable grounds for the publication of dumping and countervailing duty notices in respect of the goods.

Commissioner's decision

Based on the above findings, the Commissioner has not rejected the application and has initiated an investigation to determine whether dumping and countervailing duty notices should be published.

The Commissioner has decided to examine:

- exports to Australia during an investigation period of **1 July 2025 to 30 June 2026** for dumping and subsidisation (**investigation period**), and
- details of the Australian market from **1 July 2022** for injury analysis purposes (**injury period**).

The Commissioner must give public notice of this decision (**Non-Confidential Attachment 1**) in accordance with the requirements set out in section 269TC(4).

[1] All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

The application and the Australian industry

Lodgement of the application

Legislative framework

The procedures for lodging an application are set out in section 269TB.

The procedures and timeframes for the Commissioner's consideration of the application are set out in section 269TC.

The Commissioner's timeframe

Table 1: Timeline for considering the application

Event	Date	Details
Application lodged and receipted by the Commissioner under sections 269TB(1) and (5)	30 September 2026	The Commission received an application from CSR which alleges that the Australian industry has suffered and is suffering material injury caused by the goods from China at dumped and subsidised prices.
	9 October 2026	The Commission notified CSR that the application contained critical and important deficiencies which if left unaddressed, create doubt on the reasonableness of the grounds for the publication of dumping and countervailing duty notices.
CSR provided further information in support of the application under section 269TC(2A)	19 October and 23 October 2026	CSR provided further information and data in support of the application without having been requested to do so, as provided for in section 269TC(2A). The application was taken to have been lodged and receipted on 23 October 2026 when the final additional information was received. Accordingly, the 20-day period for consideration of the application was restarted.
Consideration decision due under section 269TC(1)	12 November 2026	The Commissioner shall decide whether to reject or not reject the application within 20 days after the last day the applicant provided further information.

Compliance with section 269TB(4)

Finding

Based on the information submitted by CSR, the Commissioner considers that the application complies with section 269TB(4).

Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping and countervailing duty notice if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

The Commissioner's assessment

The table below summarises the Commissioner's assessment of compliance with section 269TB(4).

Table 2: Compliance assessment of the application – section 269TB(4)

Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	The applicant lodged in writing confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record at www.atrc.gov.au
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (**Form B108**) for the purpose of making an application under section 269TB(1).
Contains such information as the form requires under section 269TB(4)(c)	The applicant provided: • a completed declaration signed by authorised representatives of CSR • answers to all questions required by Form B108 • completed appendices A1 to A8, together with supporting attachments • sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of the applicant.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	As assessed in 'Like goods and the Australian industry', CSR is the only known Australian producer of like goods and comprises 100% of Australian production of like goods. Based on the information available, the Commissioner is satisfied that the application complies with sections 269TB(6)(a) and (b).
Lodged in the manner approved under section 269SMS for the purposes of section 269TB(4)(f)	The application was lodged in a manner approved in the Commissioner's instrument made under section 269SMS, being by approved electronic lodgement. The application was therefore lodged in a manner approved under section 269SMS(2).

The goods the subject of the application

The goods

The table below outlines the goods as described in the application.

Table 3: The goods description

Full description of the goods, as subject of the application
The goods the subject of the application are autoclaved aerated concrete (AAC) blocks or panels, of a minimum thickness of 30 millimetres, of a width not exceeding 620 millimetres, and of lengths up to and including 6,000 millimetres, whether finished or unfinished, of any density, edge profile or face treatment, and in the case of panels, whether or not reinforced with steel or other materials.
Exclusions
The goods do not include concrete blocks or panels not manufactured through the autoclaved aeration process.
Further information (as provided in the application)
AAC is a lightweight, precast, cellular concrete building material manufactured by mixing lime, cement, fine aggregate (typically sand or fly ash), aluminium paste, and water into a slurry. The aluminium powder reacts to create hydrogen gas, forming evenly distributed air cells throughout the mixture. The material is then cut to size and cured in an autoclave under high pressure and steam, creating a dimensionally stable product with a characteristic cellular structure.[2] This manufacturing process gives AAC a recognisable identity across the range of goods: a lightweight, closed-cell cellular concrete, of substantially lower density than normal-weight (dense) concrete, that can be cut and worked with hand tools and that exhibits a porous structure on any cut face. The goods differentiate from one another principally by their form, and secondarily by variations within each form, as described below. A copy of CSR's product guide is at Non-Confidential Attachment A-4.2. Key distinguishing characteristics The primary characteristic distinguishing the goods is their form. AAC is supplied in block and panel form: - AAC blocks are small-format, discrete masonry units of solid, unreinforced AAC. They are laid in courses and bedded in adhesive or mortar and are worked in the same manner as traditional masonry. In CSR's range, the blocks share a common 600mm module and are supplied in thicknesses from 50 mm to 300 mm.[3] - AAC panels are large-format, steel-reinforced spanning elements. They are 600mm wide as standard and are supplied in lengths from 1,200mm upwards. Panels are installed as whole elements. They are fixed vertically to timber or steel framing by means of top hats, brackets and screws, laid over joists, or supported on shelf angles as a facade. The embedded steel reinforcement gives a panel the bending and handling capacity that a block does not possess. Within the panel form, products differ by certain secondary variations: - reinforcement configuration, where steel reinforcement is embedded within the AAC. In panel manufacture, welded steel mesh is placed in the mould, and given an anti-corrosion coating,

[2] Refer Non-Confidential Attachment A-4.2: Hebel Product Guide.

[3] For example, PowerBlock 600 × 200 × 50 through to 600 × 200 × 300, together with a 600 × 400 × 100 unit and a custom 1,200 × 300 × 300 unit: see the PowerBlock product-sizes table in Attachment A-4.2.

before the slurry is poured. The reinforcement provides the panel's spanning capacity and handling capability.

The types of reinforcement are single mesh (a single mesh mat, used in standard panels) and caged or double mesh (two mats forming a cage, used in taller panels, in load-bearing floor panels, and in commercial and civil products). Blocks contain no reinforcement;

- density grade: a standard density, and a lower-density grade (designated "XL") that is lighter and used in low-rise residential construction;
- edge profile: square edge (for rendered facades and intertenancy walls), tongue-and-groove (interlocking, for internal walls and floors), offset tongue-and-groove, and a load-bearing floor profile;
- face treatment: a plain surface, or a surface pre-routed with decorative linework or patterns; and
- dimensions: thickness and length within the ranges noted above.

Goods in the marketplace

AAC can be identified by its low density, the fine closed-cell porous structure visible on any cut face, the ability to cut and rout the material with hand tools, and its reference to autoclaved aerated concrete or the applicable AAC standard. These characteristics distinguish AAC from dense precast concrete, fibre-cement sheet and other lightweight concretes that are not autoclaved and aerated.

AAC blocks are small discrete units containing no reinforcement.[4] AAC panels are large-format elements containing embedded steel mesh, identifiable at the cut ends.

Applications

The primary applications of the goods are:

- wall panels: external rendered walls, intertenancy walls, zero and dual-zero boundary walls, high-rise facades, balcony blades, corridor, shaft and service walls, fencing, sound barriers and fire walls; and
- floor panels: suspended ground floors and mid-floors, including a 75 mm tongue-and-groove floor panel laid over joists (non-load-bearing) and a thicker caged floor panel that is load-bearing and spans without joists.

Finishes

The terms "finished" and "unfinished" refer to the state of processing of the raw AAC surface.

"Finishing" includes the use of advanced wire-cutting machinery capable of producing a smooth concrete-like, crumble-free raw surface, and further secondary factory processes – (such as routing, pressing and linishing) that emboss the raw AAC surface with features such as routed linework, pressed stone-like patterns and surface textures. The product remains the usual grey-white colour of raw AAC and, as sold, is not yet ready to be exposed as a finished cladding.

For AAC blocks, advanced finishing includes not only making the block surfaces smoother and more refined, but also the addition of installation aids (such as integral pocket rebates that make manual handling of the blocks easier) through to the machining of a basic cubic block into a ready-to-use building component, such as a curved, shaped or rebated element.

An "unfinished" product is one that has not been subjected to such surface finishing or secondary machining.

[4] A 'sill' is not a discrete product. It is an AAC block supplied for a windowsill end-use. It is the same solid, unreinforced AAC material, in the same block footprint, as CSR's other blocks, differing only in that it is designated and packaged as a sill. It falls within the AAC blocks limb of the goods description. It appears in the product guide but not in the body of this application on the basis that the application describes the goods by form; a sill is one application of a block and does not require separate treatment.

Tariff classification

The goods are generally, but not exclusively, classified to the following tariff classifications in Schedule 3 of the *Customs Tariff Act 1995*.

Table 4: General tariff classification for the goods

Tariff classification				
Tariff code	**Statistical code**	**Unit**	**Description**	**Duty rate**
6810	ARTICLES OF CEMENT, OF CONCRETE OR OF ARTIFICIAL STONE, WHETHER OR NOT REINFORCED:			
6810.11.00	10	..	Building blocks and bricks	
6810.91.00	13	..	Prefabricated structural components for building or civil engineering	

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods description. The goods description in Table 3 provides the authoritative detail regarding the goods the subject of the application.

Like goods and the Australian industry

Finding

The Commissioner is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- CSR produces goods that are identical to or have characteristics that closely resemble the goods the subject of the application, and
- at least one substantial process in the manufacture of those goods is carried out in Australia.

Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping or countervailing duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), 269T(3), 269T(4), and 269T(4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

Section 269TB(4) requires that an application for a dumping or countervailing duty notice must be supported by a sufficient part of the Australian industry. Section 269TB(6) provides that a sufficient part of the Australian industry is the support of persons who:

- account for more than 50% of the total production or manufacture of like goods produced or manufactured by that portion of the Australian industry that has expressed either support for, or opposition to, the application, and
- account for not less than 25% of the total production or manufacture of like goods in Australia.

Locally produced like goods

The table below summarises the Commissioner's assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

Table 5: Like goods assessment

Factor	CSR's claims	The Commissioner's assessment
Physical likeness	Locally produced goods are physically like to the imported goods.	The Commission has reviewed the application and the Australian Border Force (ABF) import database and is satisfied that the locally produced goods and imported goods appear to have similar physical characteristics (composition, form, finish, density, edge profile, face treatment, dimensions etc). The application also describes that there are Australian standards that apply to both domestic and imported goods equally.
Commercial likeness	The locally produced goods compete directly with imported goods in the Australian market.	Both the locally produced and imported goods appear to be commercially alike. Importers of the goods from China are known to be direct competitors of CSR for similar products and sell to common customers in the Australian market.
Functional likeness	Locally produced goods and imported goods are used interchangeably in the same or comparable end-uses.	Both the locally produced goods and imported goods appear to serve the same end uses. They are functionally substitutable and are sold to the same customer base for similar applications, including walls, fences, sound barriers and fire walls; as well as flooring.
Production likeness	Locally produced goods and imported goods are manufactured in a similar manner using the same processes.	The Commissioner has reviewed the application and is satisfied that the production process and raw material inputs into locally produced and imported goods appear to be substantially identical.

Based on the analysis in Table 5, the Commissioner considers that the locally produced goods have characteristics that are identical to or closely resemble goods the subject of the application and are, therefore, like goods. The Commissioner will further examine like goods during the investigation.

Manufacture in Australia

The table below summarises the Commissioner's assessment of whether the goods are wholly manufactured in Australia and whether the like goods are therefore considered to have been manufactured in Australia.

Table 6: Manufacturing of like goods in Australia

CSR's claims
CSR manufactures AAC that is like the subject goods imported from China at its manufacturing facility in Somersby, New South Wales (NSW), Australia. The products manufactured by CSR fully conform to user specifications as described in the application. CSR has outlined its AAC production process in Non-Confidential Diagram A-4.7 of the application.
The Commissioner's assessment
Based on the information contained in the application, the Commissioner is satisfied that the like goods are manufactured in Australia. Accordingly, the Commissioner is satisfied that the requirements of sections 269T(2), 269T(3) and 269T(4) have been met.

Sufficient support

The application states that CSR is the only known Australian producer of like goods and comprises 100% of Australian production of like goods.

The Commissioner has conducted further desktop research and has not identified any other manufacturers of like goods in Australia.

The Commissioner is therefore satisfied the application is supported by 100% of the Australian industry and satisfies sections 269TB(6)(a) and (b).

Australian industry information

Assessment of Australian industry data

The tables below summarise the Commissioner's assessment of whether CSR has provided sufficient information in the application to analyse the performance of the Australian industry.

Table 7: CSR Building Products Ltd – application completeness assessment

Have the relevant appendices to the application been completed?		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes

Have the relevant appendices to the application been completed?		
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes

General administration and accounting information	
History	CSR is an Australian manufacturer of building products and forms part of the CSR group, which traces its origins to the Colonial Sugar Refining Company established in Australia in 1855. Over time, the business diversified from sugar production into the manufacture and supply of building products. CSR Building Products Limited operates the Hebel business in Australia, which manufactures AAC products and is the producer of the Australian like goods relevant to this investigation. CSR forms part of the Saint-Gobain group, following Saint-Gobain's acquisition of CSR in July 2024. CSR publicly identifies itself as a wholly owned subsidiary of Saint-Gobain.
Ownership	CSR is a wholly owned subsidiary of the French multinational building materials company Compagnie de Saint-Gobain S.A.
Operations	CSR has provided details of its areas of operation in its application.
Financial year	CSR's financial year is 1 January to 31 December.
Audited accounts	CSR provided audited accounts for FY2024[5] and FY2025.
Annual reports	CSR provided annual reports for FY2024 and FY2025.

Production and sales information	Cost to make and sell information	Other injury factors
The Commissioner considers that there are no material concerns, subject to the Commissioner's usual verification practices.	The Commissioner considers that there are no material concerns, subject to the Commissioner's usual verification practices.	The Commissioner considers that there are no material concerns, subject to the Commissioner's usual verification practices.

Based on the information contained in the application, the Commissioner is satisfied that sufficient information has been provided to analyse the performance of the Australian industry from 1 July 2022, which is the proposed injury analysis period.

Market size

In the application, the applicant estimated the size of the Australian market for the goods based on its sales for like goods and import data sourced from the Australian Bureau of Statistics (ABS).

[5] FY, or financial year refers to the Australian financial year, 1 July to 30 June. FY2024 denotes the financial year ending on 30 June 2024.

The Commissioner has reviewed CSR's methodology and considers the estimate to be reasonable, given it is based on a relevant and reputable source.

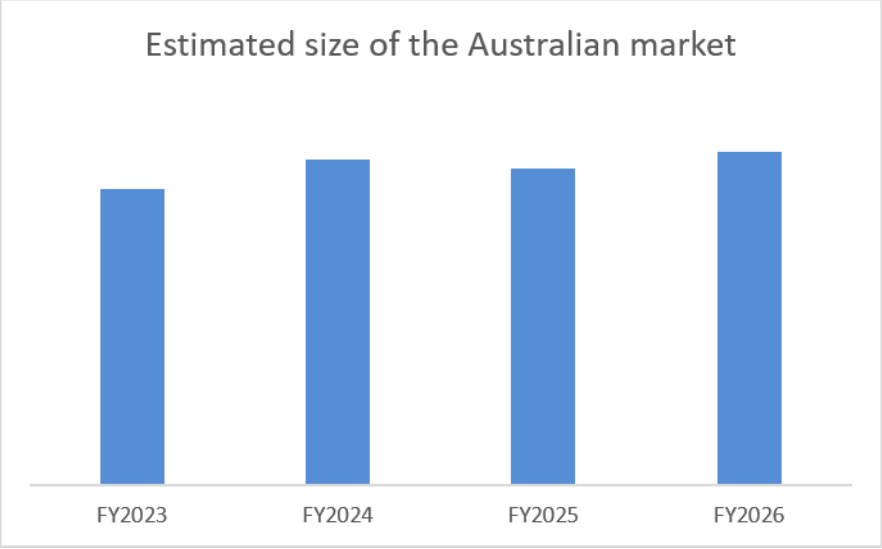
The Commission reconciled the applicant's import data with the ABF import database to a reasonable extent, observing consistencies between the two sources. While this reconciliation supports the reliability of the applicant's data with another relevant and reputable source, the Commission notes there are certain limitations to its comparison:

- the ABF import data records import quantities for the goods in kilograms (kg), while CSR has reported quantities in its application in cubic metres (m^3);
- given the different units of measurement, a conversion is required to enable an accurate comparison; and
- the applicant's data and the ABF import data, based on the tariff classifications and statistical codes listed in Table 4, may include both goods and non-goods, which requires filtering.

The conversions and filtering required to fully rely on ABF data in respect of the goods will require the Commission to undertake further examination. For the purposes of assessing the application, the Commissioner is satisfied with the reasonableness of CSR's estimate. The Commission will further examine and refine the market size during the investigation. This may result in a revision to the volumes depicted in Figure 1.

Figure 1 below shows the applicant's estimate of the size of the Australian market for the goods.

Figure 1: Applicant's estimate size of the Australian market for the goods (m^3)[6]



Based on Figure 1, the Commission observes that the Australian market has generally increased, albeit with some fluctuation, between FY2023 and FY2026.

[6] Confidential Attachment 2 – Australian market.

Reasonable Grounds – dumping

Findings

Pursuant to section 269TC(1)(c), the Commissioner considers that there appear to be reasonable grounds to support the applicant's claims that:

- the goods have been exported to Australia from China at dumped prices
- the estimated dumping margins for exports from China are greater than 2% and therefore are not negligible
- the estimated volume of goods from China that appear to have been dumped is greater than 3% of the total Australian import volume of goods and therefore is not negligible.

The Commissioner's volume analysis and dumping analysis forms **Confidential Attachment 2 – Australian market** and **Confidential Attachment 3 - Normal values and dumping margins**.

Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister for Industry and Innovation and Minister for Science must be satisfied with in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible).

Export price

Legislative framework

Export price is determined by applying the requirements in section 269TAB considering whether the purchase or sale of goods was an arms length transaction under section 269TAA.

CSR's estimate

The table below summarises the approach taken by CSR to estimate export prices and the evidence relied upon.

Table 8: CSR's estimate of export prices

Country	Basis of estimate	Details
China	Export prices based on ABS import data.	CSR calculated weighted average FOB export prices for the goods exported from China during the investigation period using import volume and value data sourced from ABS, under the identified tariff sub-heading for the subject goods.

The Commissioner's assessment

The Commissioner examined the export price calculations and supporting evidence provided by CSR, which is based on ABS import data.

The Commission accepts that an applicant can only provide information in its application that is reasonably available to it.

The Commission has reviewed the ABS import data and ABF import data. Noting the limitations mentioned above in relation to the filtering and conversions required to fully compare the ABF and ABS data, the Commission has relied on the ABS import data.

The Commissioner considers that the evidence that the applicant provided is sufficient for the purposes of assessing section 269TC(1) and the assumptions and methodology used are appropriate.

CSR's calculation of export prices and the Commissioner's comparison is in **Confidential Attachment 3 – Normal values and dumping margins.**

Normal value

Legislative framework

Normal value is determined by applying the requirements in section 269TAC considering whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export, and
- whether the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

CSR's estimate of normal value

The table below summarises the approach taken by CSR to estimate normal values and the evidence relied upon.

Table 9: CSR's estimate of normal values

Country	Basis of estimate	Details
China	CSR claims that due to the Government of China's (GOC) influence on the inputs into AAC, which are cement, lime, the aluminium aeration agent, fly ash and silica, gypsum, energy, land and capital, a particular market situation (PMS) exists for the goods. On this basis, CSR has relied on constructed selling prices for AAC for the normal value. The normal value has been constructed under section 269TAC(2)(c).	Cost to make and sell (CTMS) CSR has based the constructed normal value calculations on its own production costs. For conversion costs, and selling, general and administration (SG&A) expenses, CSR does not have access to Chinese costs. In the absence of this information, CSR has utilised its own conversion and SG&A costs, with a downwards adjustment being made for Chinese labour costs. The use of the applicant's own data also means that any distortions in key raw material prices associated with its PMS claims are avoided. Profit An amount of profit calculated from a 5.24% rate has been applied, based on the 2024 financial statements of China National Building Material Co., Limited (CNBM)[7] who are associated with, among other things, AAC plant technology and supply. Adjustments No adjustments have been made by CSR to account for the difference between EXW and FOB incoterms.

The Commissioner's assessment – China

The Commissioner must determine whether there appear to be reasonable grounds for supporting a claim that the goods have been exported at dumped prices. The Commissioner is therefore required to assess whether the estimated normal values provided in the application are reasonable.

For an estimated constructed normal value, as in the present application, the Commissioner will assess whether the costs used by CSR to construct the normal value reasonably reflect the costs of production in the exporting country, in this case, China.

When making this assessment, the Commissioner notes that CSR has limited access to data to enable it to estimate the costs in the country of production. The Commissioner considers it reasonable for CSR to use its own costs, but where reasonable and

[7] CNBM Group, a public traded company, engaging in cement, lightweight building materials, glass fibre and fibre-reinforced plastic products and engineering service businesses. CNBM Group is currently the largest cement and gypsum board producer in China.

practicable to do so, the costs should be adjusted to reflect costs in the country of export.

In certain circumstances, the Commissioner will have access to information which will enable the Commissioner to assess the reasonableness of the information relied on in the application. The Commissioner may also have other sources of information that are directly relevant to the application, which the Commissioner may prefer to use in the Commissioner's own assessment, particularly if that information is considered more relevant and reliable than the information relied upon by CSR. In this instance, the Commissioner has not investigated a comparable product and does not have access to relevant normal value data in relation to the goods.

Based on the information available, the Commissioner considers that the production costs and SG&A expenses included in CSR's constructed normal value calculations are reasonable.

A profit margin of 5.24% has been applied, which the Commissioner also considers reasonable. This figure is sourced from the 2024 financial statements of CNBM, a company with significant presence in China's building-materials sector, including AAC plant technology and supply. The Commission notes that even with a 0% profit included in the calculation, the dumping assessment below is above negligible levels, which further supports the reasonableness of the applicant's claims.

Particular market situation claims

Based on the information available, the Commissioner considers it reasonable for CSR to claim that a PMS exists in the Chinese AAC market.

CSR has based its claim that a PMS exists within China, and that prices in the domestic market cannot be properly compared with prices in the export market, due to government intervention, alleged distortions affecting key production inputs and the involvement of state-owned enterprises in the supply chain. A full list of claims and supporting evidence are included from pages 42 to 50 in the application.

In relation to raw material inputs, CSR identifies cement, lime, aluminium powder or paste, fly ash, silica, gypsum, energy, land and capital as potentially being affected by state ownership, government subsidies, excess capacity, capacity and production controls, and other government policies.

In particular, CSR points to alleged government support within the Chinese cement and aluminium industries and contends that these measures may result in input prices that do not reflect competitive market conditions. In relation to cement, CSR outline that the industry is extensively characterised by state-owned enterprises and cites an Organisation for Economic Co-operation and Development (OECD) steel outlook which identifies cement as among the most heavily subsidised heavy industries in China, alongside steel and aluminium, including firms receiving subsidies.

CSR further submits that alleged distortions in China's coal and electricity sectors may flow through to the cost of energy-intensive inputs, including lime and silica, and to industrial by-products used in AAC production, such as fly ash and gypsum. CSR also contends that government support for the aluminium sector may result in below-market primary aluminium flowing through to the price of aluminium powder or paste purchased by AAC producers.

CSR also highlight that CNBM Group that controls CNBM is a centrally administered state-owned enterprise directly supervised by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. CSR contends that, in respect of AAC, the CNBM Group's dominance in the upstream inputs of cement and gypsum bears directly on AAC.

CSR asserts that the above factors create distortions in the AAC market and that domestic selling prices are unsuitable for determining normal values under section 269TAC(1).

In response, to the application, the GOC provided a written consultation document when invited for consultations in relation to the applicant's subsidy allegations, see below at 'Consultation with the Government of China'. The GOC disputes that there is a PMS in relation to the goods. It further states the AAC sector operates in a market-oriented manner, with prices determined by market forces, without control or intervention of the government.

The Commissioner has not had sufficient time to investigate all of the applicant's claims and the GOC's counter claims in the time available to consider the application. The Commissioner will seek further information from exporters, the GOC, and other sources to assess CSR's claims of a particular market situation during the course of the investigation.

CSR's calculation of the normal value forms **Confidential Attachment 3 – Normal value and dumping margins.**

Production and SG&A costs

The Commissioner considers the use of costs based on CSR's own labour, conversion and SG&A costs in respect of the goods, after adjustment, is a reasonable basis for estimating such costs in China.

The Commissioner notes that the applicant has relied on its own conversion costs and SG&A expenses in constructing normal values for China, on the basis that it does not have access to equivalent Chinese cost information. The applicant has made a downward adjustment to its Australian labour costs to reflect lower labour costs in China.

The Commissioner also notes the applicant's claims that certain inputs used in the production of AAC in China may be affected by government intervention and subsidisation. In these circumstances, the Commissioner considers that the applicant's Australian production and SG&A costs, subject to appropriate adjustments to reflect relevant economic differences between Australia and China, provide a reasonable basis for estimating the cost of production of AAC in China for the purposes of considering the application.

Profit

The Commission has not previously investigated the goods and therefore does not have verified profit information from a previous investigation into the same goods that could be relied upon for this purpose.

The applicant used a profit rate of 5.24% in constructing normal values, sourced from the 2024 financial statements of CNBM. The application identifies CNBM as a significant participant in China's building-materials sector and notes that its subsidiaries produce cement, gypsum board and lightweight building materials, and that CNBM is associated with AAC plant technology and supply.[8]

For the purposes of considering whether there are reasonable grounds for the publication of a dumping duty notice, the Commissioner considers the applicant's use of the 5.24% profit rate to be reasonable, given the information presently available.

The Commissioner will further examine the appropriate amount for profit for the purposes of calculating normal values for China during the investigation.

Adjustments to normal value

The Commissioner's general practice is to compare export prices and normal values at an FOB level. Comparing an export price and normal value on equal delivery terms provides an accurate estimate of a dumping margin.

However, the applicant has limited access to information to adjust EXW normal values to ensure a fair comparison with FOB export prices. In the Commissioner's consideration of previous applications where limited or no information has been provided to enable a fair comparison, the Commissioner has used verified information from earlier cases examining similar goods.

This approach cannot be taken in the present application, as the Commissioner has not previously examined the goods.

The Commissioner has therefore compared the estimated FOB price with the estimated EXW normal value in calculating the dumping margin. This approach results in a conservative estimate of the dumping margin, as any upwards adjustment to calculate the FOB normal value would have an effect of increasing the dumping margin.

Dumping margins

Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB.

Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

The Commissioner's assessment

In its application, CSR estimated a dumping margin of 14% for the investigation period (FY2026). The dumping margin calculation was based on the export prices and normal

[8] However, the Commissioner notes that the information provided does not establish that CNBM is itself a representative producer of AAC in China. The application lists CNBM as a possible Chinese producer and exporter of AAC at question B-1.4 of the application.

values as outlined and accepted as reasonable by the Commissioner in the sections above.

The Commission finds that there appear to be reasonable grounds to support CSR's claims that dumping has occurred and the dumping margin is not negligible under section 269TDA(1), i.e. above 2 %.

The Commission's assessment of dumping margins forms part of **Confidential Attachment 3 – Normal values and dumping margins.**

Volume of dumped goods

Section 269TDA(3) provides that the Commissioner must terminate an investigation into dumping if the Commissioner finds that the total volume of goods exported to Australia over the relevant investigation period that have been or may be dumped, is negligible. A negligible volume of goods is less than 3% of the total Australian import volume pursuant to section 269TDA(4).

Based on the information as discussed in 'Market size', the Commissioner is satisfied that the volume of goods that may have been dumped is above negligible levels, i.e. greater than 3% of imports.

Reasonable grounds – subsidisation

Findings

Pursuant to section 269TC(1)(c), the Commissioner considers that there appear to be reasonable grounds to support the applicant's claims that:

- countervailable subsidies have been received in respect of the goods exported to Australia from China
- the countervailable subsidy margins for exports from China are greater than 2% and therefore are not negligible
- the volumes of goods exported from China in respect of which a countervailable subsidy has been or may be received are greater than 4% of the total Australian import volume of goods and therefore are not negligible.

Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a countervailing duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a countervailing duty notice.

Under section 269TJ, one of the matters that the Minister must be satisfied with in order to publish a countervailing duty notice is that countervailable subsidisation has taken place, to an extent that is not negligible. Whether the countervailable subsidisation and the volume of subsidised goods are negligible is assessed under section 269TDA.

The determination as to whether there is a countervailable subsidy is made in accordance with section 269T(1), section 269T(2AA), section 269TACC and section 269TAAC.

Subsidy margins are determined under section 269TACD.

Consultation with the Government of China

In accordance with section 269TB(2C), the Commissioner invited the GOC for consultation during the pre-initiation phase. The Commissioner provided the GOC with a non-confidential version of CSR's application on 20 October 2026.

The purpose of the invitation was for the Commission to provide an opportunity for the GOC to respond to the claims made within the application in relation to countervailable subsidies, including whether they exist and, if so, whether they are causing, or are likely to cause, material injury to an Australian industry, with the aim of arriving at a mutually agreed solution.

On 26 October 2026, the GOC advised the Commission, that it will provide a written consultation document in accordance with Article 13 of the WTO Agreement on Subsidies and Countervailing Measures.

The GOC subsequently provided a written response dated 4 November 2026, which was received by the Commission on 5 November 2026. In its response, the GOC made the following points:

- the subsidy claims in the application are assertions without evidence of specific subsidies received by certain Chinese AAC producers who export to Australia
- there is no systemic subsidy program in China for the provision of AAC raw materials or inputs for LTAR
- there is no subsidy of provision of electricity for LTAR
- land use rights in China are allocated through fair competition and public bidding and there is no provision of land for LTAR program
- there are no government subsidies consisting of below-market loans from state-owned banks, debt-to-equity swaps and capital injections to the AAC industry

The GOC response also referred to the applicant's use of constructed normal value based on out-of-country costs, the allegation of a particular market situation and the findings of the DS603 Panel Report.[9]

The Commission notes the GOC's view that the requirements under Article 11.2 of the WTO Agreement on Subsidies and Countervailing Measures have not been met. These matters are considered further below. The Commission will continue to examine these matters during the investigation. However, for present purposes, the Commission considers the application meets the threshold under section 269TC(1). The Commission further notes the GOC's view on the DS603 Panel Report and its rejection of the existence of a particular market situation in the Chinese AAC market, which will be further considered during the investigation.

Subsidy programs

CSR's subsidy claims

The table below summarises the claims by CSR that the goods exported to Australia have benefited from countervailable subsidies and the evidence relied upon.

Table 10: Summary of CSR's subsidy claims

Basis of claims	Summary of claims
Provision of raw materials and other inputs for LTAR	CSR claims that Chinese manufacturers of AAC may receive key production inputs for LTAR, including cement, aluminium powder/paste, fly ash, gypsum, electricity and coal. CSR claims that where these goods or services are provided by the GOC or public bodies for LTAR, a financial contribution and benefit may arise. CSR relies on publicly available information, including OECD material concerning subsidisation and government involvement in sectors

[9] Panel Report, *Australia — Anti-Dumping and Countervailing Duty Measures on Certain Products from China*, WT/DS603/R (26 March 2024).

Basis of claims	Summary of claims
	supplying inputs used in AAC production. CSR requests that the Commission investigate the ownership and status of relevant input suppliers and whether AAC producers received those inputs at subsidised prices.
Provision of land-use rights for LTAR	CSR claims that Chinese AAC producers located in industrial parks or other designated areas may receive land-use rights for LTAR. CSR claims that the provision of land-use rights may constitute a financial contribution if provided by government for LTAR and that the program may be specific where access is limited to certain enterprises, industries or geographical regions.
Government grants	CSR claims that Chinese AAC producers may benefit from grants provided by the GOC at central, provincial and local government levels, including assistance associated with energy saving and green building, new wall materials, equipment and technical upgrades, environmental initiatives and local industrial support. CSR relies, among other material, upon the financial disclosures of CNBM. CSR notes that CNBM reported RMB 2.195 billion in government grants in 2024 and RMB 2.18 billion in 2023. CSR relies on these disclosures as evidence of government grant assistance within China's broader building-materials sector.
Resource-utilisation VAT immediate-refund program	CSR claims that Chinese AAC producers may benefit from the resource-utilisation VAT immediate-refund program under MOF & STA Announcement No. 40 of 2021. CSR states that qualifying "new-type wall materials" may receive a 50% immediate VAT refund, while qualifying resource-utilisation products containing at least 70% by weight of specified waste resources, including fly ash or coal gangue, may qualify for a 70% refund. CSR claims that qualifying AAC producers may therefore receive a financial contribution in the form of government revenue forgone and a benefit equivalent to the VAT refunded.
Enterprise income tax preferences	CSR claims that Chinese AAC producers may benefit from preferential enterprise income tax arrangements, including the 15% High and New Technology Enterprise income tax rate, resource-utilisation income reductions, accelerated depreciation and R&D super-deductions. CSR claims that these measures may provide a financial contribution through government revenue forgone and confer a benefit through reduced taxation liabilities.
Preferential lending and directed credit	CSR claims that Chinese AAC producers may obtain below-market lending or other preferential financing from state-owned commercial banks. CSR also identifies debt-to-equity arrangements as a potential form of government financial assistance. CSR relies on publicly available information concerning preferential financing in China, including OECD material, and requests that the Commission investigate financing received by relevant AAC producers and exporters.
Government equity support	CSR identifies government capital injections and equity support as potential forms of assistance available to Chinese producers. CSR relies

Basis of claims	Summary of claims
	on evidence concerning government involvement in China's building-materials sector and requests that the Commission investigate whether relevant AAC producers or exporters received such assistance.
China's notification of subsidy programs to the WTO and broader government policy framework	CSR relies on China's World Trade Organization (WTO) subsidy notification as evidence of central and sub-central government programs involving cash grants, land-use rights, discounted inputs, preferential loans and directed credit, special tax rebates, and value-added tax (VAT) and tariff exemptions. CSR also relies upon Chinese industrial policies relating to green building, prefabricated construction and "new-type wall materials" as contextual evidence supporting its claim that government assistance may be available to the AAC industry. CSR requests that the Commission investigate whether producers and exporters of AAC received benefits under relevant programs.

The Commissioner's assessment

In exercising the power under section 269TC(1), the Commissioner has assessed the evidence relied on by CSR regarding countervailable subsidies.

CSR has alleged that Chinese exporters of the goods may benefit from a range of countervailable subsidy programs, including the provision of inputs at LTAR, preferential energy and electricity pricing, preferential lending, industrial land-use rights, preferential tax treatment, grants and VAT-related programs.

The Commissioner considers that the application contains sufficient evidence to support a reasonable claim that Chinese producers and exporters of the goods may be beneficiaries of countervailable subsidies.

CSR's application relied upon relevant evidence including China's WTO subsidy notification, Chinese government measures and industrial policies, OECD material and financial disclosures concerning the broader Chinese building-materials sector.

The Commissioner notes that the evidence available at the application stage does not establish that each identified producer or exporter of AAC received benefits under each of the alleged programs. CSR itself acknowledges in the application that direct subsidy disclosures for a number of the identified AAC producers and exporters are limited. The Commission agrees and is also mindful that the application can only contain such information as is reasonably available to the applicant.

In this instance, the Commission's research did not identify any other relevant sources of information from other jurisdictions in relation to AAC and the Commission has not investigated this product previously.[10]

[10] In relation to electricity at LTAR, the Commission recently examined similar claims in relation to Investigation No 658 – Hot Rolled Steel Coil from China. Although no subsidy was ultimately identified for any exporter in that case, in the context of examining the existence of a particular market situation, the Commission found that electricity is affected by GOC's influence. This included that electricity is regulated by pricing laws and involves strong involvement of state-owned enterprises. In the time

While the Commission has not previously investigated the goods subject to this application, it has considered similar subsidy programs in previous investigations concerning other goods exported from China.[11] In a number of those investigations, the Commissioner has made affirmative findings in relation to programs including preferential lending, preferential tax treatment, grants and certain VAT exemptions, refunds and deductions.[12] The Commission has also previously examined allegations concerning the provision of electricity, energy and industrial land-use rights at LTAR.[13] The relevance and countervailability of the programs alleged by the applicant in the present investigation will require further investigation, having regard to the circumstances of the relevant producers and the evidence available.

On balance, and given the nature of the alleged programs, which provide for a range of financial benefits, some of which are capable of being significant (e.g. preferential tax savings of 10%), the Commission considers that the alleged programs could reasonably amount to subsidies at above negligible levels. The Commissioner is satisfied that the evidence relied on by CSR establishes a reasonable basis for the alleged subsidisation of AAC exported to Australia from China.

The Commissioner notes that this assessment for the purposes of section 269TC(1) does not constitute a final finding and will further assess the existence of subsidy programs, their availability to producers and exporters of the goods, and any benefits conferred during the course of the investigation.

The Commission's assessment of CSR's subsidy claims is at **Confidential Attachment 4 – Subsidy analysis.**

Amount of countervailable subsidy

Legislative framework

Subsidy margins are determined under section 269TACD.

The amount of the countervailable subsidisation cannot be negligible. Whether the countervailable subsidisation and the volume of subsidised goods are negligible is assessed under section 269TDA.

The Commissioner's assessment

In its application, CSR has not provided an estimated amount of subsidy received by Chinese exporters. The Commissioner notes that CSR can only provide information available to it. Given the nature of the alleged subsidies, which range from land and raw material inputs at LTAR, preferential tax and VAT treatments, preferential loans, grants

available to consider the application and the GOC's written consultation, it has not been possible to draw any definitive conclusions, therefore the claims in this application require further investigation.

[11] EPR 679 – document 40, pp. 49-57; EPR 658 – document 44, pp. 72-77; EPR 657 – document 81, pp. 84-92; EPR 653 – document 29, pp. 53-59.

[12] EPR 679 – document 40, pp. 49-57; EPR 657 – document 81, pp. 84-92; EPR 653 – document 29, pp. 53-59.

[13] EPR 658 – document 44, pp. 72-77.

etc., there appears to be a reasonable basis for the applicant to allege that exporters of the goods are in receipt of subsidies in amounts that are not negligible.

Volume of subsidised goods

Legislative framework

Section 269TDA(7) provides that an investigation into whether there are countervailable subsidies must be terminated where the Commissioner is satisfied that the total volume of goods exported to Australia over the relevant investigation period, that have or may be subsidised is negligible.

Section 269TDA(8) provides that a negligible volume of goods for a developing country is less than 4% of the total Australian import volume.

The Commissioner's assessment

Based on the application and the Commissioner's assessment of ABS data, the Commissioner is satisfied that there appears to be reasonable grounds to consider that the volume of subsidised goods from China is above negligible levels, i.e. 4%.

The Commission's assessment of import volumes is at **Confidential Attachment 3 – Normal values and dumping margins**.

Reasonable grounds – injury to the Australian industry

Findings

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant, the Commissioner considers there appears to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of:

- lower production volume
- lost market share
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced capacity utilisation
- reduced return on investment (ROI).

Legislative framework

Under sections 269TG and 269TJ, in order to publish a dumping duty and a countervailing duty notice, the Minister must be satisfied that the Australian industry has experienced material injury. This issue is considered in the following sections.

The Applicant's claims

CSR claims that the Australian industry has been injured in the forms of:

- lower production volume
- lost sales volume and market share
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue

- reduced employment
- reduced capacity utilisation
- reduced ROI.

The applicant submits that the injury commenced from the beginning of FY2024.

Approach to injury analysis

Legislative framework

The matters that may be considered in determining whether the industry has suffered material injury are set out in section 269TAE.

The Commissioner's approach

The analysis detailed in this chapter is based on information submitted by the applicant as part of its application.

The Commissioner examined the injury period to assess changes in the economic condition of the Australian industry. This is two-years prior to when the applicant claims that the injury commenced, providing a baseline against which to compare.

Given CSR is the only Australian industry member, the Commissioner has assessed CSR as representing the whole of the Australian industry in examining volume, price and profit and profitability effects. The Commissioner's assessment of the economic condition of the Australian industry is found in **Confidential Attachment 2 – Australian market**.

Volume effects

Sales volume

Table 11 shows that Australian industry domestic sales volume decreased over the injury period.

Table 11: Index of Australian industry sales volumes, compared to FY2023

	FY2023	FY2024	FY2025	FY2026
Sales volume (index)	100	99	91	92

Production volume

Table 12 shows that Australian industry production volume fell during the injury period.

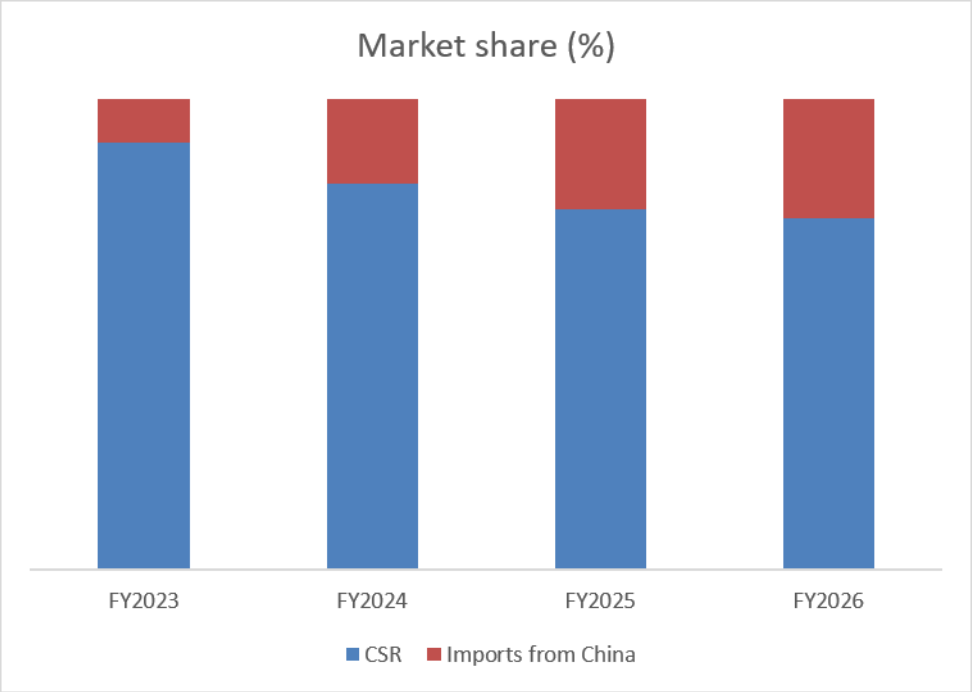
Table 12: Index of Australian industry production volume, compared to FY 2023

	FY2023	FY2024	FY2025	FY2026
Production volume (index)	100	98	95	93

Market share

Figure 2 below outlines the Commissioner's assessment of market share held by CSR, against imports from China over the injury period.

Figure 2 - CSR's market share (%)



The Commissioner observes a year-on-year decline in market share from FY2023 to FY2026. This trend has coincided with a rise in imports from China over the same period, suggesting that imports from China are capturing a growing share of the Australian market.

Conclusion – volume effects

The Commissioner considers that there are reasonable grounds to support the claim that the Australian industry has suffered injury in the form of lost market share and lost production volumes over the injury period and into the investigation period.

The Australian industry appears to have lost sales volume over the injury period. However, for the investigation period, the sales volume slightly increased from the year prior. At this stage, the Commissioner considers there is inconclusive evidence of lost sales volume for the investigation period but will examine the applicant's claims as part of the investigation.

Price effects

Price depression

Price depression occurs when a company, for some reason, lowers its prices.

Table 13 shows that Australian industry selling prices slightly increased over the injury period. However, there was a decline in the investigation period. Within the investigation period, Table 14 also demonstrates a decline on a quarterly basis.

Table 13: Index of Australian industry unit sales price, compared to FY2023

	FY2023	FY2024	FY2025	FY2026
Unit selling price (index)	100	106	107	103

Table 14: Index of Australian industry unit sales prices over the investigation period

	2025 - Q3	2025 - Q4	2026 - Q1	2026 - Q2
Unit selling price (index)	100	99	98	98

Price suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs. In determining whether price suppression has occurred, the Commissioner may assess:

- whether prices have increased at the same rate as costs over time or within a specified period, and/or
- whether prices for the Australian industry's like goods are lower than prices that may have been achieved in the absence of dumping and subsidisation.

Figure 3 compares the weighted average selling price and weighted average cost to make and sell (CTMS) of like goods manufactured and sold by CSR over the injury period.

Figure 3: Australian industry unit selling price and CTMS (AUD/m^3) – injury period

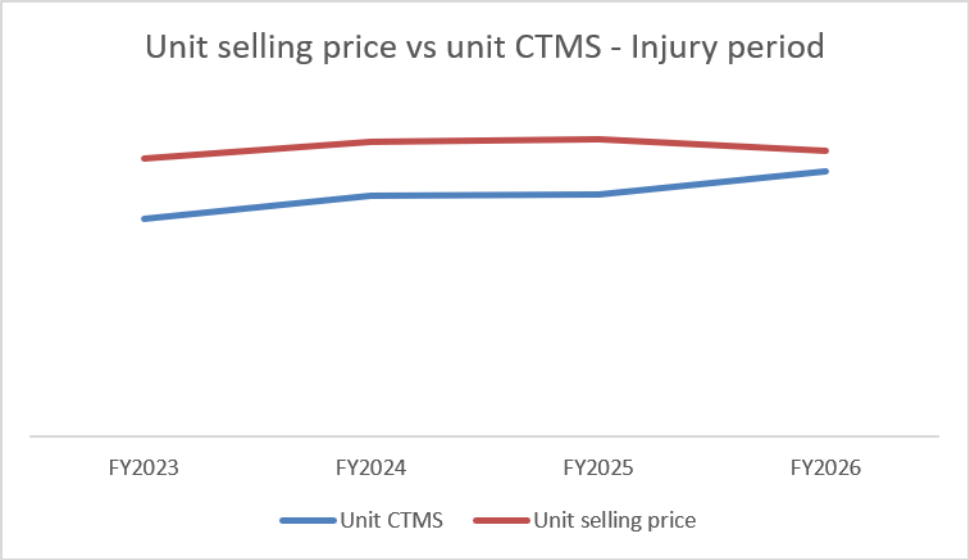


Figure 3 shows that the Australian industry's unit CTMS increased more than the unit selling price over the injury period, with the gap narrowing in the investigation period. Accordingly, Australian industry's margins have decreased over the injury period.

The Commissioner considers that the inability of the Australian industry to increase its selling prices in line with its increase in costs over the injury period (which has continued throughout the investigation period) is an indicator of price suppression.

Conclusion – price effects

Based on the analysis outlined above, the Commissioner is satisfied that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of price suppression and price depression. This is consistent with CSR's claims.

Profit and profitability effects

In the application, CSR claims to have experienced materially declining profits and profitability across the injury analysis and investigation periods. The applicant attributes this decline to the combined effect of price suppression and price depression, which constrained its ability to recover rising costs through increased prices, thereby compressing the margin between unit revenue and costs.

The applicant further claims that lost sales volume and market share adversely affected revenue, profits and profitability. In addition, due to the relatively high fixed costs associated with producing the like goods, the applicant submits that reduced production volumes resulted in fixed costs being spread across a smaller production base, increasing unit costs and further eroding profitability.

Figure 4 depicts the total profit and profitability for CSR over the injury period.

Figure 4: CSR's profit and profitability, compared to FY2023

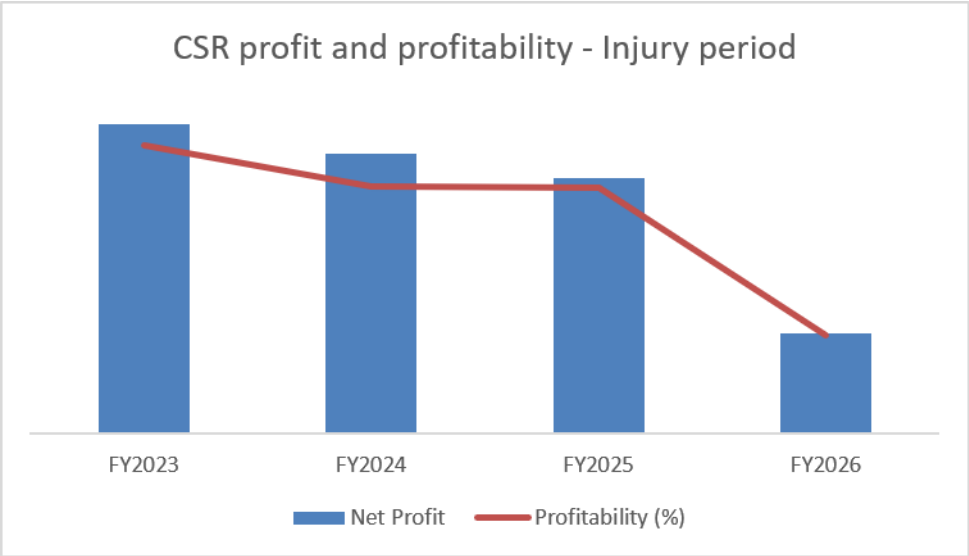


Figure 4 shows a consistent and continuous fall in profit for CSR over the injury period.

Conclusion – profit and profitability effects

Based on the analysis outlined above, the Commissioner is satisfied that there appear to be reasonable grounds to conclude that CSR has suffered injury in the form of a loss of profit and profitability.

Other injury factors

In addition to volume, price, and profitability effects, CSR claims injury in the form of other economic factors, including:

- decline in asset values
- reduced revenue
- reduced employment
- reduced capacity utilisation
- reduced ROI.

The table below provides an index of these economic factors.

Table 15: Other injury factors, compared to FY2023

	FY 2023	FY 2024	FY 2025	FY 2026
Asset values	100	96	84	82
Revenue	100	105	97	95
Employment	100	90	93	94
Capacity utilisation	100	98	95	93
Return on investment	100	93	108	59

Conclusion – other injury factors

The Commissioner considers that these indicators demonstrate that CSR has experienced declines during the injury period, which extend into the investigation period, in the form of:

- a decline in asset values
- a decline in revenue
- a decline in capacity utilisation
- a decline in ROI.

CSR's claim that it experienced a decline in employment is inconclusive in respect of the investigation period and requires the Commissioner's further consideration.

The Commissioners assessment of the economic condition of the Australian injury forms **Confidential Attachment 2 – Australian market.**

Reasonable grounds – causation factors

Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commissioner considers there appears to be reasonable grounds to support the claims that the Australian industry has suffered injury caused by dumping or subsidisation, and that the injury is material.

Cause of injury to the Australian industry

Legislative framework

Under sections 269TG and 269TJ, one of the matters that the Minister must be satisfied with in order to publish a dumping duty and countervailing duty notice is that the material injury suffered by the Australian industry was caused by dumping and subsidisation. This issue is considered in the following chapter.

Matters that may be considered in determining whether the Australian industry has suffered material injury caused by dumped or subsidised goods are set out in section 269TAE.

CSR's claims on injury and causation

The table below summarises the causation claims of the applicant.

Table 16: CSR's injury and causation claims

Injury caused by dumping and subsidisation
Volume and market share • CSR claims that imports of AAC from China increased significantly over the injury period and captured an increasing share of the Australian market. • CSR claims that the growth in Chinese import volumes and market share occurred at the expense of the Australian industry, resulting in lost sales opportunities and reduced market share. • CSR contends that Chinese imports increased at a rate substantially greater than overall market demand, indicating that imports displaced sales that would otherwise have been made by the Australian industry. Price effects • CSR claims that Chinese exporters have competed aggressively on price, resulting in significant price undercutting within the Australian AAC market. • CSR asserts that the presence of low-priced Chinese imports has prevented the Australian industry from increasing prices sufficiently to recover rising costs, resulting in price suppression. • CSR further claims that the Australian industry has been required to adjust its pricing in response to imported AAC in order to maintain sales volumes and customer relationships.

Injury caused by dumping and subsidisation
• CSR contends that, absent the dumped imports, it would have been able to achieve higher prices and improved financial outcomes. Profit and profitability • CSR claims that increasing volumes of dumped imports and associated price effects have adversely impacted the Australian industry's financial performance. • CSR asserts that reduced sales volumes and the inability to recover rising costs through higher prices have contributed to declining profits and profitability. • CSR claims that lower production volumes have reduced operational efficiencies and increased the impact of fixed costs on unit production costs. Materiality of injury • CSR claims that the injury experienced by the Australian industry is material, ongoing and measurable. • CSR contends that the combined effects of lost market share, price suppression, declining profits and reduced profitability demonstrate material injury. CSR asserts that the deterioration across multiple economic indicators is indicative of injury caused by dumped imports rather than normal fluctuations in business performance.
Injury caused by other factors
CSR does not consider that there are other factors other than dumping and subsidisation that have a material impact on the autoclaved aerated concrete market.

The Commissioner's assessment

Dumping margin and amount of countervailable subsidy

Under section 269TAE(1)(aa), the Minister may have regard to the size of the dumping margins worked out in respect of the goods exported to Australia. As set out in the 'Reasonable Grounds – dumping' chapter, the Commissioner is satisfied that there appear to be reasonable grounds for concluding that the goods exported from China were dumped above negligible levels.

Under section 269TAE(1)(ab), the Minister may have regard to the particulars of any countervailable subsidy received in respect of the goods exported to Australia. As set out in the 'Reasonable grounds – subsidisation' chapter, the Commissioner considers that there are reasonable grounds for concluding that the amount of countervailable subsidy received in respect of the goods exported from China is greater than 2%.

Volume effects

As discussed in the 'Volume effects' chapter, the Australian industry does not appear to have lost sales volume in the investigation period. However, the Australian industry has lost market share in a rising market (refer to Figure 1). Coincidentally, the volume of imported goods from China has risen significantly. This supports the applicant's claims of a direct correlation between the increase in volume of the goods from China and the Australian industry's decrease in market share for the like goods.

The Commissioner is satisfied that this appears to provide reasonable grounds to establish that the Australian industry has experienced volume injury due to dumped and subsidised goods exported from China.

Price effects

As discussed in the 'Price effects' chapter, Australian industry has suffered injury in the form of price depression and suppression in the investigation period. The applicant claims that the presence of dumped and subsidised imports restricted price increases for like goods and that it was required to adjust its pricing in response in order to maintain sales volumes and customer relationships.

The applicant claims there is a correlation between the presence of dumped and subsidised imports and Australian industry pricing decisions, as the prices of imported goods influence the prices achievable by the Australian industry. The Australian industry submitted that, absent the goods from China at material margins of dumping and subsidisation, it would have achieved higher prices.

The above chapters demonstrate a reasonable basis for the applicant's claims that the price depression and suppression correlate with the increase in imports from China.

On the information available, the Commissioner considers that the applicant's claims that the presence of dumped and subsidised goods from China have restrained price increases are reasonable.

Profit and profitability effects

Based on the available evidence, the Commissioner is satisfied that the applicant's profit and profitability were affected by its inability to raise prices sufficient to cover increasing costs, leading to price suppression. This correlated with an increase in the volume of dumped and subsidised exports from China. The decline in the Australian industry's profit and profitability is discussed in the 'Profit and profitability effects' chapter.

The Commissioner considers that there appear to be reasonable grounds to support the applicant's claim that the dumped and subsidised goods from China have caused injury to the Australian industry in the form of reduced profit and profitability.

Other injury factors

As discussed in the 'Other injury factors' chapter, the Commissioner considers that the Australian industry has experienced:

- a decline in asset values
- a decline in revenue
- a decline in capacity utilisation
- a decline in ROI.

The Commissioner is satisfied that these other injury factors correlated with the timing of an increase in dumped and subsidised goods from China. The causal link between these other injury factors and dumped and subsidised goods from China will be

examined further during the investigation, but based on the information available, there appears to be reasonable grounds for the applicant to assert that these other injury factors have been caused by dumped and subsidised goods from China.

Factors other than dumping and subsidisation

The application did not identify any factor other than dumped and subsidised goods from China causing injury to the Australian industry. The applicant claims that the material injury caused to the Australian industry by the dumped and subsidised imports from China is greater than that likely to occur in the normal ebb and flow of business.

The Commissioner is not aware of any specific factor other than dumping and subsidisation affecting the Australian market for like goods but will investigate this further during the investigation.

Materiality of injury

The Ministerial Direction of Material Injury 2012[14] provides that injury from dumping need not be the sole cause of injury to the industry, where injury caused by dumping is material in degree.

The Commission has examined the evidence provided by CSR, including sales data, cost and profitability trends, and examples of customer price negotiations. The Commission notes that the injury experienced by the Australian industry includes loss of market share, reduced production volume, price depression, price suppression, reduced profit and profitability and other injury factors.

The Commissioner's preliminary assessment is that the claimed injury to the Australian industry is material in degree. The Commissioner will further consider the materiality of injury during the investigation.

Conclusion – material injury caused by dumping and subsidisation

In accordance with section 269TC(1), the Commissioner is satisfied that there appear to be reasonable grounds to support the applicant's claims that exports of the goods from China at dumped and subsidised prices have caused material injury to the Australian industry. This finding is based on:

- the level of the dumping margin indicated in the application
- that the level of countervailable subsidies could amount to above negligible levels
- the preliminary assessment of the volumes of dumped and subsidised goods imported into Australia over the injury and investigation periods
- the correlation between increased volumes of the alleged dumped and subsidised goods imported into Australia with the Australian industry experiencing injury

[14] https://www.industry.gov.au/sites/default/files/2019-05/acd_ministerial_direction_on_material_injury.pdf

- the preliminary assessment of various injury factors which in totality appear to be material in degree.

Accordingly, the Commissioner is satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice and a countervailing duty notice in respect of the goods the subject of the application. The Commissioner's assessment of the economic condition of the Australian industry forms **Confidential Attachment 2 – Australian market.**

Appendices and attachments

Attachments	Confidentiality	Title
Attachment 1	Non-confidential	Public notice of decision, Trade Remedies Notice No 2026/153
Attachment 2	Confidential	Australian market
Attachment 3	Confidential	Normal values and dumping margins
Attachment 4	Confidential	Subsidy analysis