PUBLIC RECORD

InfraBuild
Building futures through sustainable steel

08 August 2025

The Director - Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

EMAIL: investigations3@adcommission.gov.au

Dear Director,

Steel Reinforcing Bar exported from China:
Continuation Inquiry No. 669 and Review of Measures No. 676 response to exporter questionnaire submitted by Baowu Echeng

The member of the Australian industry producing like goods to the goods the subject of Continuation Inquiry No. 669 (**CON 669**), *InfraBuild (Newcastle) Pty Ltd* (**InfraBuild**), refers to the response to exporter questionnaire[1] (**REQ**) submitted by *Baowu Group Echeng Iron and Steel Co., Ltd* (**Echeng**), noting that the REQ also applies to Review of Measures No. 676 (**REV 676**) in which Echeng is the applicant.

InfraBuild brings the following matters raised in the REQ to the attention of the Anti-dumping Commission **(commission)** for consideration. Paragraph numbers referenced correspond to those contained in the REQ.

Steel products manufactured - REQ Response:

A-2.7 – *Echeng manufactures and sells the following steel products to the domestic market:*

(1) Plate
(2) Deformed steel reinforcing bar, in straight and in coil (GUC)
(3) Plain round bar
(4) Steel wire

InfraBuild notes that the company brochure provided by Echeng in *Accelerated Review No. 662* refers to '*the bar and **wire rod** production lines of Egang*'[2]. Echeng is a producer of both steel reinforcing bar (GUC) and Rod in Coil[3]. The rebar in lengths (GUC) and plain round bar (not the goods) are produced through the Bar Mill. Rebar in Coil (GUC) and Rod in Coil (not the goods) are produced through the Rod Mill – refer to the process schematic below provided in Echeng's company brochure[4].

[1] EPR 669/004 and EPR 676/004
[2] EPR 662/005 at p5
[3] The GUC in *Continuation Inquiry No. 675*
[4] EPR 662/005 at p14

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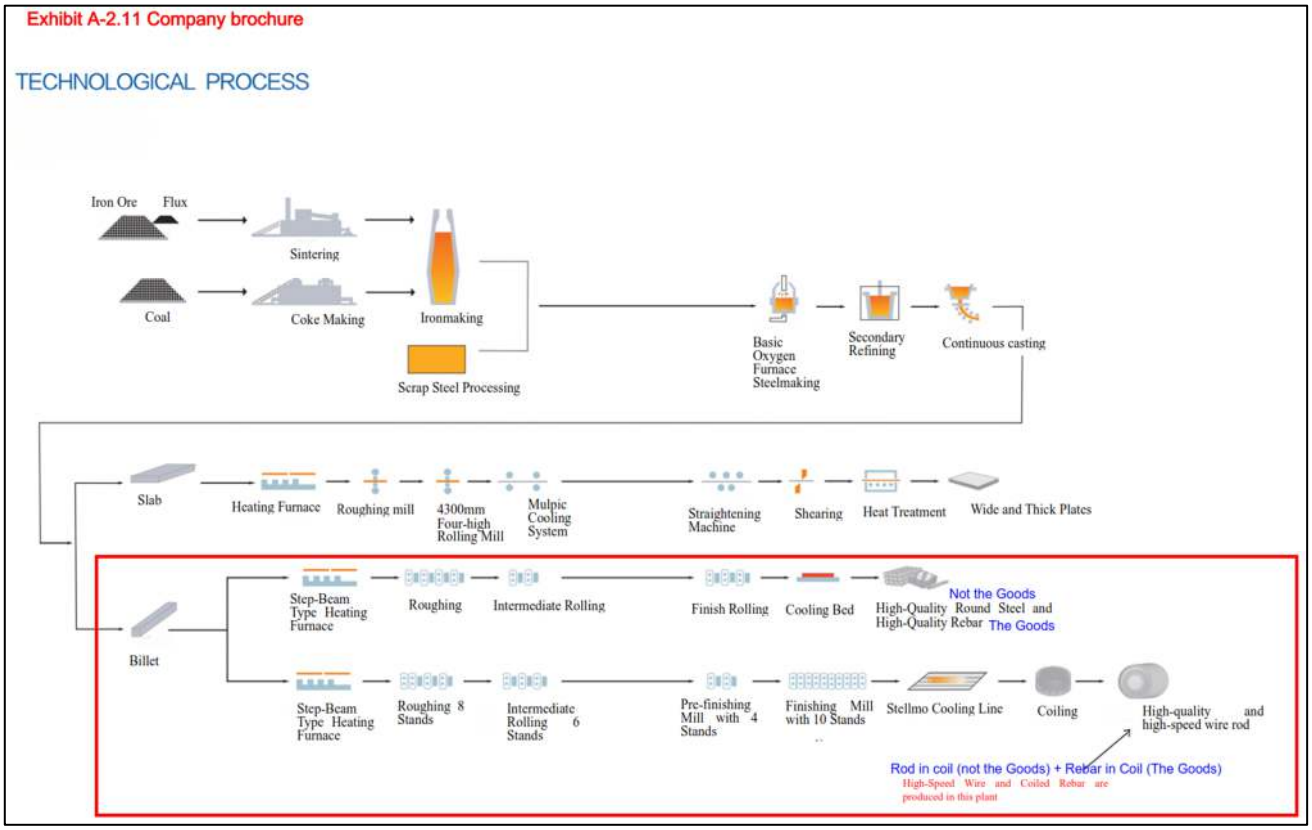


Models sold in the domestic market - REQ Response:

C-2.1 *Echeng produces and sells deformed steel reinforcing bar ("Rebar") both in straight and in coil with different steel grade in the domestic market:*

(1) HPB400 series;

(2) HPB500 series;

(3) HPB600 series.

C-2.2 *Echeng sold following like goods on the domestic market:*

[Sensitive: a detailed list of MCC which contained product information of Echeng]

C-3.1 Echeng has ***no product codes or stock keeping unit codes****. Echeng only [Sensitive: an explanation of Echeng's product code and specification information]*

InfraBuild considers that the questionnaire response for this exporter is deficient in that a '*list of MCCs of like goods sold on the domestic market*' has not been '*disclosed in the public record version of the response*' as required.

It is further inconceivable that Echeng '*adopts China Baowu's ERP system*' that '*covers all functional modules: sales, production, quality management, finance, equipment management*', yet reports to have '***no product codes or stock keeping unit codes***'. These claims must be tested by the Commission, a functional ERP system (used by the world's largest steel producer) must allow basic product characteristics such as grade, diameter, length and form (lengths or coils) to be discerned for mapping to the MCCs.

InfraBuild provides an extract in relevant part from the current Chinese Standard applicable to deformed[5] steel reinforcing bar, namely GB 1499.2-2024.

ICS 77.140.15
CCS H 44

GB

中华人民共和国国家标准

GB 1499.2—2024
代替 GB/T 1499.2—2018

钢筋混凝土用钢
第 2 部分：热轧带肋钢筋

Steel for the reinforcement of concrete—Part 2: Hot rolled ribbed bars

Minimum Yield Strength

表 6 钢筋力学性能

牌号	下屈服强度[a] R_{eL} MPa	抗拉强度 R_m MPa	断后伸长率[b] A %	最大力总延伸率[c] A_{gt} %
	不小于			
HRB400 HRBF400	400	540	16	7.5
HRB400E HRBF400E			—	9.0
HRB500 HRBF500	500	630	15	7.5
HRB500E HRBF500E			—	9.0
HRB600	600	730	14	7.5

The Standard includes 'ordinary' (HRB) grades, 'fine grained' (HRBF) grades of deformed rebar in both normal and seismic (E) ductility with the minimum yield strength for each grade reflected in the grade designation.

Echeng should properly have categorised domestic sales of these grades to the MCC category of '*Minimum yield strength specified by product standard*' to the relevant subcategories as follows:
B (Greater than 300 but less than or equal to 480MPa): **HRB400, HRBF400, HRB400E and HRBF400E**
C (Greater than 480 but less than 550MPa): **HRB500, HRBF500, HRB500E and HRBF500E**
D (Equal to or greater than 550MPa): **HRB600**

Subcategory "C" grades is considered most alike in terms of minimum yield strength requirements to the prevalent grade likely to be exported to Australia, ie. Grade 500N produced to AS/NZS 4671:2019.

We note that Echeng's company brochure appears to be outdated and does not reflect the current Chinese Standard grades for Rebar. It also references grades of 'round wire' and 'common high line' in grades HPB300, Q235 and Q195. **These are not the goods and should not be included in the domestic sales file for rebar.**

Category	Grade	Specification(mm)	Application
Rebar Steel	HRB400(E) HRB500(E) HRB 600 HTRB630 (E)	Φ12-40	Construction, Engineering Steel
Coil Steel	HRB400(E) HRB500(E) HRB 600 HTRB630 (E)	Φ6-16	
Round Wire	HPB300	Φ6.5-16	
Common High Line	Q235、Q195	Φ6.5-16	

[5] GB 1499.1-2024 is relevant to plain (not deformed) steel reinforcing bar.

For diameters, the Chinese Standard defines nominated diameters between 6 and 50mm.

公称直径 d/mm
6
8
10
12
14
16
18
20
22
25
28
32
36
40
50

Echeng domestic sales of rebar should properly have been categorised to the nominal diameter category of MCCs as follows:

A (Less than 12mm): **6, 8 and 10 mm**

B (12mm to 16 mm): **12, 14 and 16 mm**

C (>16mm to 32mm): **18, 20, 22, 25, 28 and 32 mm**

D (>32mm to 50mm): **36, 40 and 50 mm**

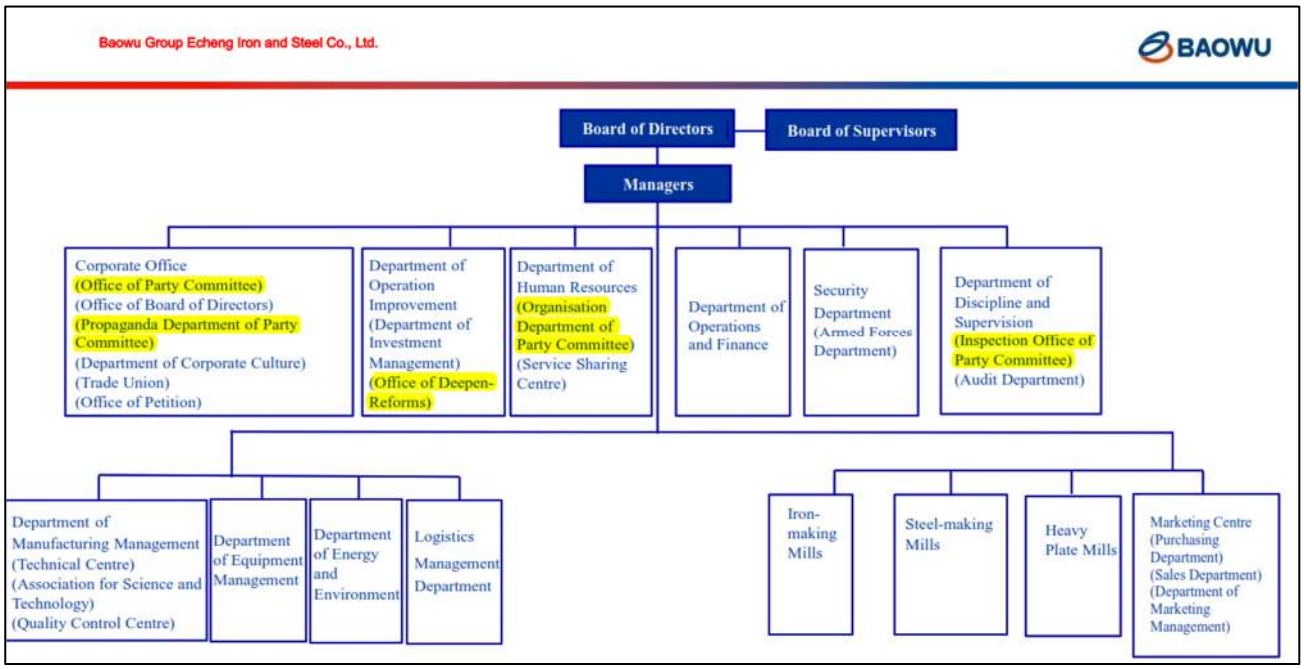
Government of China (GOC) involvement in Echeng management – REQ responses:

H1.1 – '*Echeng has a little interaction with the GOC other than normal administrative dealings such as applying for business licence, filing tax returns, and etc same as all other Chinese companies.*'

H-2.1 – '*Yes, the company is a state-owned enterprise because [Sensitive. A description of its ultimate owners.*]

H2.9 – '*No positions within the company are appointments or designated to act on behalf of GOC authorities*'

Contrary to Echeng's response to *Exporter Questionnaire*, the internal organisation chart[6] recently provided by Echeng actually points to a situation where there is considerable interaction and management control by the Government of China (**GOC**) across a range of key management aspects across the organisation.



[6] EPR 622/005

Embedded in Echeng's management structure appear to be representatives from the following Communist Party of China (**CPC**) Committees:

- Office of Party Committee (understood to be the General Office of the Central Committee of the CPC)
- Propaganda Department of Party Committee (Propaganda Department of the CPC)
- Office of Deepening Reforms (National Development and Reform Commission – NDRC)
- Organisation Department of Party Committee (Central Organisation Department for the CPC, also known as COD)
- Inspection Office of Party Committee (Central Commission for Discipline Inspection of the CPC, also known as CCDI)

Echeng is a subsidiary of the Baowu Steel Group with Fitch Ratings' assessment of the GOC's involvement and level of oversight in the company summarised in February 2024 as follows:

> *China Baowu Steel Group Corporation Limited is wholly owned by the government… We assess the government's decision-making and oversight over Baowu as 'Strong' due to the company's high strategic importance to the state. Baowu is fully owned by China's central government, which exerts control over the company's board and senior management, and has strong influence over the group's key operation, strategies and investment decisions.*[7]

As a state-owned enterprise (**SOE**), Baowu, and by extension its subsidiary Echeng, is subject to the supervision and management of the State-owned Assets Supervision and Administration Commission of the State Council (**SASAC**) or the Government of China, and therefore, the direct or indirect control of these entities. Any suggestion to the contrary is highly misleading.

Sales of Non-prime goods - REQ Response:

G-2.9 *Damaged or sub-standard goods are **sold** or recycled during the production process.*

InfraBuild notes that Echeng reports sales of damaged or sub-standard goods. These should be identified and properly classified as "N" for "Non-Prime" in the relevant MCC category.

Raw material costs - REQ Response:

G-7.1 *The major raw materials used in the manufacture of the goods are steel billet.*

G-7.2 *There is no raw material sourced from a subsidiary company.*

G-7.7 *Yes, there are some related suppliers of raw materials. [Sensitive: an explanation of relationship with suppliers and how the price is set]*

The exporter's responses at G-7.2 and G-7.7 appear to be contradictory. InfraBuild requests that the Commission provide some clarification following assessment of raw material sourcing and costs for Echeng.

[7] https://www.fitchratings.com/research/corporate-finance/china-baowu-steel-group-corporation-limited-25-02-2024

Government policy on the industry – REQ Response:

H-6.1 *There are no such GOC opinions, directives, decrees, promulgations, measures, etc. concerning industry of the goods that were put in place or operating during the period.*

InfraBuild submits that the Rebar standard changes that were announced by the GOC during the period constitute a policy directive of the type (otherwise) denied by the exporter.

On 25 June 2024, the GOC State Administration for Market Regulation announced the approval of two new mandatory national standards for hot-rolled plain and ribbed rebar, namely GB1499.1-2024 and GB1499.2-2024 respectively.
The standards were set to take effect on 25 September 2024 and would be mandatory, where previously domestic sales of rebar in China need not have complied with the Chinese standard.
This meant that rebar produced to the old (2018) standards could effectively no longer be sold after the deadline date of 25 September 2024. Chinese rebar producers and traders were given a three-month buffer period to clear existing rebar inventories and adapt their production processes to meet the new, more stringent, rebar standards. This GOC direct intervention in the Chinese rebar market during the period was ostensibly premised on raising the rebar industry's overall quality standards and international competitiveness:

> *Implementing GB 1499.2-2024 will undoubtedly bring profound changes to China's rebar industry. Although companies may face pressure from rising costs and market adjustments in the short term, in the long run, this standard will drive the industry toward high-quality development, which will help improve product quality and the industry's overall competitiveness.*[8]

The period of review relevant to CON669 and REV676 (1 April 2024 to 31 March 2025) includes the period of transition from the old (2018) to the new (2024) rebar Standard. It is important to note that the quarter July 2024 to September 2024 marked a period of significant distortion in the Chinese domestic rebar market caused by a rapid de-stocking of rebar as producers and traders sold their production certified to the 2018 Standard before the 2024 Standard became mandatory on 25 September 2024. Not only does this compound the existing market situation for rebar in China (under sub-paragraph 269TAC(2)(a)(ii), but it also distorts the calculation of an amount for profit in any constructed normal value methodology under sub-paragraph 269TAC(2)(c)(ii).

Determining an amount for "the profit on that sale" under sub-paragraph 269(2)(c)(ii)

When determining an amount to be the profit on the sale of the goods under subsection 45 of the *Customs (International Obligations) Regulation 2015* (**Regulation**), the Commission must exclude the profit or lack of profit determined for Echeng's domestic sales of the like goods in China for the quarter July to September 2024. Including sales in this quarter would significantly understate profitability.

[8] https://www.chinasteelmarket.com/feature-pages/featureinfo/FEATURE%7CThe-Analysis-of-the-Impact-of-China's-New-Rebar-Standard-GB-14992-2024_1184.html

Mysteel's feature article[9] published on 26 July 2024, gives some insight into the impact of the new standards announcement on Chinese rebar sales and sentiment:

> *"By July 25, China's national price of HRB400E 20mm diameter rebar under Mysteel's assessment had declined for eight straight working days to Yuan 3,422/tonne ($473.2/t) including the 13% VAT, refreshing **a new low since late April 2017**."*
>
> *"In the past week, panic has spread among steel mills and traders due to concerns about circulation of rebars in the market," the petition said. Steel mills and traders are eager to digest their existing stocks of rebars, which led to a rapid drop prices across the country and causing the sellers severe losses as a result, it said."*

A Shanghai Metals Market review of rebar trends for 2024[10] reveals the full extent of the de-stocking on the rebar price in China, as show in the chart provided.

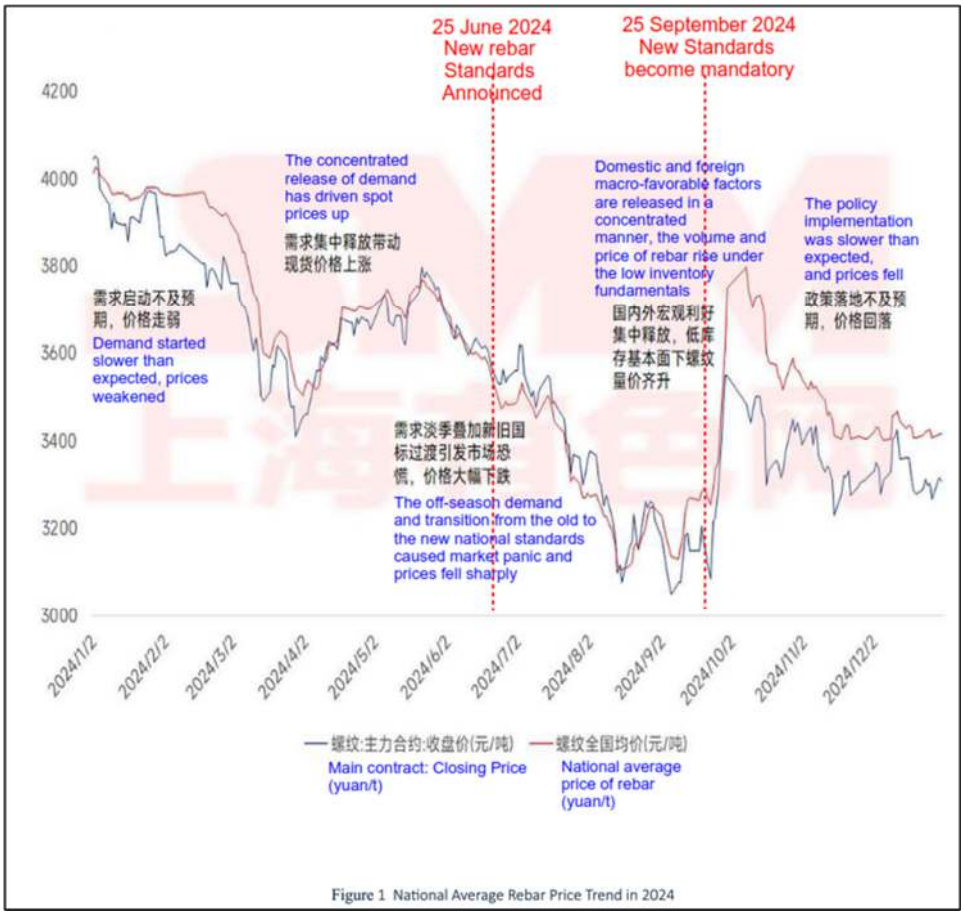


Figure 1 National Average Rebar Price Trend in 2024

"On June 25, the new national standard for rebar was introduced. In east China, warehouses imposed requirements for the outflows from warehouses of old-standard resources within a limited period, prompting price reductions to avoid the risk of destocking difficulties during the off-season. This exacerbated market panic, accelerating the decline in rebar spot prices to the annual low."

Reuters reported that delays to the implementation were being sought by traders as "*they had been given too little time to work through existing stockpiles*" and contains an estimate of the increased cost associated

[9] https://www.mysteel.net/market-insights/5058966-feature-chinas-new-rebar-standards-hit-market-sentiment (accessed 8 August 2025)

[10] Refer NON-CONFIDENTIAL ATTACHMENT 1 – SMM Hot Topic 2024 Annual review of Rebar Market trends (Source: https://www.metal.com/en/newscontent/103130412)

with producing to the new standards, "*The new standards will add between 20 yuan ($2.75) and 30 yuan per ton to production costs, mills, traders and analysts said*."[11]

The likely increase in Chinese cost to produce to the new rebar standard was also raised by vanadium (a high cost alloy) producer Vanitec in their press release[12]:

> *"ALL rebar products sold, manufactured, imported, or used in construction projects across China must comply with the new standard. This new standard is expected to have a positive impact on the vanadium market. Industry experts predict that the revised rebar standard will encourage use of vanadium, particularly vanadium-nitrogen alloys. The use of vanadium in steel rebar enables a stronger steel to be produced."*

We anticipate that Chinese domestic sales of like goods in the period July to September 2024 would not be in the ordinary course of trade, and as such should be excluded for the calculation of an amount of profit under sub-paragraph 269(2)(c)(ii), pursuant to subsection 45(2) of the Regulation.

Existence of a Particular Market Situation within the meaning of sub-paragraph 269TAC(2)(a)(ii)

The applicant asserts that a Particular Market Situation continues to exist in the Chinese domestic market for rebar, and that the commission should continue to collect for the purpose of assessment against competitive market benchmarks, the exporter, Echeng's, raw material purchases.

A further submission will be made by the applicant on the situation in the Chinese market for rebar such that sales in that domestic market are not suitable for use in determining a price under subsection 269TAC(1).

FOR AND ON BEHALF OF

THE AUSTRALIAN INDUSTRY
InfraBuild Steel

[11] https://www.reuters.com/markets/commodities/chinese-steel-traders-seek-delay-new-rebar-standards-2024-07-24/

[12] https://vanitec.org/sustainability-items/pdf/FINAL_Press_Release_-_Mandatory_Rebar_Standard.pdf (accessed 8 August 2025)