Public File

Application for the publication of dumping and countervailing duty notice

Certain Strata Steel Bolts

Exported from the People's Republic of China

November 2024

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

DECLARATION

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

☐ a dumping duty notice, or

☐ a countervailing duty notice, or

☒ a dumping and a countervailing duty notice.

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

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

I believe that the information contained in this application:

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

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

DSI Underground Pty Limited

Signature: **[sgd]**

Name: [redacted]

Position: [redacted]

Company: DSI Underground Australia Pty Limited

ABN: 84 093 424 349

Date: 26 November 2024

Jennmar Australia Pty Limited

Signature:	**[sgd]**
Name:	[redacted]
Position:	[redacted]
Company:	Jennmar Australia Pty Limited
ABN:	34 078 584 531
Date	26 November 2024

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

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

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

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

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

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

Assistance with the application

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

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

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

Phone: 13 28 46

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at www.adcommission.gov.au.

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

Important information

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

- all relevant questions are answered; and

- information that is reasonably available be supplied.

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

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

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

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

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

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

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

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

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

Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in response to the same question, it should be labelled Attachment A2.2.2 (the first would be labelled Attachment A2.2.1).

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:

- preferably, email, using the email address clientsupport@adcommission.gov.au, or
- post to:
  The Commissioner of the Anti-Dumping Commission
  GPO Box 2013
  Canberra ACT 2601, or
- facsimile, using the number (03) 8539 2499.

Public Record

During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

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

A-1 Identity and communication

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

DSI Underground Pty Limited

Contact Name:	[redacted]
Position in company:	[redacted]
Address:	431 Masonite Road, Heatherbrae, NSW, 2324
Telephone:	[redacted]
Facsimile:	N/A
E-mail address:	[redacted]
ABN:	84 093 424 349

Alternative contact

Name:	[redacted]
Position in company:	[redacted]
Address:	431 Masonite Road, Heatherbrae, NSW, 2324
Telephone:	[redacted]
Facsimile:	N/A
E-mail address:	[redacted]

Jennmar Australia Pty Limited

Contact Name:	[redacted]
Position in company:	[redacted]
Address:	40-44 Anzac Ave., Smeaton Grange, NSW, 2567
Telephone:	[redacted]
Facsimile:	N/A
E-mail address:	[redacted]
ABN:	38 078 584 531

Alternative contact

Name:	[redacted]
Position in company:	[redacted]
Address:	40-44 Anzac Ave., Smeaton Grange, NSW, 2567
Telephone:	[redacted]
Facsimile:	N/A
E-mail address:	[redacted]

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

Name:	Chad Uphill
Business name:	Chad Uphill Trade Advisory
Address:	P.O. Box 3004, Minnamurra, NSW 2533
Telephone:	+61 2 412 377 603
Facsimile:	N/A
E-mail address:	chad@cutrade.com.au
ABN:	31 207 328 729

A-2 Company information

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

The Australian manufacturing applicants (collectively, **the applicants**) requesting the imposition of anti-dumping and countervailing duties applicable to Certain Strata Steel Bolts (**friction bolts**) exported from the People's Republic of China (**China**) are:

- DSI Underground Australia Pty Limited (**DSI**) (ABN: 84 093 424 349); and
- Jennmar Australia Pty Limited (**Jennmar**) (ABN: 34 078 587 531).

The like goods are not produced/manufactured under any other legal entity names.

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

DSI

Confidential Table A-2.2.1: DSI internal organisation chart

The functions performed by each group within the DSI organisation can be described as follows:

- [redacted] [*function/description*]
- [*function/description*]
- [*function/description*]
- [*function/description*]
- [*function/description*]
- [*function/description*]
- [*function/description*]
- [*function/description*]

Jennmar

[redacted] [*function/description*]

Confidential Table A-2.2.1: Jennmar internal organisation chart

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

DSI

[redacted] [*shareholder details*]. Non-Confidential Attachment A-2.3.1 provides an excerpt from the Sandvik AB 2023 financial statements showing its Australian subsidiary holdings.[1]

Confidential Table A-2.3.1: DSI ownership details

[1] Refer also https://www.annualreport.sandvik/en/2023/financial-information/parent-company-notes/shares-in-group-companies.html

Jennmar

[redacted] [*shareholder details*]

Confidential Table A-2.3.2: Jennmar ownership details

[redacted] [*shareholder details*]

Confidential Table A-2.3.3: Additional Jennmar ownership details

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

DSI

Refer above at A-2.3.

Jennmar

Refer above at A-2.3

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

DSI

Refer above at A-2.3.

Jennmar

Refer above at A-2.3.

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

DSI

All Sandvik AB subsidiaries are listed in the 2023 Annual Report (at p. 125 – 131), available here: https://www.annualreport.sandvik/en/2023/_assets/downloads/entire-en-svk-ar23.pdf?h=ss9gZsjw

Jennmar

The entities within [redacted] [*organisational details*]

- [redacted] [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]
- [*subsidiary details*]

Confidential Table A-2.6: Jennmar's corporate structure

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

DSI

DSI [*managements fees/corporate allocations details*]

Jennmar

Jennmar [*managements fees/corporate allocations details*]

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

DSI

DSI has no relationship beyond an arm's length commercial relationship with any exporter to Australia or Australian importer of the goods the subject of this application.

Jennmar

Jennmar has no relationship beyond an arm's length commercial relationship with any exporter to Australia or Australian importer of the goods the subject of this application.

Jennmar

[redacted] [*arm's length commercial relationship details*]

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

DSI

Refer Confidential Attachments A-2.9.1 and A-2.9.3.

Jennmar

Refer Confidential Attachments A-2.9.3 and A-2.9.7.

10. Provide details of any relevant industry association.

DSI

DSI is a member of the following industry associations:

- Australian Centre for Geomechanics;
- Australian Steel Institute (ASI);
- Australian Tunnelling Society;
- Bowen Basin Underground Geotechnical Society;
- Eastern Australia Ground Control Ground Control Group;
- Galvanizers Association of Australia;
- HunterNet;
- New South Wales Underground Geotechnical Society; and
- Western Australia School of Mines.

Jennmar

Jennmar is a member of the following associations:

- Australian Steel Institute (ASI); and
- The Australian Industry Group (Ai Group).

A-3 The imported and locally produced goods

1. Fully describe the imported product(s) the subject of your application:
   - Include physical, technical or other properties.
   - Where the application covers a range of products, list this information for each make and model in the range.
   - Supply technical documentation where appropriate.

The imported goods from China the subject of this application are:

> *Certain strata reinforcing steel bolts, hollow, made from flat rolled steel, whether or not metallic coated (e.g. galvanised), whether or not containing alloys, with an outside diameter from 44 millimetres up to and including 48 millimetres, of a length from 2.2 metres up to and including 2.5 metres, of a base metal thickness from 2.8 millimetres up to and including 3.4 millimetres, whether or not including the welded ring.*

Further information

A strata bolt of a kind the subject of this application, referred to as a *friction bolt*, is manufactured from hot-rolled coil steel (**HRC**). All forms of HRC feed material are considered relevant to the goods, regardless of the particular grade or alloy content.

HRC is roll-formed into a hollow C-shape section with the diameter measured at the non-tapered end. A steel ring is welded at one end of the bolt, with the other end tapered.

For metallic coated friction bolts, the minimum/maximum coating thickness requirements are applied.

A friction bolt, also known as a split set, or a friction 'lok', is a type of ground support used primarily in mining, tunnelling, and civil engineering projects. Its primary function is to stabilise rock formations and prevent rock falls in underground excavations.

Friction rock bolts are inserted into drilled holes in the rock. As the bolt is driven into the hole, it expands slightly due to its split design, creating friction along the length of the bolt. This friction holds the rock in place and helps prevent movement.

The subject goods are typically/nominally 2.4 metres in length, 47mm in diameter at the non-tapered end, and with a BMT of 3.2mm. Product characteristics however fall across the full spectrum of the definition set forth above.

Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definition set forth above.

The applicants consider that the Australian manufactured like goods are fully substitutable with all types of imported Chinese friction bolts.

Exclusions

Excluded from this application are strata reinforcing bolts that contain a solid centre reinforcing bar and locking system. These goods, commonly referred to as a mechanical point anchored bolt or mechanical lock, are used in underground strata support applications

and include a tensionable point anchor by way of an internal solid steel bolt.

By this application, the applicants seek anti-dumping and countervailing measures in respect of Chinese exports of friction bolts to Australia (by all Chinese exporters).

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

The imported goods may be generally, but not exclusively,[2] classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

Tariff sub-heading	Statistical code	Description
7304.51.00	30	Tubes, pipes and hollow profiles, seamless, of iron or steel, cold-drawn or cold-rolled (cold reduced).
7308.40.00	05	Equipment for scaffolding, shuttering, propping or pit-propping.
7318.15.00	56	Expansion bolts, U-bolts and shackle bolts of iron or steel.
7318.15.00	65	Bolts (incl. bolt ends and screw studs but excl. expansion, U-, shackle, cup square, hexagonal head and high tensile bolts) of iron or steel, excluding 10 mm in diameter.
7318.24.00	22	Cotters and cotter pins.
7318.19.00	03	Threaded articles of iron or steel, not elsewhere specified.
7318.19.00	19	Threaded articles of iron or steel, not elsewhere specified.
7308.40.00	05	Equipment for scaffolding, shuttering, propping or pit-propping.

Given the multitude of steel items and components classified under the above tariff subheadings (including the Chinese subject goods), and as will be detailed further below and in Part B of this application, the applicants have undertaken an Australian market based assessment for establishing that Chinese subject goods imports meet the statutory requirement of above negligible volumes, and assessing/determining material market share injury. Refer Confidential Attachment A-3.2.

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

The applicants manufacture friction bolts at their Sydney (Jennmar), Brisbane (DSI) and Perth (Jennmar and DSI) facilities. The locally produced goods are considered to be like products to the imported friction bolts.

The locally produced goods look the same/similar and perform the same function as the interchangeable Chinese subject goods.

The locally produced goods are the same across all relevant product characteristics. The relevant product characteristics that are consistent between the subject goods and locally produced like goods have been defined below at A-10.

[2] The goods are defined by the goods description, not the tariff classification.

The below provides the relevant product details:

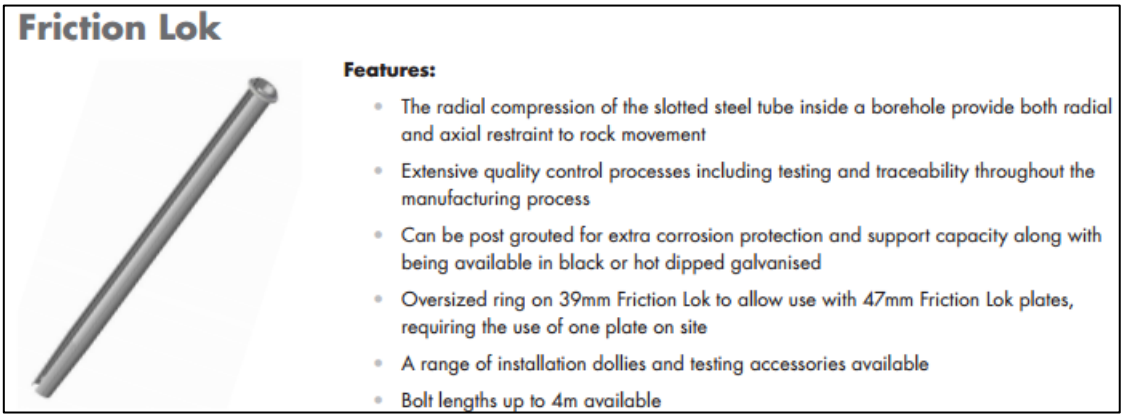


Figure A-3.3.1: Friction bolt product features

47mm Friction Lok

Property	Unit	Minimum Value	Typical Value
Yield strength	kN	120	160
	MPa	345	460
Ultimate tensile strength	kN	165	180
	MPa	445	510
Cross sectional area	mm2	-	355
Mass/meter	kg/m	-	2.79
Recommended hole size	mm	43.5 - 45	

Figure A-3.3.2: Friction bolt product details

Confidential Attachment A-3.3.1 provides the relevant technical documentation and illustrative material for the like goods. In the caser of metallic coated friction bolts, the Australian industry manufactures in accordance with AS/NZS 4680.[3] Confidential Attachment A-3.3.2 provides further details on the above product characteristics.

The applicants have assessed the friction bolts offered into the Australian market by Chinese exporters, and note that the product attributes are the same to those produced and supplied by the Australian industry. The outside diameter, length and BMT product attributes are the same as those manufactured by the Australian industry. This can be further evidenced by reference to the Chinese product details in Confidential Attachment B-4.1

The imported goods are therefore alike to the locally manufactured goods, including all physical characteristics and appearances, and are wholly interchangeable and substitutable for the locally produced friction bolts.

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

The applicants consider that the essential characteristics of imported friction bolts are the same or similar to locally produced friction bolts. The essential characteristics include:

i. Physical likeness

Applicant-manufactured friction bolts are alike in physical appearance to the imported goods.

[3] AS/NZS 4680: Hot-dipped galvanized (zinc) coatings on fabricated ferrous articles.

As noted above, the outside diameter, length and BMT product attributes of the Chinese goods are the same as those manufactured by the Australian industry.

ii. Commercial likeness

The locally produced friction bolts compete directly with imported friction bolts in the Australian market. Participants in the Australian mining and resource extraction industries, as the end-users and key customers for the like goods and subject goods, purchase locally made and imported goods, and readily switch between suppliers.

iii. Functional likeness:

Both imported and locally manufactured friction bolts have the same end-use application. A friction bolt is a common type of rock support system used in mining, particularly in underground operations. Its primary function is to stabilise rock formations and prevent collapses in tunnels, shafts, or other mined areas.[4]

iv. Production likeness:

Friction bolts produced in Australia are manufactured in a similar manner to the imported goods. Liquid steel is cast into high tensile flat rolled steel (as the feed material), which, in the case of the Australian market, is purchased by the applicants from a third-party supplier. The flat rolled steel is then roll-formed by the friction bolt producer to transform the raw material feed into a hollow C-shaped bolt. The friction bolt may then be metallic coated via the hot-dipped galvanising process.

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

The ANZSIC code applicable to friction bolts is category 1090 (Other Mining Support Services).

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

A friction bolt is manufactured from high tensile bare/black HRC, purchased by the applicants from a third-party supplier. The steel strip is passed through a roll forming machine which has a series of rolls that form the steel into a "C" shape, with a slot along its entire length.

A steel ring, or collar, is then welded on the outer non-tapered end of the bolt to hold a domed plate to the rock surface. The top end is swaged/tapered to allow easy insertion into the hole in the ground.

The bolt is then packaged into a finished pack.

Corrosion protection can be provided by hot dip galvanising.

A detailed description of the production process and product attributes can be found here: https://www.youtube.com/watch?v=VX94w8EGIUM&t=26s

[4] Further complementary product details can be found here: https://www.youtube.com/watch?v=1J5QH7K7P_0

7. If your product is manufactured from both Australian and imported inputs:
   - describe the use of the imported inputs; and
   - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Friction bolts are manufactured using Australian inputs. From the flat steel feed input, the applicants undertake the substantial metallic coating and roll-forming processes.

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

Not applicable.

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

The applicants identify Split Set Mining Systems as the only other Australian producer of the like goods.[5]

An estimate of production volumes and values for this producer has been made at Confidential Appendix A1 and Confidential Appendix A2. The applicants make this application under sub-section 269TB(6)(a) of the *Customs Act 1901* as accounting for more than 50 percent of the total production of like goods.

10. If different models can be established for the goods subject to the application:
    - What are the differences in physical characteristics that give rise to distinguishable and material differences in price?

These characteristics are detailed below in the proposed Model Control Code (MCC) structure.

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

Confidential Appendix A4 provides the relevant documentation that supports an assessment of the differences in physical characteristics that affects price comparability.

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

The proposed MCC structure below sequentially identifies physical characteristics in the order of significance.

[5] Refer https://www.splitset.com.au/

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

The below proposed MCC structure adequately accounts for this.

- Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.

The physical characteristics in the below-proposed MCC structure have been reported for sales data in Confidential Appendix A4. As the applicants produce one main type of the good, the Appendix A6 has been prepared on this basis.

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

The Model Control Code for the subject goods and like goods is proposed as follows:

Item	Category	Sub-category	Identifier	Sales Data	Cost Data
1	Finish	Galvanised	G	Mandatory	Mandatory
		None (e.g. mill finish, HRC, 'black')	N		
		Other	O		
2	Length	Less than 2.4 metres	2.3	Mandatory	Optional
		2.4 metres	2.4		
		Greater than 2.4 metres and up to and including 2.5 metres	2.5		
3	Outside diameter	Less than 45 millimetres	44	Mandatory	Optional
		Between 45 – 47 millimetres (inclusive)	47		
		Greater than 47 millimetres and up to and including 48 millimetres	48		
4	Base Metal Thickness (BMT)	Less than 2.7 millimetres	2.8	Mandatory	Optional
		Between 2.7 – 3.5 millimetres (inclusive)	3.2		

A-4 The Australian market

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

End users of friction bolts are underground mines requiring ground support. A friction bolt is typically used in hard rock mines to provide ground reinforcement to allow safe operation of underground mines. The nature of the friction bolt is that it is a very simple product to install and hence why it has such broad use. The product is installed into a hole that is smaller than the bolt diameter and hence it is held in the ground by the "friction" between bolt and the ground. The imported equivalent products are used in the same manner.

2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:
   - sources of product demand;
   - marketing and distribution arrangements;
   - typical customers/users/consumers of the product;
   - the presence of market segmentation, such as geographic or product segmentation;
   - causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
   - the way in which the imported and Australian product compete; and
   - any other factors influencing the market.

The product demand is driven from underground mines and ultimately the commodity price. The key use of the product relates to providing a safe working environment in underground operations. As such the demand variability is minimal in the overarching sense.

New mine developments, mine closures and geological conditions drive the variability at the mine site level. Australia has a number of domestic manufacturers of the like goods that supply to the underground ground support market.

Friction bolts are the dominate product used in ground support market. The applicants allege that Chinese competitors are dumping the subject goods onto the Australian market, creating downward pressure on price from Australian competitors to remain competitive and retain customers. Australian friction bolt customers either elect to award these Chinese competitors the friction bolt business, or use the Chinese price to leverage price discounting from local manufacturers (potentially below the full cost to make and sell in some cases).

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

The friction bolt is considered the simplest form of ground support available in underground mining and therefore, there is no comparable market substitute from a price or technical perspective. The above-noted mechanical point anchored bolt or mechanical lock are also not considered substitutable.

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

The applicants have completed Confidential Appendix A1 for total production (local and export sales) for the twelve months ending June 2024.

5. Complete appendix A2 (Australian market).

The applicants have completed Confidential Appendix A2 – Australian market for friction bolts. The applicants consider that Australian importers have imported friction bolts solely from China during the proposed inquiry period.

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

Indexed table of sales quantities

Year Ending June	(a) Applicant Sales	(b) Other Aust. Sales	(c) Total Aust. Sales	(d) Dumped Imports	(e) Other Imports	(f) Total Imports	Total Market
2021	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2022	103.95	97.33	102.76	129.75	100.00	129.75	108.83
2023	92.39	108.00	95.20	183.47	100.00	183.47	115.05
2024	84.81	88.00	95.38	235.54	100.00	235.54	119.14

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

The applicants have completed Confidential Appendix A3 for all sales of friction bolts.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Quantity (units)	Year Ending June			
	2021	**2022**	**2023**	**2024**
All Products				
Australian market	100.00	100.51	107.00	128.80
Export Market	100.00	44.49	31.53	39.86
Total	**100.00**	**99.11**	**105.11**	**126.57**

Like goods				
Australian market	100.00	103.95	92.39	84.98
Export Market	100.00	166.71	190.09	70.19
Total	**100.00**	**113.97**	**107.98**	**82.62**

Indexed table of Applicant's sales values

Sales value ($)	Year Ending June			
	2021	2022	2023	2024
All Products				
Australian market	100.00	119.03	127.64	145.67
Export Market	100.00	162.96	173.82	116.38
Total	**100.00**	**126.52**	**135.51**	**140.68**

Like goods				
Australian market	100.00	141.50	128.56	105.09
Export Market	100.00	226.21	284.97	80.56
Total	**100.00**	**154.76**	**153.05**	**101.25**

3. Complete appendix A5 (sales of other production) if you have made any:
   - internal transfers; or
   - domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

The applicants have completed Confidential Appendix A5.

4. Complete appendix A4 (domestic sales).

The applicants have completed Confidential Appendix A4 for the twelve months ending 30 June 2024.

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

The applicants do not have any associations with the customers listed in Confidential Appendix A4.

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

The applicants do not maintain agency or distributor agreements for the sale of friction bolts.

7. Provide copies of any price lists.

The applicants do not maintain price lists for the sale of friction bolts. Selling prices are determined on a customer agreement basis.

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

DSI

[redacted] [*rebate details*]

Jennmar

[redacted] [*rebate details*]

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

Refer Confidential Attachment A-5.9.1 (DSI) and Confidential Attachment A-5.9.2 (Jennmar).

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

Refer Confidential Appendix A4.

A-6 General accounting/administration information

1. Specify your accounting period.

DSI

DSI's annual accounting period is January to December.

Jennmar

Jennmar's annual accounting period is January to December.

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

DSI

DSI's financial records are maintained at 431 Masonite Road, Heatherbrae, New South Wales, 2324.

Jennmar

Jennmar's financial records are maintained at 40-44 Anzac Ave., Smeaton Grange, New South Wales, 2567

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

   - chart of accounts;

DSI

Refer Confidential Attachment A-6.3.1.

Jennmar

Refer Confidential Attachment A-6.3.2.

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

DSI

Refer Confidential Attachment A-2.9.1 and A-2.9.2.

Jennmar

Refer Confidential Attachment A-6.3.4.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

  These documents should relate to:

  1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
  2. the company overall.

DSI

Refer Confidential Attachment A-6.3.5.

Jennmar

Refer Confidential Attachment A-6.3.6.

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

Not applicable.

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

Not applicable.

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

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

DSI

Revenue is recognised based on the consideration specified in a contract with a customer and is recognised when goods are delivered and have been accepted by a customer. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Revenue is adjusted for expected returns, discounts and rebates.

Jennmar

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

- provisions for bad or doubtful debts;

DSI

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Jennmar

Trade and other receivables are recognised and carried at amortised cost less impairment losses.

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

DSI

Non-manufacturing overhead expenses [redacted] [*cost treatment*]

Jennmar

Such costs are [redacted] [*cost treatment*]

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

Costing methodology is by production/sales in units.

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

DSI

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of FIFO and weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Jennmar

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

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

DSI

Scrap is generated during the friction bolt production process, [redacted] [*valuation methodologies and accounting*].

Jennmar

Scrap is generated during the friction bolt production process, [redacted] [*valuation methodologies and accounting*].

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

DSI

In the same manner as scrap above, sub-standard products are scrapped and any income received is [redacted] [*valuation methodologies and accounting*].

Jennmar

On occasions where [redacted] [*valuation methodologies and accounting*].

In the case of [redacted] [*valuation methodologies and accounting*].

Jennmar also [redacted] [*valuation methodologies and accounting*].

- valuation and revaluation of fixed assets;

DSI

Land and buildings are carried at cost. On transition to general purpose financial statements, the deemed cost of land and buildings at the date of transition to IFRS has been defined as fair value (as allowed by AASB 1 First-time Adoption of Australian Accounting Standards).

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Jennmar

Jennmar presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

DSI

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings: 25-40 years;
- Machinery: 10-15 years;
- Vehicles: 3-5 years;
- Furniture, fittings and equipment: 3-8 years; and
- Leased plant and equipment: 10-15 years.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Jennmar

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction in progress is stated at cost, net of accumulated impairment losses, if any. Such costs include the cost to acquire the assets at the time of acquisition or construction and also includes the cost of replacing part of the plant and equipment.

When significant parts of plant and equipment require replacement, Jennmar depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Plant and equipment: 5 to 15 years
- Leasehold improvements: over the lease term
- Motor vehicles: 5 to 12 years
- Construction in progress: not depreciated

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

DSI

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars ($), which is DSI's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Jennmar

Gains or losses that are attributable to variations in a currency exchange rate or to standard

costing exchange rate are held within an unrealised exchange gains/losses account on the balance sheet and only when this variation is realised will it then be reflected on the income statement.

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

DSI

These costs are treated as [redacted] [*valuation methodologies and accounting*].

Jennmar

These costs are treated as [redacted] [*valuation methodologies and accounting*].

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

DSI

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by DSI. DSI's assessment of the impact of these new standards and interpretations is that they will not have a material impact on the financial statements of DSI.

Jennmar

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by Jennmar for the annual reporting year ended 30 September 2023. Jennmar intends to adopt these new and amended standards and interpretations when they become effective.

A-7 Cost information

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

The applicants have completed Confidential Appendix A6.1 and A6.2.

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

The full list of Model Control Codes is provided above at A-3(10).

A-8 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

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

The applicants allege that the material injury in its various forms, and arising from the volume and price effects of the dumped goods from China, commenced during FY2023 and continued throughout the proposed investigation period.

Specifically, the applicants claim, and will establish in the subsequent parts of this application, that it has experienced material injury during the proposed injury and investigation periods in the form of:

- lost sales volume and lost market share;
- lower production volumes;
- price depression;
- price suppression;
- loss of profits;
- loss of profitability;
- reduced capital investment;
- reduced research & development expenditure;
- reduced return on investment;
- reduced capacity utilisation;
- reduced employment;
- reduced productivity; and
- reduced inventory turnover.

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

Index of production variations

Year Ending June	2021	2022	2023	2024
Friction Bolts	100.00	115.50	103.05	75.45

Index of cost variations

Year Ending June	2021	2022	2023	2024
Friction Bolts	100.00	128.63	139.38	129.83

Index of price variations

Year Ending June	2021	2022	2023	2024
Friction Bolts	100.00	136.12	139.14	123.62

Index of profit variations

Year Ending June	2021	2022	2023	2024
Friction Bolts	100.00	216.44	136.56	57.04

Index of profitability variations

Year Ending June	2021	2022	2023	2024
Friction Bolts	100.00	159.01	98.15	46.14

3. Complete appendix A7 (other injury factors).

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

Index of relevant Appendix A7 factors

Friction Bolts - DSI	FY2021	FY2022	FY2023	FY2024
Capital investment	100.00	9.05	17.28	56.82
Return on investment	100.00	116.78	96.11	47.96
Capacity utilisation	100.00	112.79	96.19	74.09
Employment	100.00	139.38	102.99	71.31
Productivity	100.00	75.17	68.37	76.38

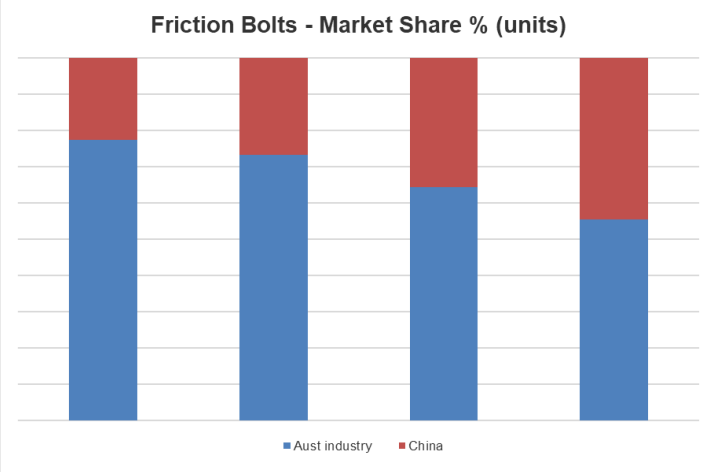
Friction Bolts – Jennmar	2021	2022	2023	2024
Capital investment	100.00	21.41	38.30	2.38
Research & development	100.00	130.34	0.00	0.00
Capacity utilisation	100.00	125.67	136.57	79.85
Productivity	100.00	98.62	107.84	80.33
Inventory turnover	100.00	115.58	78.80	62.05

A-9 Link between injury and dumped or subsidised imports

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

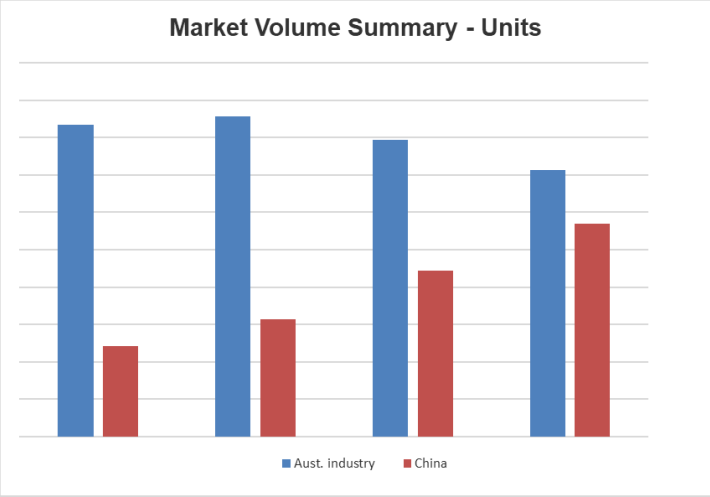
1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

There is a direct correlation between the ongoing presence and increase in volumes of friction bolts imported from China and the Australian industry's annual sales volume and market share for the like goods. Non-confidential Chart A-9.1.1 below highlights this:



Non-confidential Chart A-9.1.1: Year Ending June 2021-2024 Australian market share (source: Appendix A2)

Following the 2021 base year, imports from China increased year-on-year. Critically, the Australian market over the injury analysis period has grown by an estimated [*XX*] percent. The increased presence of Chinese friction bolts in the Australian market has translated to a material loss of market share for the Australian industry – Chinese volumes over the period have increased by approximately [*XX*] percent, taking their market share from approximately [*XX*] percent to approximately [*XX*] percent:



Non-confidential Chart A-9.1.2: Year Ending June 2021-2024 sales volume comparison (source: Appendix A2)

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

Influence on prices

The correlation between the Australian industry's quarterly selling prices for the like goods and the annual FOB export prices for the dumped and subsidised imports across the injury analysis and investigation period exists because the Australian industry's prices were heavily influenced by the presence and prices of the dumped and subsidised imports. Specifically, the applicants have responded to the presence of imports (by importers of the dumped goods) by suppressing price increases for like goods. This has been of particular prevalence during the proposed FY2024 investigation period.

The Commission's Dumping and Subsidy Manual (**the Manual**)[6] states that price suppression, in terms of Article 3.2 of the ADA, is where price increases for the Australian industry's products, which otherwise would have occurred, have been prevented to a significant degree.[7] In determining whether price suppression has occurred, the Commission may examine:[8]

- a comparison of prices with costs to assess whether over time (e.g. the injury analysis period) or within a specified period (e.g. the investigation period) prices have not increased at the same rate as cost increases; and/or

- an assessment as to whether the prices for the Australian industry's product are lower than prices that may have been achieved in the absence of dumping.

In either case, the Commission will base its price suppression analysis on a counterfactual conclusion – assessing what trend in, or level of, prices the Australian industry would have achieved in the absence of dumping.[9]

[6] Dumping and Subsidy Manual, December 2021.
[7] The Manual, p. 16.
[8] Ibid.
[9] Ibid.

The applicants submit that, absent imports from China at material margins of dumping, it would have achieved prices indicative of a level playing field in the Australian market.

Injury Case Studies

The applicants provide the following evidence of customer price correspondence and negotiations for supply of friction bolts for the 2023/24 period. The price undercutting and price suppression evident has caused material injury to the Australian industry.

[***confidential text deleted:*** *injury case study details*][10]

This analysis indicates that Australian industry prices have been undercut and that the Australian industry would have achieved higher prices in the absence of the presence of friction bolts exported from China at dumped and subsidised prices. In other words, the systemic underselling and price undercutting caused the Australian industry to experience price suppression that it would not have otherwise experienced if not for the offers for sale of dumped and subsidised goods.

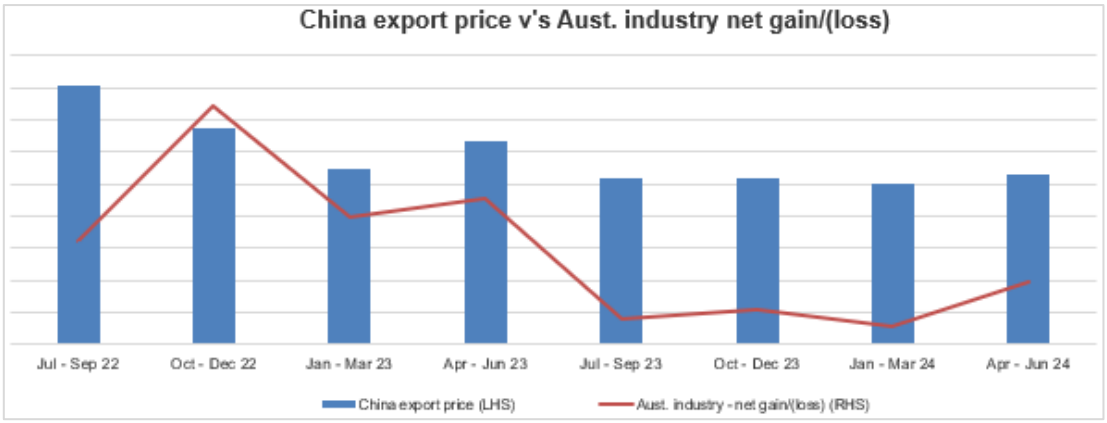
As the Commission has recognised in related steel trade remedy inquiries, price is an important factor in purchasing decisions. This applies equally to the goods the subject of this application. Thus, when low-priced subject imports flooded the Australian market, they took sales from the domestic industry, at the expense of the applicants. The applicants expect that the pricing data to be assessed by the Commission will further evidence subject import undercutting during the period of investigation.

Influence on profits and profitability

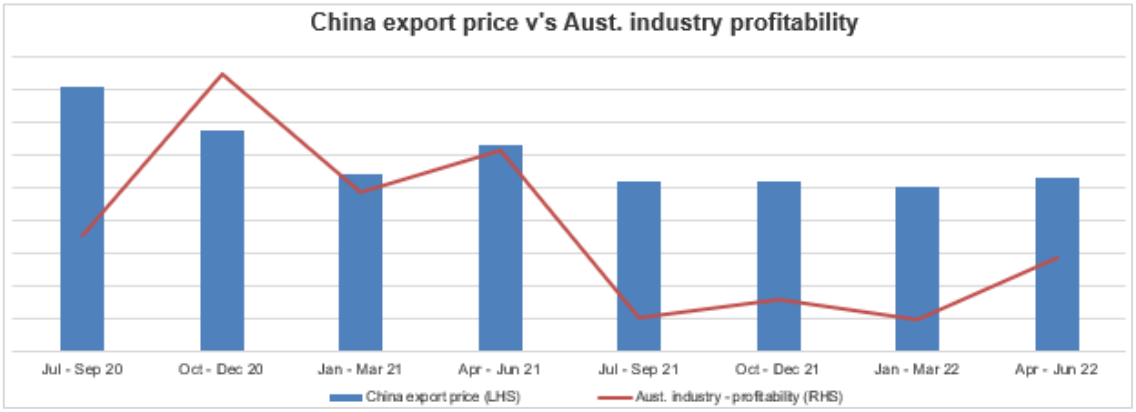
The Australian industry competes on price in order to maintain production volume. Therefore, the Australian industry's profits (expressed as net gains or loss) and profitability are affected by factors impacting its ability to raise prices sufficient to cover costs.

Non-confidential Charts A-9.2.1 and A-9.2.2, below, show the influence of the price of dumped imports on the Australian industry's quarterly profits and profitability. Broadly, during periods of export price inflation the Australian industry's profits and profitability grew, compared to the periods of export price deflation. This is particularly prevalent during FY2023 and FY2024, and the Australian industry's expectation that the falling trend in the Chinese export price will continue to result in quarterly net loss positions for the applicants:

[10] Refer Confidential Attachments at A-9.2.



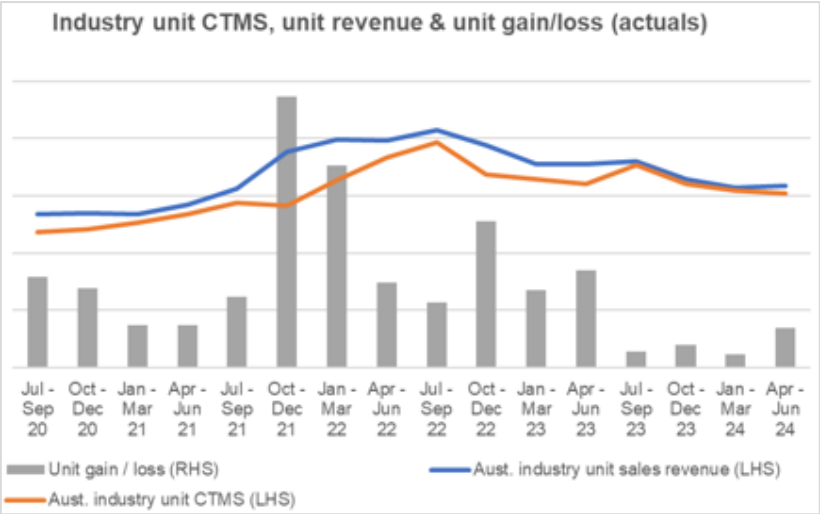
Non-confidential Chart A-9.2.1: Quarterly export prices of dumped goods and Australian industry net gain/loss (sources: Appendices A2 and A6.1)



Non-confidential Chart A-9.2.2: Quarterly export prices of dumped goods and Australian industry profitability (sources: Appendices A2 and A6.1)

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

Non-confidential Chart A-9.3.1 below indicates that the Australian industry experienced price suppression across the injury analysis period; in other words, periods in which the Australian industry experienced declining unit gains caused by its inability to raise prices in response to material or unit fixed cost increases, or any declines in prices outpaced the rate at which its material or unit fixed costs declined:



Non-confidential Chart A-9.3.1: China volume influence on net prices, together with unit CTMS of Australian industry's own production (Sources: Appendix A2 and A6.1)

Non-confidential Chart A-9.3.2 below illustrates the influence of the volume of dumped imports on the Australian industry's ability to raise prices in response to material cost increases, as reflected in its quarterly unit gains or losses. Over the injury analysis period, the Australian market has experienced year-on-year consecutive increases in Chinese import volumes, resulting in consecutive annual unit gain deteriorations, with rising volumes of dumped imports suppressing the Australian industry's ability to raise prices in response to rising fixed unit costs:

Non-confidential Chart A-9.3.2: Quarterly unit gain/loss of Australian industry, and Chinese exports (Sources: Appendix A2 and A6.1)

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

The impact of the dumped friction bolts from China has been significant in terms of price-effect and volume injury. The applicants can demonstrate at Confidential Appendix A7 that they have also experienced injury in other forms, including:

- reduced capital investment;
- reduced research & development expenditure;
- reduced return on investment;
- reduced capacity utilisation;
- reduced employment;
- reduced productivity; and
- reduced inventory turnover.

The deterioration in each of the identified 'other' indicators can be readily attributed to the increase in imports from China, and a subsequent deterioration in sales of the locally produced like goods.

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

The applicants consider that they have experienced material injury during the proposed injury assessment and dumping periods in the form of:

- lost sales volume and lost market share;
- lower production volumes;
- price depression;
- price suppression;
- loss of profits;
- loss of profitability;
- reduced capital investment;
- reduced research & development expenditure;
- reduced return on investment;
- reduced capacity utilisation;
- reduced employment;
- reduced productivity; and
- reduced inventory turnover.

Volume/market share effects

The applicants have lost sales volume across the proposed injury analysis and investigation periods, which is reflected in a material loss of market share to dumped imports from China.

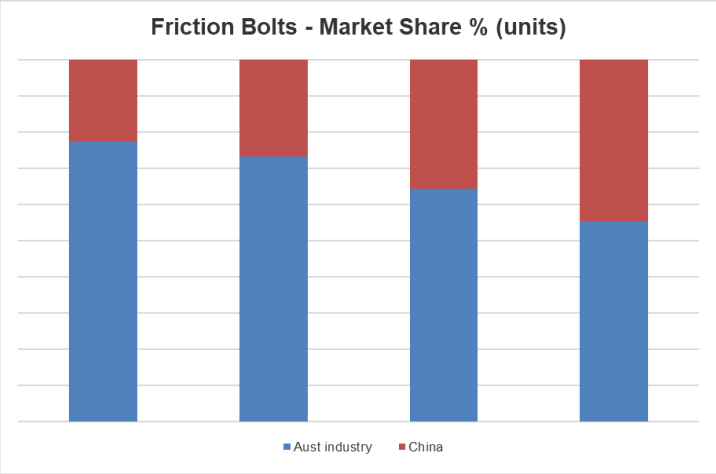
Table A-9.5.1 below indicates that the Australian industry's total domestic sales volume for

friction bolts has decreased by approximately 15 percent:

Friction Bolts	FY2021	FY2022	FY2023	FY2024
Sales quantity	100.00	103.95	92.39	84.81

Non-Confidential Table A-9.5.1: Index of Australian industry's sales of friction (source: Appendix A6.1)

Non-confidential Chart A-9.5.2 below shows that the Australian industry's share of the Australian market for friction bolts has markedly declined since FY2021:



Non-confidential Chart A-9.5.2: Australian market share for friction bolts (source: Appendix A2)

As noted above and reemphasised here – China has increased its Australian market share of friction bolts in a growing market. A market share increase for all market participants in a growing market would, under normal circumstances, be expected. In this case, however, China's foundation for Australin market growth is dumped and subsidised prices. China's friction bolt export volumes to Australia have increased by approximately [*XX*] percent since FY2021, while Australian industry volumes have declined by approximately [*XX*] percent.[11] In the investigation period alone, Chinese volumes have increased by approximately [*XX*] percent, whereas Australian industry has declined by approximately [*XX*] percent.[12]

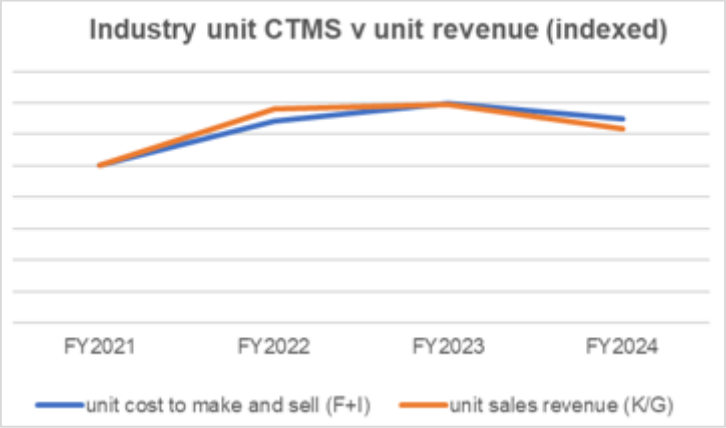
The Australian industry therefore considers that it has suffered material injury in the form of lost sales volumes since FY2021.

Price depression and suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. One indicator of price suppression is the margin between revenues and costs. This approach is proposed by the applicants in its analysis, as it contends that a normal business unaffected by dumping would look to increase prices to, at a minimum, cover its Cost to Make and Sell (**CTMS**) and attempt to maximise profits.

Non-confidential Chart A-9.5.3 and Confidential Charts A-9-5.4/5 below demonstrate movements in the Australian industry's net sales revenue and total CTMS, and domestic weighted average unit costs and prices for friction bolts during the proposed injury analysis period:

[11] Refer Confidential Appendix A2.
[12] Ibid.



Non-confidential Chart A-9.5.3: Industry total revenue and total CTM&S (actuals) (source: Appendix A6.1)

Confidential Chart A-9.5.4: DSI unit revenue and total CTM&S (indexed) (source: Appendix A6.1)

Confidential Chart A-9.5.5: Jennmar unit revenue and total CTM&S (indexed) (source: Appendix A6.1)

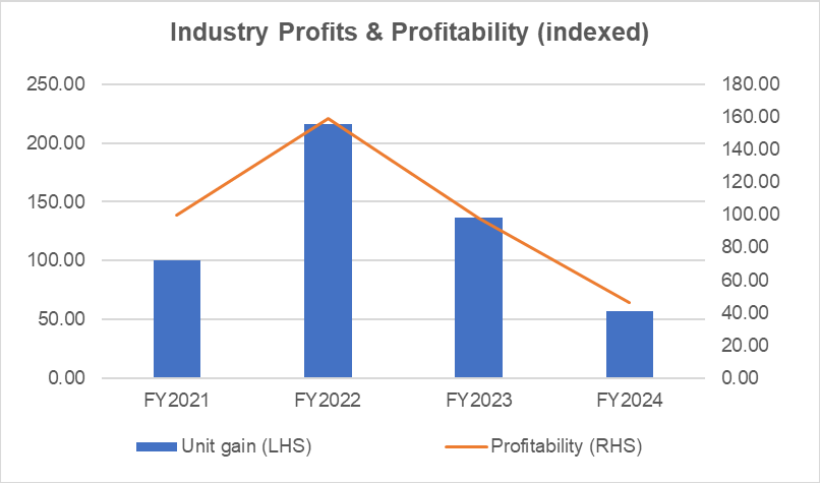
The above indicates clear evidence of price depression during the FY2024 proposed investigation period. All indexed data indicates that weighted average unit costs have remained consistent with unit selling prices during the proposed injury analysis period, with a divergence in FY2024 indicating price suppression.

The applicants therefore consider that they have suffered material injury in the form of price suppression. This is demonstrated by the inability of the Australian industry to increase prices sufficiently to cover increases in the fully absorbed CTMS of the goods.

Profits & profitability

As explained above, the applicants consider that they have suffered injury in the forms of price suppression and depression and that injury was caused by sales of friction bolts exported from China at dumped and subsidised prices.

Non-confidential Chart A-9.5.5 and Confidential Chart A-9.5.6 below indicates that the Australian industry experienced materially negative profits and profitability because of this:



Non-confidential Chart A-9.5.5: Australian industry profits and profitability (indexed) (source: Appendix A6.1)

Confidential Chart A-9.5.6: Australian industry profits and profitability (actual) (source: Appendix A6.1)

The ongoing prevalence of price suppression observed has impacted negatively on the profits and profitability of the Australian industry over the FY2023 and FY2024 periods. The applicants consider that their unit revenue would have improved if the price suppression and depression were not occurring. Therefore, the applicants consider that they have suffered injury in the form of reduced profits and profitability and that injury was caused by sales of friction bolts exported from China at dumped and subsidised prices, and that the injury was material.

Furthermore, due to the relatively high fixed costs required to produce products such as friction bolts, the loss of sales volume results in fixed costs being higher than they otherwise would be resulting in reduced profitability.

Other economic factors

The applicants consider that they have also experienced material injury vis-à-vis several other relevant economic factors as set out in s.269TAE(3). Specifically, injury in the form of:

- reduced capital investment;
- reduced research & development expenditure;
- reduced return on investment;
- reduced capacity utilisation;
- reduced employment;
- reduced productivity; and
- reduced inventory turnover.

Reduced capital investment

The applicants have provided capital investment expenditure over the injury analysis period. As indicated in Table A-9.5.7 below, the applicants outlaid substantially diminished capital funds from FY2021 onwards. This capital expenditure would have otherwise been greater but for the prevalence of dumped and injurious Chinese goods in the Australian market, and applicant expectations that this will continue:

Period	FY2021	FY2022	FY2023	FY2024
Capital investment	100.00	21.41	38.30	2.38

Non-Confidential Table A-9.5.7: Index of changes to capital investments (source: Confidential Appendix A7)

Reduced research & development

Beginning FY2023, the Australian industry ceased allocating funds and resources to research & development initiatives, on the basis of diminished overall returns for sales of the like goods in the Australian market:

Period	FY2021	FY2022	FY2023	FY2024
R&D	100.00	130.34	0.00	0.00

Non-Confidential Table A-9.5.8: Index of changes to R&D (source: Confidential Appendix A7)

Reduced return on investment

As indicated in Table A-9.5.9 below, there was a decline in return on investment (ROI) in the proposed investigation period, a trend that would not have been apparent but for dumped and material injurious subject goods imports:

Period	FY2021	FY2022	FY2023	FY2024
ROI	100.00	166.78	96.11	74.09

Non-Confidential Table A-9.5.9: Index of changes to ROI (source: Confidential Appendix A7)

Reduced capacity utilisation

As indicated in Table A-9.5.10 below, capacity utilisation declined over the proposed investigation period. The declining demand and therefore plant utilisation for Australian industry friction bolt products is directly attributable to dumped Chinese subject goods imports:

Period	FY2021	FY2022	FY2023	FY2024
Capacity utilisation – DSI	100.00	112.79	96.19	74.09
Capacity utilisation – Jennmar	100.00	130.95	142.31	83.20

Non-Confidential Table A-9.5.10: Index of changes to capacity utilisation (source: Confidential Appendix A7)

Reduced employment

There was a decline in the indexed employment indicator over the assessment period. The number of staff employed would have otherwise been higher if not for the dumped and subsidised goods:

Period	FY2021	FY2022	FY2023	FY2024
Employment	100.00	70.11	115.77	98.56

Non-Confidential Table A-9.5.11: Index of changes to employment (source: Confidential Appendix A7)

Reduced productivity

Table A-9.5.12 below indicates that productivity for the production of like goods declined over the proposed injury analysis period:

Period	FY2021	FY2022	FY2023	FY2024
Productivity – DSI	100.00	75.17	68.37	76.38
Productivity – Jennmar	100.00	98.62	107.84	80.33

Non-Confidential Table A-9.5.12: Index of changes to productivity (source: Confidential Appendix A7)

Inventory turnover

Changes to inventory turnover relevant to sales of the like goods across the proposed injury analysis period is provided in Table A-9.5.13 below, showing a material decline from the base year. The indexed trend indicates that the rate of inventory turnover declined:

Period	FY2021	FY2022	FY2023	FY2024
Inventory turnover	100.00	115.58	78.80	62.05

Non-Confidential Table A-9.5.13: Index of changes to inventory turnover (source: Confidential Appendix A7)

Materiality of Injury

In the context of a growing Australian market for friction bolts, the applicants contend that the injury suffered by the Australian industry (and caused by the dumped and subsidised imports from China) is greater than that likely to occur in the normal ebb and flow of business.

The applicants have experienced declines in revenue over the injury analysis and investigation periods, alongside corresponding declines in profitability. The applicants have lost market share and has experienced price suppression and depression within the investigation period. When considered as a whole, these factors have adversely impacted on friction bolts profits and profitability, collectively and not in isolation, and when also taking into account all relevant economic factors, the Australian industry has experienced injury from dumped imports from China, and this injury is considered material.

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

Subsection 269TAE(2A) contains a non-exhaustive list of factors that the Minister must have regard to when considering whether injury is being caused by factors other than exportation of the dumped goods.

The volume and prices of imported like goods that are not dumped

The applicants submits that imports from China constitute the single largest source (by volume) of friction bolts exported to Australia. The applicants contend that China exported the subject goods to Australia during the proposed investigation period at sufficient volumes and at sufficiently low prices, to cause the Australian industry the material injury alleged. Therefore, despite any effect of imports from other sources, the injury to the Australian industry caused by the goods from China is material and significant.

Contractions in demand or changes in patterns of consumption

Non-confidential Chart A-9.6.1 below illustrates that the demand for the goods and like goods generally increased across the injury analysis and investigation periods:

Non-confidential Chart A-9.6.1: Australian friction bolt market (source: Appendix A2)

There have hence been no contractions in demand or economically detrimental changes in patterns of consumption.

Developments in technology

The applicants are unaware of any developments in technology that would otherwise explain any aspect of the material injury experienced by the Australian industry.

Export performance and productivity of the Australian industry

Given the small volume of exports made by the applicants, export performance is not a factor causing injury.

Productivity

Confidential Appendix A7 indicates that across the proposed injury analysis and investigation periods, the applicants experienced a decline in productivity attributable to the production of friction bolts.

Causation

For all the reasons discussed above, the applicants consider that the injury suffered is directly attributable to the alleged dumped and subsidies exports from China. It is not necessary that the dumping be the sole cause of injury to the Australian industry. It must however not be insignificant or immaterial.

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

The applicants seek to compete in the Australian market with fairly priced imports. The applicants do not consider that imports from China are priced on a fair basis. This application demonstrates that exports from China are at dumped and subsidised prices that have undercut Australian industry selling prices throughout the proposed investigation period. As a result, the applicants have experienced injury in the following forms:

- lost sales volume and lost market share;
- lower production volumes;
- price suppression;
- price depression;
- loss of profits;
- loss of profitability;
- reduced capital investment;
- reduced research & development expenditure;
- reduced return on investment;
- reduced capacity utilisation;
- reduced employment;
- reduced productivity; and
- reduced inventory turnover.

The applicants contend that the injury experienced is material in nature and can be directly

attributed to the dumped and subsidised imports from China. The trajectory of Chinese exports to Australia over the injury analysis and investigation periods, and the consequent growth in market share at the expense of Australian industry, will certainly continue unabated in the absence of appropriate trade measures.

The forecast impact on the Australian industry is therefore a continued deterioration in sales volume, market share, profits and profitability, the continued inability to raise prices sufficient to cover CTMS, and ongoing deleterious effects on capital investment, research & development expenditure, return on investment, capacity utilisation, employment, productivity and inventory holdings.

At Confidential Attachment A-7, the applicants provide evidence of the deterioration in the economic condition of the Australian industry in the period immediately following the proposed FY2024 investigation period. The confidential documents provided show that [redacted] [*actual and forecast impact on industry economic condition*].

This shows that the subject goods are not only hindering, but are resulting in the direct decline of the development and production efforts of the Australian industry. The applicants have suffered declining operational and financial performance due to dumped and subsidised subject goods - continuing harm of this type will make it difficult, if not impossible, for domestic producers to adequately fund their development and production efforts.
By this application therefore, the applicants are seeking the imposition of dumping measures to address dumped exports and consequently return import prices to non-dumped levels.

PART B

DUMPING

IMPORTANT

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

B-1 Source of exports

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

The goods the subject of this application are exported from China.

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

The applicants understand that the country of export is also the country of origin of the goods the subject of this application.

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

Not applicable.

4. Where possible, provide the names, addresses and contact details of:
   - producers of the goods exported to Australia;
   - exporters to Australia; and
   - importers in Australia.

The following are understood by the applicants to be the Chinese producers and exporters of friction bolts:

[*disclosure of Chinese exporters would likely result in commercial disadvantage to the applicants*].

The following are understood by the applicants to be Australian importers of Chinese origin friction bolts:

[*disclosure of Australian importers would likely result in commercial disadvantage to the applicants*].

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

Not applicable as the import volume from China is estimated to exceed 3 percent of all imports of the goods the subject of this application.

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

Not applicable as the import volume from China is estimated to exceed 4 percent of all imports of the goods the subject of this application.

B-2 Export price

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

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

Chinese FOB export prices of the imported goods have been provided based on documented Chinese [*price details*] for the proposed investigation period. The applicants have included FOB values for the subject goods within Confidential Appendix A2 as the basis of the estimate for the value of Chinese goods in the Australian market. The FOB prices are also the basis for determining prime facie dumping margins.

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

The export prices for the imported goods from China are FOB, export point of sale.

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

The researched export price data for China is considered adequate for the purposes of this application.

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

Refer to Confidential Appendix A2 for import volume and value details for the goods the subject of this application.

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

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

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

Introduction

The applicants do not have access to domestic selling price information for friction bolts in China as such prices are not published in industry newsletters or other publications. Domestic Chinese selling prices for friction bolts are considered artificially low due to the Government of China's (**GOC**)[13] influence on the key raw material input, hot rolled coil steel.[14]

HRC accounts for between [*XX*] and [*XX*] percent of the production cost of friction bolts,[15] and it is considered that distortions in the Chinese HRC market have a substantial impact on the selling prices for friction bolts. Consequently, the applicants assert that a particular market situation (**PMS**) applies for the subject goods that are manufactured from raw material HRC.

Market Situation – friction bolts

The Commission has previously determined, for certain products manufactured in China where locally sourced HRC is the raw material input, that a 'market situation' exists for the value-added product.[16] The investigations by the Commission as they relate to metallic coated steel produced and sold in China have enabled the Commission to progressively build its knowledge and understanding of the dynamics of Chinese metallic coated steel markets since 2012.

The Commission's analysis of the Chinese steel industry has established that the GOC plays a significant influencing role in the industry. This has impacted selling prices for steel products, including HRC/metallic coated steel, such that they are lower than they otherwise would be.

The applicants therefore submit that that during the proposed FY2024 investigation period there exists a particular market situation in the Chinese domestic market for friction bolts that renders sales in that market unsuitable for determining normal values under subsection 269TAC(1), due to the influence of the GOC in the Chinese iron and steel industry.

A. The Chinese iron & steel industry

GOC interventions in the Chinese iron and steel industry specific to HRC and metallic coated steel were recently addressed by the Commission in the findings from:

[13] In this assessment, *GOC* refers to all levels of government in China, unless otherwise specified. Similarly, the applicants refer to Chinese state owned and state invested enterprises collectively as "SOEs".
[14] See REP 590 (Hollow Structural Sections), at p. 37 and elsewhere.
[15] Refer Australian industry Confidential Appendix A6.1
[16] Refer, for example, Trade Measures Report No.'s 177, 190, 285, 379, 419, 441, 521, 522, 590, 610, 611, and 617.

- Anti-Dumping Continuation Inquiry No. 610 (**CON 610**) and the final report in relation thereto (**REP 610**);[17]
- Anti-Dumping Continuation Inquiry No. 611 (**CON 611**) and the final report in relation thereto (**REP 611**);[18] and
- Anti-Dumping Continuation Inquiry No. 617 (**CON 617**) and the final report in relation thereto (**REP 617**).[19]

In CON 617, the Commission placed reliance on its findings in the original investigation to conclude that a PMS remained applicable in the consideration of variable factors. The context of the following analysis is therefore focused on the Chinese PMS assessment from CON 610/611.

Building on the substantial body of Chinese PMS precedent, the key current GOC policy mechanisms identified by the Commission within these two recent inquiries which have influenced prices and costs in the Chinese steel industry include:[20]

- initiatives influencing Chinese steel markets;
- Chinese steel industry planning guidelines and directives;
- role and operation of SOEs;
- the role of the GOC in private firms;
- direct and indirect financial support;
- taxation arrangements; and
- competition in Chinese steel markets.

In assessing all the above, REP 610/611 concluded that the Chinese steel market is characterised by firms, particularly SOEs, making unprofitable sales (including "zombie" firms). This circumstance arose from overcapacity attributable to GOC policy interventions, as well as other forms of GOC influence, which collectively placed downward pressure on prices in the Chinese steel market.

The Commission found that such firms – particularly SOEs – sustained ongoing operational losses and to sell at unprofitable rates due to a suite of government support mechanisms and disincentives/barriers to entering bankruptcy.[21] Critically for friction bolts, these findings related to the Chinese steel market as a whole, including both upstream and downstream steel products (including, the applicants submit, for products such as metallic coated friction bolts that are manufactured from HRC then hot-dip galvanised).

Furthermore:

> *…based on the available evidence, the sales prices of firms sustaining ongoing operational losses have affected the market as a whole, particularly given the extent of SOE involvement in steel production. The commission finds that both SOEs and private firms operating in the Chinese steel market often make decisions on the terms of transactions based on GOC policy goals as opposed to properly functioning price signals.*[22]

[17] Aluminium zinc coated steel (of greater than 600 mm wide) from China.
[18] Zinc coated (galvanised) steel from China, Korea and Taiwan.
[19] Steel pallet racking from China and Malaysia.
[20] REP 611, p. 108-123.
[21] REP 611, p. 123.
[22] Ibid.

The Commission found that the above conclusions applied to the HRC sector in particular, and that HRC sales in China are characterised by downwards price pressure attributable to GOC interventions and relatedly, the non-functioning of price signals and unprofitable sales.

B. GOC influence in the HRC and downstream steel markets

On the GOC's influence on the Chinese metallic coated steel market, in CON 611 the Commission assessed the significance of HRC costs in the production of galvanised steel goods, and made a comparison of raw material prices between China and countries where normal competitive market conditions are considered to prevail.

Significance of HRC costs in production

The Commission found that hot rolled coil (**HRC**) was the major input used in the production of galvanised steel, as depicted in the following table excerpt from REP 611:

Country of production	Percentage of total CTM made up by HRC	Percentage of raw material costs made up by HRC
Australia	79%	100%
China	92%	100%
Korea	91%	90%
Taiwan	95%	100%

Table 23 excerpt from REP 611

Previous trade remedy inquiries evidence that HRC raw material prices are influential in setting the selling prices for Chinese domestic and export metallic coated steel, with lower raw material prices resulting in lower selling prices.[23]

In the above analysis, the Commission considered that the high proportion of HRC in the production of metallic coated steel had a significant impact on both the production cost and selling price of the subject goods and like goods.[24]

Assessed here in relation to friction bolts, the applicants submit that lower Chinese home market HRC prices translates to correspondingly lower raw material input feed prices for Chinese friction bolts producers. This then translates to lower selling prices for friction bolts in the Chinese home market.

Comparison of raw material prices

The Commission's subsequent comparison of Chinese vis-à-vis other economies operating under competitive market conditions was such that the purchase prices of HRC in the Korean and Taiwanese markets, as unaffected by PMS's, were suitable for comparison with HRC purchases in China. This quantified the effect of the PMS on Chinese pricing during the CON 611 inquiry period.[25]

The Commission concluded that:[26]

> *…HRC prices in China are consistently lower than equivalent prices for HRC purchased in Korea and Taiwan. The commission considers that the difference between prices represents, to a not insignificant degree, the GOC influences and*

[23] REP 611, p. 124-25.
[24] Ibid, p. 125.
[25] Ibid, p. 126.
[26] Ibid, p. 129.

distortions on HRC prices in the Chinese domestic market. This, in turn, corroborates the commission's conclusion…with respect to the HRC sector specifically. That is, based on the available evidence, the level and nature of the downward price pressure arising from GOC influence in the steel market is such that those prices do not reliably correspond to the cost of production in China.

Applied here to friction bolts, the applicants submit that the cost of production in China is lower by virtue of GOC interventions in the HRC market. The Commission's raw material price comparison of HRC for Chinese aluminium zinc coated and galvanised steel producers would apply equally to a price comparison of HRC for Chinese friction bolt producers.

To substantiate this, the applicants provide at [redacted] [*confidential Chinese market price estimate*].

C. Proper comparison of domestic and export prices

Where a PMS is found, the Commission must also consider whether, because of the situation in the market of the country of export, sales of like goods in that market are not suitable for determining a price under section 269TAC(1).

To make this assessment, the Commission's approach to assessing proper comparison considers the relative effect of the specific situation in the foreign market on both domestic sales and Australian export sales. If there is a finding that the particular market situation does not equally affect domestic sales and export sales, such a finding may render domestic sales unsuitable for the purposes of section 269TAC(1).

The Commission considers this approach consistent with Australia's obligations under the Anti-Dumping Agreement and the WTO Panel's interpretation of these obligations set out in DS529 (Australian Anti-Dumping Measures on A4 Copy Paper).

In CON 610 and 611, the Commission examined the Australian and Chinese conditions of competition across the requisite factors of market structure, raw materials, and import penetration. Conclusively, the Commission's analysis indicated that the relationship between price and cost and the prevailing conditions of competition in China were different in comparison to the relationship between price and cost and the prevailing conditions of competition in Australia.[27] Specifically, the effect of the particular market situation in China is a decrease in input costs across all production that results in a lower level of competitive pricing throughout the market in China. This relationship defines the conditions of competition in China.[28]

On the Chinese market:

…the effect of the particular market situation on the domestic sales prices in China does not result in any competitive advantages or disadvantages between market participants, being Chinese producers. In other words, while there may be competition between Chinese producers based on manufacturing efficiencies and other factors (no evidence of which was presented to the commission during the inquiry), the particular market situation nonetheless modifies the conditions of competition in a consistent

[27] REP 611, p. 137.
[28] Ibid.

manner for market participants. [29]

On the Australian market:

> *In Australia, where no particular market situation or input cost decrease exists, competitive pricing prevails at a higher level. Higher production costs for those participants producing without the benefit of a particular market situation establishes a higher minimum threshold for competitive prices. Under these circumstances, the effect of the particular market situation in China on the price of Chinese zinc coated (galvanised) steel sold into the Australian market results in competitive advantages and disadvantages between market players.*[30]

The Commission found that Chinese exporters enjoy a cost advantage that manifests as an increased margin at the prevailing level of competitive pricing in the Australian market, a lower export price that undercuts the Australian industry pricing, or a combination whereby the Chinese manufacturer can enjoy a higher margin while still undercutting Australian industry:[31]

> *In other words, the effect of the particular market situation on export price is to modify the conditions of competition in Australia to the benefit of Chinese exporters and, to the extent that benefit manifests as a low price, to the detriment of Australian manufacturers. Thus, the relative effect of the particular market situation on domestic and export prices is different in the relevant markets.*[32]

The Commission therefore considered that sales in the domestic Chinese market were not suitable for determining a normal value for cooperating Chinese exporters pursuant to section 269TAC(1) on the basis that the price of such sales did not permit a proper comparison with the export price of the goods exported to Australia.[33]

Applied to this application, the applicants submit for the following reasons, that because of the GOC's influence in the Chinses steel industry, sales of friction bolts in the Chinese market are not suitable for determining a price under section 269TAC(1):

1. Australian conditions of competition:

    a. Market structure:

        i. Australian industry and imports supply the Australian market, selling directly to customers;
        ii. the Australian produced goods and the imported goods have the same end uses, meet the same quality specifications and standards, are sold to the same types of customers and compete directly with each other in the same markets; and
        iii. demand for friction bolts is driven by the demand in the Australian mining and resource extraction industry.

[29] Ibid.
[30] Ibid, p. 138.
[31] Ibid
[32] Ibid.
[33] Ibid.

b. Raw material:

i. the major raw material used in the production of the goods in Australia is HRC, purchased from Australian suppliers;
ii. Australian producers of HRC set prices based on an import benchmark pricing strategy where known import offers in the Australian market are used to determine the level at which selling prices are established; and
iii. Australian produced HRC competes with imported goods, mostly at the distribution and manufacturing levels of trade.

c. Import penetration in the Australian market:

i. the presence of two main Australian producers of the goods and several importers with material import volumes indicates that the Australian market for friction bolts can be characterised as having a high level of import penetration contributing to a highly competitive market for the goods between participants.

2. Chinese conditions of competition:

a. Market structure:

> As a downstream consumer of Chinese HRC/metallic coated steel as the feed material for friction bolts, the Commission's analysis in CON 610/611 is highly relevant. Just as Chinese HRC and metallic coated steel producers operate under market conditions which differ from those of the Australian industry, so to do Chinese friction bolt producers by virtue of the prevalence of the GOC in the Chinese HRC and metallic coated steel industry. The PMS in China reduces friction bolt production and selling risks, and lowers input costs. This then lowers friction bolt selling prices throughout the Chinese market – these prices reflect the lower marginal cost of the HRC and metallic coated steel input.

The applicants highlight recent economic analysis and commentary suggesting that the GOC's industrial and trade interventions continue to increase, as industrial and trade policy is seen as vital to reducing China's economic dependence on other countries, while increasing their dependence on China.[34]

Recently:[35]

> *Western opposition to China's trade policies and practices is hardening and spreading, with a meeting of finance ministers from some of the world's biggest economies calling out China's "comprehensive use of non-market policies" at the weekend.*
>
> *The communiqué issued after the meeting of the G7 finance ministers and central bankers in Stresa, Italy, was unusually aggressive in targeting China*

[34] Non-Confidential Attachment 1: *China spends far more than others to help favoured industries, report finds.* The Wall Street Journal, 23 May, 2022.
[35] Non-Confidential Attachment 2: *Named and shamed: The West just turned up the heat on China and Russia*. Sydney Morning Herald, May 27, 2024.

by name and claiming that China's policies undermined their countries' workers, industries and economic resilience.

The finance ministers said they would continue to monitor the potential negative impacts of overcapacity and would consider taking steps to ensure a level playing field.

According to the Centre for Strategic and International Studies (CSIS), Beijing's industrial initiatives have become more ambitious in recent years. In a recent study, the CSIS concluded that:[36]

- China's industrial policy spending is enormous, totalling at least 1.73 percent of GDP in 2019. This is equivalent to more than US$248 billion at nominal exchange rates and US$407 billion at purchasing power parity exchange rates. This is higher than China's defence spending for 2019, estimated at US$240 billion.

- China is an outlier; it spends far more on supporting its industries than any other economy. As a share of GDP, China spends over twice as much as South Korea, which is the second-largest relative spender. In dollar terms, China spends more than twice as much as the U.S.

- China's approach to industrial policy is exceptional, as Beijing is sustaining or increasing vertical industrial policy at a level of development when other economies have dialled back. China stands out in terms of both quantifiable spending as well as non-quantifiable policy tools.

In June 2022, The Australian Strategic Policy Institute (**ASPI**) assessed that:[37]

China's trade surplus hit an extraordinary US$292 billion in the first five months of the year—more than double its pre-pandemic level—and its aggressive pursuit of export markets is likely to become a flashpoint in a slowing world economy.

The Chinese export surge includes Australia, despite Beijing's continuing campaign of illegal trade sanctions against Australian exports.

China's exports to Australia over the last reported five months were up 44% from a year ago, while Australia's shipments in the other direction were down 5%, despite soaring commodity prices.

There is no hint of a concerted Western response to China's mercantilist strategy, which treats trade surpluses as a manifestation of national power. The World Trade Organization's rules place no restriction on either the preponderance of state-owned enterprises in the Chinese economy or the subsidies China extends to its private sector, which are fuelling its export boom.

[36] Non-Confidential Attachment 3: *Red Ink, Estimating Chinese Industrial Policy Spending in Comparative Perspective.* Centre for Strategic & International Studies. May 2022. Accessible at https://www.csis.org/analysis/red-ink-estimating-chinese-industrial-policy-spending-comparative-perspective

[37] Non-Confidential Attachment 4: China's relentless export machine. Australian Strategic Policy Institute, The Strategist. 21 June, 2022.

In February 2024, the ASPI further assessed that:[38]

> *China's mills shipped 90 million tonnes of steel to export markets last year, a 36% increase from the previous year and the highest since 2016. China's steel exports were equivalent to Japan's total steel production.*
>
> *'The ongoing steel excess capacity crisis is currently escalating,' the OECD said in a review of the industry. The 57 million tonnes of new capacity added last year was the highest in a decade, despite actual sales of steel falling 2.5%. China accounted for just under half the new capacity while Chinese mills are also investing heavily in new capacity in ASEAN nations.*
>
> *'The bleak outlook for steel demand and the increasing relocation of steel capacity from China to other regions create a worrying outlook for the coming years. This is also a major obstacle to achieving steel decarbonisation targets,' the OECD report said.*

Specific to Chinese steel manufacturing, Platts/S&P Global have recently noted that:[39]

> *In order to revive China's manufacturing sector that took a blow from the pandemic, the government recently introduced a series of stimulus policies. Among the key measures include financing aid to manufacturers. A reduction in passenger car purchase tax has so far been the most direct and effective policy aiding the manufacturing sector.*
>
> *China's finance ministry May 31 cut the purchase tax to 5% from 10% for passenger cars of two liters and below, with a price tag under Yuan 300,000/unit ($45,000/unit). This tax will come into effect June 1 and will run through Dec. 31. According to Cui Dongshu, the secretary of the China Passenger Car Association, the purchase tax cut will boost China's passenger car retail sales by 2 million units over June-December, taking China's total retail sales in 2022 to 21 million units, up 4% on the year.*

China will continue to pose a threat to the global steel industry in 2024, as it continues to focus on export markets with subsidised prices arising from insufficient growth in its own market.[40] Despite repeated pledges to reduce steel industry overcapacity, the applicants submit that the GOC continues to intervene to support both perpetuation of uncompetitive existing steel-making capacity, and expansion of new capacity through state-directed mergers, relocations, and facility upgrades, all backed with financial and other support.[41]

> *The Chinese government has also intervened aggressively to alter the geographic layout of the steel industry. Often framed as policies to reduce environmental burdens in heavily populated areas, these initiatives not only support relocation of existing capacity into concentrated industry clusters like coastal industrial parks, but also heavily subsidize simultaneous facility*

[38] Refer https://www.aspistrategist.org.au/as-chinas-housing-market-slumps-australias-iron-ore-budget-bonanza-is-unlikely-to-last/
[39] Confidential Attachment 5.
[40] Confidential Attachment 6.
[41] Non-Confidential Attachment 11: *Shell Game: Case Studies in Chinese Steel Subsidies*. Alan H. Price, Robert E. DeFrancesco III, Adam M. Teslik. 2024. P. 2.

upgrades and expansions of relocated facilities.[42]

The recent warnings of a 'harsh winter' in the Chinese steel industry is the inevitable consequence of decades of failed industrial policy and generous government financial support driving overcapacity that China's planners are unwilling or unable to confront:[43]

> *China's official statements of concern regarding "blind investment" and overcapacity in the steel industry go back to at least 2003. Repeated attempts since then to address overcapacity have harbored illusions that the solution lies with government-directed consolidation and government-funded facility upgrades. In practice, these policies are counterproductive vectors for ongoing subsidization that sustains and even expands all but the most decrepit, non-operational facilities through financial bailouts and other government support.*[44]

On 23 February 2024, The Office of the United States Trade Representative (**USTR**) released its 2023 Report to the United States Congress on China's WTO Compliance, which details an assessment of China's membership in the World Trade Organisation (**WTO**). It has found that China remains the biggest challenge to the international trading system, and, notwithstanding its WTO membership, it continues to embrace a state-directed, non-market approach to the economy and trade, running counter to the norms and principles embodied by the WTO.[45] In summary:[46]

> *As has been previously documented, China has a long record of violating, disregarding and evading existing WTO rules. China has also sought to frustrate WTO oversight and accountability mechanisms, such as through its poor record of adhering to its WTO transparency obligations. In addition, and more critically, after more than two decades of WTO membership, China still embraces a state-led, non-market approach to the economy and trade, despite other WTO Members' expectations – and China's own representations – that China would transform its economy and pursue the open, market oriented approach endorsed by the WTO. In fact, China's embrace of a state-led, non-market approach to the economy and trade has increased rather than decreased over the past decade, and the mercantilism that it generates has harmed and disadvantaged U.S. companies and workers, as well as companies and workers of other WTO Members, often severely. The vast majority of the harm that China inflicts upon other WTO Members is attributable not to China's periodic non-compliance with existing WTO rules, but rather to the daily impact of China's state-led, non-market approach to the economy and trade, which relies heavily on interventions in the market by the Chinese government and, increasingly in recent years, the Chinese Communist Party (CCP or the Party). As is well-documented, the Chinese government and the CCP routinely intervene in the market using a wide array of non-market policies and practices, both to provide artificial competitive*

[42] Ibid, p. 3.
[43] Non-Confidential Attachment 7: *China's subsidies threaten harsh winter for global steel industry*. Wiley Law. August 29, 2024.
[44] Ibid.
[45] Non-Confidential Attachment 8: Notice advising of USTR China annual report release.
[46] Non-Confidential Attachment 9: 2023 Report to Congress on China's WTO Compliance, United States Trade Representative, February 2024. Executive Summary (beginning p. 10).

advantages to Chinese industries and enterprises and to actively disadvantage foreign industries, enterprises and workers.

China's decision to continue pursuing a state-led, non-market approach to the economy and trade after acceding to the WTO takes on significantly added importance because China is the second largest economy in the world and the largest trader among WTO Members. As a result, as time has borne out, the policies and practices that it pursues can have a tremendous impact on bilateral and global trade.

The USTR have found that the non-market policies and practices that China has deployed as it seeks to achieve and maintain the dominance of Chinese industries and enterprises are numerous and extensive. They are also constantly evolving.[47] In relevant part for this application, the USTR have identified the following most common (non-exhaustive) non-market policies and practices:

- adopting and pursuing industrial plans that target specific industries for domination by Chinese enterprises, including by establishing capacity, production and export levels or market share targets;
- directing, pressuring or otherwise acting to ensure that Chinese enterprises adhere to the objectives set forth in the state's industrial plans;
- placing CCP officials in state-owned enterprises and private Chinese enterprises in management positions in order to monitor, direct, pressure or otherwise influence commercial decision making;
- deploying massive and frequently non-transparent subsidies relentlessly in pursuit of industrial plan objectives, including via policy banks, state-owned commercial banks and government investment and guidance funds at all levels of government;
- transferring risk to the state through loan guarantees and loan rollovers for Chinese enterprises in targeted industries;
- directing, pressuring or otherwise acting to ensure that Chinese enterprises purchase Chinese-made products over imported products in accordance with the state's industrial plan objectives;
- directing, pressuring or otherwise acting to ensure that Chinese enterprises invest in and secure access to raw materials outside of China for the sole use of Chinese enterprises producing downstream products in accordance with the state's industrial plan objectives; and
- creating or maintaining persistent non-market excess capacity in industries through state-owned enterprises and private Chinese enterprises, to the detriment of competing foreign enterprises in the China market and in global markets around the world;

On 10 April 2024, the European Commission (**EC**) released its working document detailing its current views on significant market distortions in China, for the purposes

[47] Ibid.

of trade defence investigations.[48] The EC defines significant distortions as *..those which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces because they are affected by substantial government intervention*.[49] In assessing significant distortions, the EC has regard to one or more of the following elements:[50]

- the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;
- State presence in firms allowing the State to interfere with respect to prices or costs;
- public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;
- the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;
- wage costs being distorted;
- access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the State.

The EC's current assessment has examined distortions across three fronts:

1. by an examination of the core features of the Chinese economy, including the concept of a 'socialist market economy', the role of the Chinese Communist Party in relation to the economy, the extensive system of plans issued and followed by various levels of government under the leadership of the CCP, the State-owned sector with its numerous state-owned enterprises including the various supervision and control mechanisms, the financial market, the procurement market, and the system of investment screening;[51]
2. by a detailed assessment of factors of production on the provision of land, energy, capital, material inputs (e.g. raw materials) and labour in China;[52] and
3. by an examination of industry sectors, including steel, aluminium, chemicals, ceramics, telecommunications, semiconductors, railway equipment, environmental goods and new energy vehicles.[53]

Relevant to this application, the EC's steel industry assessment concluded that:

- as a key/pillar industry, the GOC guides the development of the steel sector in accordance with a broad range of policy tools and directives related to

[48] Non-Confidential Attachment 10: *COMMISSION STAFF WORKING DOCUMENT ON SIGNIFICANT DISTORTIONS IN THE ECONOMY OF THE PEOPLE'S REPUBLIC OF CHINA FOR THE PURPOSES OF TRADE DEFENCE INVESTIGATIONS*. Brussels, 10.4.2024.
[49] Ibid, p. 2.
[50] Ibid.
[51] Ibid, p. 3.
[52] Ibid.
[53] Ibid. The sectors were selected based on a number of criteria, such as their frequent occurrence in the EC's trade defence investigation practice, or for their particular economic or strategic importance.

market composition and restructuring, raw materials, investment, capacity elimination, product range, relocation, upgrading etc. Through these and other means, the GOC directs and controls virtually every aspect in the development and functioning of the sector.[54]

- over several decades, GOC policies have supported the rise of 'national champions' in the steel industry. To accomplish this, the GOC has employed an elaborate set of financial and other subsidies for the sector and engineered strategic mergers that have consolidated industry players. SOEs are therefore a key instrument through which the government continues to develop the steel sector, not least by promoting the creation of ever-larger steel producers. This is achieved through policies intended to shape the structure of the steel market, e.g. through mergers and regulation of market access. Furthermore, Chinese financial institutions play a key role in implementing the GOC's policies in the steel sector. They provide access to finance following the GOC's direction and implementing the GOC's policy objectives.[55]

- numerous trade defence investigations in various jurisdictions have confirmed that Chinese steel producers benefit from a wide array of State support measures and other market distortive practices such as export restrictions affecting raw materials and inputs.[56]

- the GOC's control prevents free market forces from prevailing in the Chinese steel sector. The problem of overcapacity is arguably the clearest illustration of the implications of the government's policies and the distortions resulting therefrom. Overcapacity built up triggered a surge of low-priced Chinese exports causing a depression of steel prices globally and having a negative impact on, inter alia, the financial situation of steel producers worldwide. While the government has committed to addressing the overcapacity problem, it remains to be seen whether this and other targets for the sector are successfully met, given in particular that (i) during the 14th planning cycle, the declared objectives for the steel sector appear contradictory as far as overcapacity reduction is concerned, and (ii) following China's departure from Global Forum on Steel Excess Capacity, it's become difficult to get accurate information related to the reduction of steel overcapacity in China.[57]

Amongst many others, this economic analysis and commentary highlights the ongoing prevalence and involvement of the GOC in Chinese industry broadly, and the steel industry specifically. Applied here, it is the applicant's firm position that the GOC influences the domestic market in China for CSFMs through the broad range of policies and plans that result in Chinese domestic selling prices for the goods being lower than they otherwise would be.

b. Raw material:

i. the major raw material used in the production of the goods is HRC and metallic coated steel, purchased from Chinese suppliers; and
ii. as evidence above, HRC and metallic coated steel prices in China are

[54] Ibid, p. 416.
[55] Ibid.
[56] Ibid.
[57] Ibid.

consistently and materially lower than equivalent prices for HRC elsewhere.

The applicants considers that Chinese manufacturers of the goods generally have access to lower priced raw material inputs relative to Australian manufacturers. The applicants consider the Chinese domestic market conditions lead to lower prices for HRC and metallic coated steel due to the distortions in the Chinese market.

c. Import penetration in the Chinese market:

The applicants consider, given the highly likely large volume of Chinese producers supplying the Chinese market for friction bolts, and based on the lower cost of raw material inputs available to those producers, that relative to comparable international benchmarks absent a market situation, there would appear to be a competitive disadvantage in respect of the importation of the goods into China.

Conclusion

The applicants submits that the GOC has exerted influence on the Chinese steel industry and, as has been determined in previous steel trade remedy cases involving exports from China, the GOC has substantially distorted competitive market conditions in the domestic steel industry in China.

The applicants contend that as the GOC materially influenced conditions in the Chinese steel market during the proposed investigation period, and that the prices for friction bolts are substantially different to those that would prevail in normal competitive market conditions. It is evident, therefore, that a particular market situation for friction bolts exists in the Chinese domestic market.

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

The applicants understand that Chinese exporters of friction bolts to the Australian market sell at Free-on-Board (FOB) terms.

3. Provide supporting documentary evidence.

Refer Section B-4 below.

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

The known sellers of like goods on the Chinese domestic market are the same as those listed above at B-1(4). These details are considered commercially sensitive to the applicants.

B-4 Estimate of normal value using another method

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

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

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

As outlined in Section B-3(1) above, the applicants consider that domestic selling prices for friction bolts sold in China are artificially low, and that conditions exist in that market that render sales of friction bolts not suitable for use in determining normal values under subsection 269TAC(1).

The applicants have therefore determined normal values for friction bolts in China on a constructed selling basis. As detailed in Section B-3(1) above, the costs and selling prices for the subject goods in China are adversely affected by the GOC's interventions in the Chinese iron and steel industry. Therefore, domestic selling prices for friction bolts in China are not suitable and hence not representative of competitive market costs.

The applicants have demonstrated that raw HRC manufactured in China is the subject of government influence. Given this, Chinese domestic selling prices for HRC are not appropriate for determining a competitive market raw material cost for friction bolts. In the absence of domestic selling price information in China, the applicants have constructed normal values with reference to their own manufacturing and selling costs. Adjustments have been made to reflect differing wages paid in China for manufacturing and selling activities. An adjustment has also been made for freight costs to reflect normal values on an ex-works basis.

A level of profit of seven percent has been applied, sourced from the financial statements of the Baowu Steel group. As one of the largest state-owned Chinese steel producers, this profit level is considered an appropriate proxy.

2. Provide supporting documentary evidence.

Supporting documentation has been provided at Confidential Attachment B-4.1.

B-5 Adjustments

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

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

Normal values nominated in this application have been determined at the ex-factory level. Export prices for the goods exported to Australia from China have been determined at the free-on-board (FOB) point.

Adjustments upwards will be required for, inter-alia, inland freight, credit terms, packing, etc. The applicants do not have details of such costs for exporters in China.

Adjustments will be required for, inter-alia and specific to each exporter, domestic and export credit terms, and domestic and export packing. The applicants do not have details of such costs for exporters in China.

The applicants also understand that differences exist for Chinese VAT levied on domestically sold versus exported steel goods. A normal value adjustment would be required to account for this.

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

Although additional upward normal value adjustments are required, given the applicants limited access to reliable cost data information in China, it is proposed for the purpose of this application only, not to include any further adjustments than those outlined above at B-4.1 to the estimated normal values. The applicants consider that this approach offers a conservative assessment of the estimated normal values.

B-6 Dumping margin

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

The applicants have calculated prima facie dumping margins for friction bolts exported from China for the 12 months ending June 2024.

Table B-6.1 – Dumping margins for friction bolts exported from China

Quarter	Dumping Margin – A$/unit	Dumping Margin – % of export price
Q1 FY2024	$[*XX*]	58.58%
Q2 FY2024	$[*XX*]	22.48%
Q3 FY2024	$[*XX*]	27.16%
Q4 FY2024	$[*XX*]	20.09%

Refer Confidential Attachment B-4.1 for dumping margin calculations.

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

The applicants have noted the dumping margins as a percentage of the export price at B-6(1) above.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

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

C-1 Subsidy

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

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

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

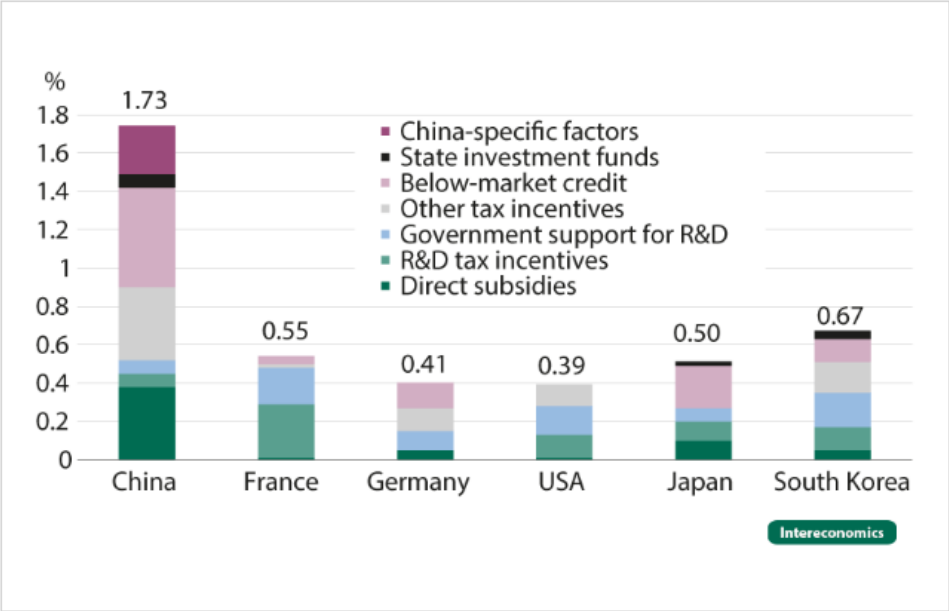
1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
    (i) the nature and title of the subsidy;
    (ii) the government agency responsible for administering the subsidy;
    (iii) the recipients of the subsidy; and
    (iv) the amount of the subsidy.

A. Introduction

It is widely recognised that Chinese industries, including the steel industry, receive considerable public support in the form of direct and indirect subsidies, and that this far exceeds the industrial support provided by other countries to its sovereign industries.[58] The assessment noted above at B-3 by the CSIS quantified overall industrial policy spending by the GOC, comparing it to other major economies.

As a percentage of GDP, the study considered GOC support provided to industry in the form of direct subsidies, government support for R&D, R&D tax incentives, other tax incentives, below-market credit to SOEs, support through state investment funds (government guidance funds), and "China-specific factors", which include, most notably, below-market land sales.[59] In summary:[60]

[58] Non-Confidential Attachment C-1: *EU Concerns About Chinese Subsidies: What the Evidence Suggests*. Intereconomics; Review of European Economic Policy. 2024. Also available at: https://www.intereconomics.eu/contents/year/2024/number/4/article/eu-concerns-about-chinese-subsidies-what-the-evidence-suggests.html
[59] Ibid.
[60] Ibid.



Non-Confidential Table C-1: Chinese industrial support summary and comparison, 2019

In 2021 and 2023, the OECD conducted further quantifications of China's overall industrial subsidies using publicly available firm-level information for 306 of the world's largest manufacturing firms. It found that China offers its large industrial firms disproportionately more support – both overall and in each of the subsidy instruments/types considered – than other countries covered in the analysis.[61] The industrial firms from China covered in the sample received government support equivalent to approximately 4.5% of their revenues.[62]

The OECD results suggests that through tax concessions, government grants and below-market borrowing alone, large industrial companies in China receive almost nine times more government support (relative to company sales) than comparable companies in the OECD.[63] This analysis did *…not include support in the form of below-market equity, or through subsidised input prices, preferential treatment in public procurement or other forms of support that are even harder to quantify and to compare internationally*.[64] Furthermore:[65]

> *The subsidies discussed above, however important, clearly underestimate the full extent of government support to Chinese companies as the Chinese subsidy system is extremely complex and intransparent, and it defies complete quantification. Subsidies are granted by different constituencies, and they can also be mediated by public financial institutions or SOEs. An open registry of public subsidies does not exist, and subsidies from local governments and support intermediated by SOEs are not adequately recorded. The annual reports of publicly listed companies provide an alternative data source as these companies are legally obliged to report on subsidies received. However, listed firms account for just a small fraction of Chinese firms, and the annual reports only cover direct "official subsidies" and not the various more indirect or hidden forms of support that are omnipresent in China.*
>
> *Public support is provided at almost all stages of production. Producers benefit not only from subsidies they receive, but also from subsidies provided to their suppliers (via cheaper input supplies) or customers (via increased demand). Due to the complexity of supply*

[61] Ibid.
[62] Ibid.
[63] Ibid.
[64] Ibid.
[65] Ibid.

chains, it can be difficult to identify the final beneficiaries of government support. Moreover, Chinese producers benefit from tax breaks, below-market credits and below-market equity. OECD estimates suggest that these more indirect forms of support might be several times higher than the direct official subsidies.

Applied to this application, the applicants are seeking the imposition of countervailing measures to offset the GOC subsidy assistance provided to Chinese producers and exporters of friction bolts.

B. Chinese friction bolt production

The applicants submit that friction bolt producers in China benefit from substantial subsidies conferred by federal and sub-federal levels of government. The information reasonably available to the applicants makes clear that most of these subsidies are either specifically provided to, or benefit, producers of the subject goods and have provided countervailable benefits for friction bolt production.

The goods exported from China are understood to benefit from a range of subsidies that provide the exporter with benefits that facilitate low and materially injurious selling prices for the exported goods.

As detailed below, the subsidies conferred on subject goods producers are not negligible or insignificant and exceed the applicable thresholds set forth in the *Customs Act 1901* and Article 27 of the WTO Agreement on Subsidies and Countervailing Measures (**SCM Agreement**).

The following sources are relied upon – previous Australian Countervailing Determinations concerning China, and WTO documents.

However, subsidy programs described in this section do not likely cover all actionable benefits conferred by the GOC. The Commission should seek further information from the GOC, including state and local governments, as well as from exporters, to determine with greater precision the full extent of specific subsidies conferred on Chinese producers of the subject goods.

a) Previous Australian Countervailing Determinations concerning China

In Australian trade remedy investigations since 2010, the Commission has determined that a significant proportion of certain Chinese goods imported into Australia have been subsidised. This includes products such steel (and all various product types and derivates thereof), aluminium, chemicals, paper, electrical cables, etc.

The Commission's previous investigations indicate that subsidies received by Chinese producers are generally in excess of the *Customs Act's* and WTO standard of insignificance. While the applicants do not know and are not able to determine the actual amounts of subsidies received by Chinese friction bolt producers and exporters, an amount can be estimated by calculating the difference between the selling price of the subject goods and their cost of production. Any goods sold below their costs of production must be subsidised to a profitable or break-even level otherwise their sale would be economically unfeasible.

As the exported goods are products of the Chinese steel industry, and the Commission has previously concluded that goods manufactured from HRC and metallic coated steel attract a broad range of subsidies, it is reasonable to concluded that the identified programs below also currently afford benefits to Chinese exporters of the goods the subject of this application.

The following summary of countervailable subsidy programs identifies those most recently examined by the Commission in CON 611 into galvanised steel exported from China, Korea, and Taiwan:

No.	Name	Type
1	Hot rolled steel provided by government at less than fair market value	Tax & raw material
2	Coking coal provided by government at less than adequate remuneration	Tax & raw material
3	Coke provided by government at less than adequate remuneration	Tax & raw material
4	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones	Tax
5	Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years	Tax
6	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)	Tax
7	Preferential Tax Policies for High and New Technology Enterprises	Tax
8	Preferential Tax Policies in the Western Regions	Tax
9	Land Use Tax Deduction	Grant
10	Preferential Tax Policies for High and New Technology Enterprises	Tax
11	Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipment	Tax
12	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant
13	Matching Funds for International Market Development for Small and Medium Enterprises	Grant
14	Superstar Enterprise Grant	Grant
15	Research & Development (R&D) Assistance Grant	Grant
16	Patent Award of Guangdong Province	Grant
17	Innovative Experimental Enterprise Grant	Grant
18	Special Support Fund for Non State-Owned Enterprises	Grant
19	Venture Investment Fund of Hi-Tech Industry	Grant
20	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.	Grant
21	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
22	Water Conservancy Fund Deduction	Grant
23	Wuxing District Freight Assistance	Grant
24	Huzhou City Public Listing Grant	Grant
25	Huzhou City Quality Award	Grant
26	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
27	Wuxing District Public List Grant	Grant
28	Anti-dumping Respondent Assistance	Grant
29	Technology Project Assistance	Grant

30	Equity injection	Grant
31	Environmental Protection Grant	Grant
32	High and New Technology Enterprise Grant	Grant
33	Independent Innovation and High-Tech Industrialisation Program	Grant
34	VAT refund on domestic sales by local authority	Grant
35	Environmental Prize	Grant
36	Jinzhou District Research and Development Assistance Program	Grant
37	Enterprise support fund	Grant

Non-Confidential Tabe C-2: CON 611 subsidy programs

In CON 611, the Commission did not receive any information from the GOC or any Chinese exporters subject to the countervailing duty notice. Accordingly, the Commission undertook an assessment of publicly available information to consider whether the subsidy programs remained in place.[66]

The Commission did not identify evidence to indicate that the above programs had ceased. Therefore, noting the extent of evidence identified in the earlier galvanised steel variable factors Review 521,[67] the Commission found that the variable factors currently in place in the countervailing notice should not be altered. The Commission noted that the majority of programs found to apply to galvanised steel continued to apply, based on the Commission's earlier findings in Continuation 590 (**CON 590**) (relating to hollow structural sections (**HSS**) from China, Korea, Malaysia and Taiwan).

HSS CON 590, with an FY2021 investigation period, determined that the following 60 Chinese subsidies were countervailable on Chinese HSS exports to Australia:

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

[66] REP 611, p. 54.
[67] The period of investigation for this review was FY2019.

15	Innovative Experimental Enterprise Grant	Grant
16	Special Support Fund for Non State-Owned Enterprises	Grant
17	Venture Investment Fund of Hi-Tech Industry	Grant
18	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	
19	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
20	Hot rolled steel provided by government at less than fair market value	LTAR[59]
21	Water Conservancy Fund Deduction	Grant
22	Wuxing District Freight Assistance	Grant
23	Huzhou City Public Listing Grant	Grant
27	Huzhou City Quality Award	Grant
28	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
29	Land Use Tax Deduction	Tax
30	Wuxing District Public Listing Grant	Grant
31	Anti-dumping Respondent Assistance	Grant
32	Technology Project Assistance	Grant
34	Balidian Town Public Listing Award	Grant

35	Preferential Tax Policies for High and New Technology Enterprises	Tax
36	Local Tax Bureau Refund	Tax
37	Return of Farmland Use Tax	Tax
38	Return of Land Transfer Fee	Tax
39	Return of Land Transfer Fee From Shiyou	Tax
40	Dining lampblack governance subsidy of Jinghai County Environmental Protection Bureau	Grant
41	Discount interest fund for technological innovation	Grant
42	Energy conservation and emission reduction special fund project in 2015	Grant
43	Enterprise famous brand reward of Fengnan Finance Bureau	Grant
44	Government subsidy for construction	Grant
45	Infrastructure Construction Costs Of Road In Front Of No.5 Factory	Grant
46	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission	Grant
47	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury	Grant
48	Subsidy for Coal-Fired Boiler Rectification	Grant
49	Subsidy for District Level Technological Project	Grant
50	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau	Grant
51	Subsidy from Science and Technology Bureau of Jinghai County	Grant
52	Subsidy of Environment Bureau transferred from Shiyou	Grant
53	Supporting fund for exhibition from Hongqiao District Commerce Commission	Grant

54	Government subsidy for job stability	Grant
55	Commercial Committee Support Fund	Grant
56	Tianjin Municipal Bureau of Commerce July 2018- December 2018	Grant
57	Aiding fees for cases of technology information collection	Grant
58	Patent supporting fund from Science and Technology Bureau of Jinghai District 2019	Grant
59	Patent supporting fund for 2017 program	Grant
60	Subsidy for patent from Science and Technology Bureau Fengnan District, Tangshan City	Grant
61	Subsidy for Energy collection from the Tangshan Quality and Technology Supervision Bureau	Grant
62	Award to the Patent Innovation from Science and Technology Bureau Fengnan District	Grant
63	Technical innovation subsidy for deducting equipment and boiler	Grant
64	Awards to technology innovation from Bureau of Industry and Information Technology Fengnan District	Grant
65	Awards to "Well-Known Trademarks" from Hebei Province Market Supervision administration Bureau	Grant
66	Grant for Technology ERP	Grant
590-1	Hebei Province Quality Awards	Grant

Non-Confidential Tabe C-3: CON 590 subsidy programs

The applicants submit that these confirmed countervailable subsidies in the Chinese steel industry will equally apply to Chinese exporters of friction bolts. In specific regard to the provision of HRC, coking coal, and coke at less than fair market value (CON 611) and HRC provided at less than adequate remuneration (CON 590), the applicants submit that a finding by the Commission of galvanised steel provided at less than fair market value / less than adequate remuneration (this also including the hot dipped galvanising process) is a logical extension of the findings in CON 590 and 611 (as upstream products to friction bolts), and will be readily evident on investigation.

b) China's Subsidy Notification

China's 20 July 2023 notification is its most recent notification to the WTO's Committee on Subsidies and Countervailing Measures. This notification, pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the SCM Agreement, advises the Committee of China's subsidisation policies. However, WTO members have publicly questioned China about the lack of transparency of its subsidy programs, as well as the comprehensiveness of its subsidy notification.[68]

In this notification, China identifies subsidies available at the central and sub-central levels of government which take the form of cash grants, land-use rights, discounted inputs, preferential loans and directed credit, special tax rebates, and VAT and tariff exemptions. These programs may confer countervailable subsidies to producers of the subject goods in China, as they are financial contributions, provide benefits, and are specific.

[68] Non-Confidential Attachment C-2: Simon Lester, *WTO Members Discuss Transparency of China's Subsidy Notification*, China Trade Monitor, (December 15, 2021).

In particular, the applicants request that the Commission investigate whether Chinese friction bolt producers benefit from several of the subsidies listed in the Notification.
The applicants therefore request the Commission to commence an investigation into the Chinese subsidisation for friction bolts, as applicable to exports to the Australian market.

C-2. Threat of material injury

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

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

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

Not applicable, as the applicants are not making a claim on threat of material injury.

C-3. Close processed agricultural goods

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

1. Fully describe the locally produced raw agricultural goods.

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

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

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

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**

- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

C-4. Exports from a non-market economy

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

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

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

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

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

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

C-5 Exports from an 'economy in transition'

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

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

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

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

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

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

C-6 Aggregation of Volumes of dumped goods

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

	Quantity	**%**	**Value**	**%**
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

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

APPENDICES

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