

**WALTER HARDWARE WIRE MESH PRODUCTS CO.,LTD**

ADD: NO.118, ZHENGRAO ROAD, ANPING, HEBEI, CHINA

16 August 2024

The Director – Investigations  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

**Circumvention inquiry into steel rod in coil  
exported from the Peoples Republic of China**

Dear Commissioner,

This submission is made by Walter Hardware Wire Mesh Products Co. Ltd (“Walter Mesh”) in response to allegations by Infrabuild Pty Ltd (“Infrabuild”) of the occurrence of circumvention activity by exporters of steel rod in coils (“RIC”) exported from the Peoples Republic of China (“China”).

Walter Mesh has reviewed its export records and confirms that it has exported galvanised mesh to Australia. However, a significant portion of those exports relate to products that are outside the scope of this inquiry as the cross-sectional dimension of the wire is less than 3mm. Refer to attached copy of commercial invoice (**Confidential Attachment A**) via trading intermediary to Australian importer, showing majority of our manufactured exports have cross sectional diameter less than 3mm.

Of the remaining galvanised mesh that falls within the scope of this inquiry, the export volume is considered insignificant when compared to the estimated total volume of standard (non-galvanised) reinforcing mesh exported from China. For this reason, Walter Mesh has decided against completing the exporter questionnaire.

Walter Mesh does however wish to respond to the claims made by Infrabuild in its application, and present its views on the factors to be considered by the Commission in determining whether slight modification has taken place.

Firstly, Walter Mesh has reviewed the submissions presented to the inquiry by Beijing Xingtai Steel Weldmesh and Technology Development Co. Ltd (Xingtai) and Tianjin Tiankang Metal Products Co. Ltd (TKM). Walter Mesh fully supports the comments by those exporters. The submissions present a thorough and accurate assessment of the key differences between the original rod in coil products, and the standard reinforcing mesh products exported by Xingtai and TKM. The critical differences being:

- physical: yield & tensile strength, elongation and profile

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- end-use: mesh to be used in reinforcing concrete, whilst rod in coil is an intermediate product for processing into various final products.
- not interchangeable for each other as rod in coil does not comply with relevant Australian standards.
- additional manufacturing processes required to achieve properties stipulated in the Australian standards;
- cost of processing mesh is not insignificant;
- products are marketed differently given customer preference for mill accreditation;
- different customer base for rod in coil and mesh products given the end use applications.
- substantially different price points for the two products; and
- different tariff classifications.

The differences summarised above are based on a comparison between rod in coil and standard reinforcing mesh (non-galvanised). As the galvanised mesh exported by Walter Mesh undergoes further processing and has discrete end use applications, the differences between rod in coil and the galvanised mesh are more pronounced, as outlined below.

**Each good’s general physical characteristics.**

As noted in the submission by the other exporters of reinforcing mesh, Infrabuild’s comparison of physical characteristics is deficient and underwhelming. The table below provides an overview of the key physical characteristics between RIC and galvanised mesh.

Physical characteristic	Goods (subject to measures)	Standard reinforcing mesh	Galvanised reinforcing mesh
<b>Coating</b>	Uncoated	Uncoated	Hot-dipped zinc galvanised
<b>Mechanical properties</b>			
- Yield strength	> 235 Mpa	500 - 650 Mpa	500 - 650 Mpa
- Tensile strength	> 300 Mpa	> 550 Mpa	> 550 Mpa
- Elongation (Ductility)	Minimum 25%	Minimum 2%	Minimum 2%
<b>Profile</b>	Round smooth finish	Square/rectangular ribbed mesh	Square/rectangular smooth mesh
<b>Australian standard</b>	Not applicable	AS/NZ 4671 : 500L	Not applicable

Importantly, as galvanised mesh is typically used in non-structural applications with exposure to outdoor elements, the zinc galvanised coating is integral to the performance of the product. In addition, the galvanised mesh products achieve higher yield and tensile strength compared to the RIC, which again is important to the performance of the finished end use product. Finally, the profile difference is significant given that the rectangular welded mesh forms an important part of the end use product such as fencing, gates, cages, etc.

It is clear that the RIC does not possess the necessary physical properties required to be used in the end use applications that galvanised mesh is typically used. That is, it does not have the necessary zinc galvanised coating, yield/tensile strength, and profile.

## **PUBLIC VERSION**

### **Each good's end use.**

Infrabuild correctly highlights that RIC is used as feedstock for further processing by cold drawing through a die to produce wire. The wire can then be further processed by various industries to manufacture finished goods used in numerous applications such as screws, bolts, nails, mesh and other reinforcing elements. RIC's end use is therefore limited to feedstock material for drawing of wire.

Galvanised mesh on the other hand is a further processed product used in a variety of non-structural end use applications such as:

- storage cages;
- pet shelters;
- temporary fencing;
- gates; and
- roof support in mining applications.

RIC cannot be used in these applications as it is not mesh welded and not galvanised. The galvanised coating is an essential characteristic for the end use applications given that it protects the final product from rust in outdoor environments. As RIC is not galvanised and not welded in a mesh pattern, it cannot be used in such applications. Also, the increased yield and tensile strength required of the mesh, prevents RIC from being used in these end use applications.

### **Interchangeability of each good.**

For the reasons outlined above, the vastly different physical properties and end-use applications between RIC and galvanised mesh, supports the view that the products are not interchangeable in any way. The processing undertaken by Walter Mesh, which includes cold drawing the wire, hot-dip galvanising the wire, meshing and welding, alters and generates the essential properties of the galvanised mesh, which are not present in the RIC.

### **Differences in the processes used to produce each good.**

As noted in submissions from the other exporters, standard reinforcing mesh involves cold drawing of RIC into spools of wire. This step of work hardening imparts the necessary yield/tensile strength, and reduces the ductility of the steel, before the wire is weaved into a mesh and welded at the wire cross points. Galvanised mesh involves the additional process of running the cold drawn wire through a hot-dipped zinc galvanised process to ensure the necessary galvanised coating. The galvanised wire is then formed into a mesh pattern and welded at the wire cross points.

All of the processing steps undertaken by Walter Mesh in producing galvanised mesh, are additional stages of manufacture to the RIC. That is, production of RIC does not undergo any of these processing stages.

### **Cost of modification.**

## **PUBLIC VERSION**

Based on its understanding of production costs, Walter Mesh estimates that the cost of converting rod in coil to finish galvanised mesh, amounts to approximately US\$ [REDACTED]/ton, which in large part reflects the high cost of zinc for galvanising.

### **Customer preferences and expectations relating to each good.**

As the end use applications and physical characteristics are vastly different, the customer preferences and expectations also reflect those differences. The customers of galvanised mesh will require a welded mesh product that can undergo bending to form the finished product. The customer will also specify the thickness of galvanised coating required to provide the necessary rust protection for the particular end use application.

The preferences and expectations of RIC customers centres around whether the wire rod works efficiently and effectively within their cold drawing, meshing and welding operations.

### **Way in which each good is marketed**

RIC is marketed to mesh manufacturers as being suitable for cold drawing into wire, whilst galvanised mesh is marketed to end user fabricators requiring specific mesh strength and zinc coating thickness for their specific application, which ranges from pet shelters to general fencing to storages cages.

### **Channels of trade and distribution for each good.**

The channels of trade and distribution of the goods also differ, given that RIC is sold exclusively to mesh manufacturers, which will then further process into mesh for sale to distributors and/or end user fabricators. The imported galvanised mesh is sold directly to distributors which then on-sell to the end user fabricators.

### **Patterns of trade for each good.**

Walter Mesh commenced exporting galvanised mesh to Australia in [REDACTED], many years after the measures were imposed on rod in coil. Therefore, there is no correlation between the patterns of trade of the original rod in coil and galvanised mesh exports.

### **Changes in the pricing of each good.**

Walter Mesh estimates that the price difference between standard reinforcing mesh and galvanised mesh is approximately US\$ [REDACTED]/ton. When compared to rod in coil, galvanised mesh is approximately US\$ [REDACTED]/ton more expensive.

### **Changes in the export volumes for each good.**

Walter Mesh is unaware of changes in export volumes for rod in coil or galvanised mesh. However, it considers its total export volume to be negligible, and of that, a major portion is represented by mesh with a cross-sectional diameter below 3mm, which is outside the scope of this inquiry.

### **Tariff classifications and statistical codes for each good.**

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The table below outlines the correct tariff classification for the original RIC, further processed cold drawn ribbed wire, and the finished mesh sheets. Importantly, the mesh sheets fall within a different chapter of the tariff schedule than the RIC.

Product	Tariff description	Tariff Classification
Rod in coil	Bars and rods, Hot-Rolled, in irregularly wound coils, of iron or non-alloy steel: -- Of circular cross-section measuring less than 14 mm in diameter	7213.91.00 (statistical code 44)
	Bars and rods, Hot-Rolled, in irregularly wound coils, of other alloy steel: -- Of circular cross-section measuring less than 14 mm in diameter	7227.90.90 (Statistical code 02)
Cold drawn ribbed wire	Other bars and rods of iron or non-alloy steel: - Other, not further worked than cold-formed or coldfinished: --Other	7215.50.90 (Statistical code 54)
	Other bars and rods of iron or non-alloy steel: - Other	7215.90.90 (Statistical code 55)
Mesh sheets	Cloth (including endless bands), grill, netting and fencing of iron or steel wire; expanded metal of iron or steel: -- Grill, netting and fencing, welded at the intersection, of wire with a maximum cross-sectional dimension of 3 mm or more and having a mesh size of 100 cm <sup>2</sup> or more	7314.20.00 (Statistical code 24)