




Australian Industry Questionnaire

Case number:	560 and 563
Product:	Steel reinforcing bar
Exported from:	The People's Republic of China
Inquiry period:	1 July 2019 to 30 June 2020
Response due by:	16 August 2020 (extension granted to 24 August 2020)
Return completed questionnaire to:	investigations2@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

DECLARATION

I believe that the information contained in this response is complete and correct.

Signature: 

Name:  

Position:  

Company: InfraBuild (Newcastle) Pty Ltd 

ABN: 50 623 285 718 

Date: 24 August 2020 

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SECTION A MARKET SITUATION

Section 269TAC(1) of the *Customs Act 1901* (Cth) (the Act) provides that, subject to this section, the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

In addition, section 269TAC(2)(a)(ii) of the Act provides that, subject to this section, where the Minister is satisfied that because of the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1), the normal value of the goods exported to Australia cannot be ascertained under subsection (1).

In the applications from InfraBuild received by the Commission on 18 June 2020 and 3 July 2020 in respect of steel reinforcing bar (the goods), reference was made to a particular market situation existing with respect to the goods within China.

As part of its inquiry and review, the Commission will consider if a market situation exists in the steel reinforcing bar market in China during the inquiry and review periods. The Commission will also investigate whether any market situation, if found to exist, influences a comparison between export prices and normal values. To undertake this assessment, the Commission requires further information about the respective markets.

A-1 Whether sales are suitable

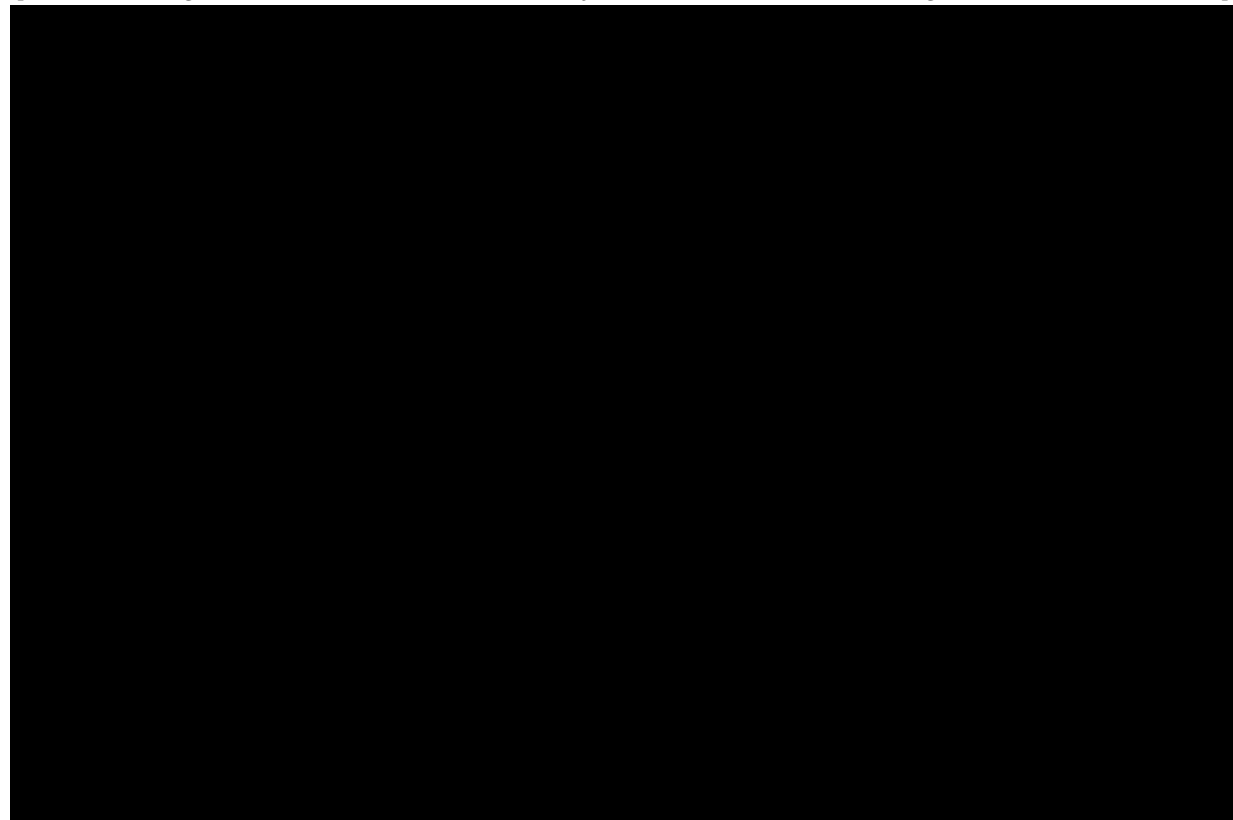
If the Minister is satisfied a market situation exists in China during the investigation period, the Minister must consider whether, because of that market situation, exporters' domestic sales of the goods are suitable for determining a price under section 269TAC(1) of the Act.

1. In the event that the Minister is satisfied a market situation is found to exist during the investigation period, please comment and provide any relevant evidence on:

(a) the effect of the market situation on exporters' domestic prices in China (as relevant);

The market situation in China has the effect of lowering the exporters' domestic prices in China below domestic prices in regional domestic markets, such as are reported in the Middle East, South Korea and Taiwan. CONFIDENTIAL ATTACHMENT A-1.1 contains a comparison of domestic prices at the ex-works and ex-stock level in China (Beijing and Jiangsu) and non-Chinese domestic markets. **CONFIDENTIAL CHARTS 1 and 2**, below, demonstrate that between 1 July 2019 and 1 August 2020, the monthly average domestic price in China was consistently below the monthly average domestic price for rebar in regional domestic markets outside of China.¹ **TABLE 1.1**, below records the variance between Chinese domestic prices and regional non-Chinese domestic prices:

[The following chart is redacted in its entirety as it contains licensed, rights-restricted material]

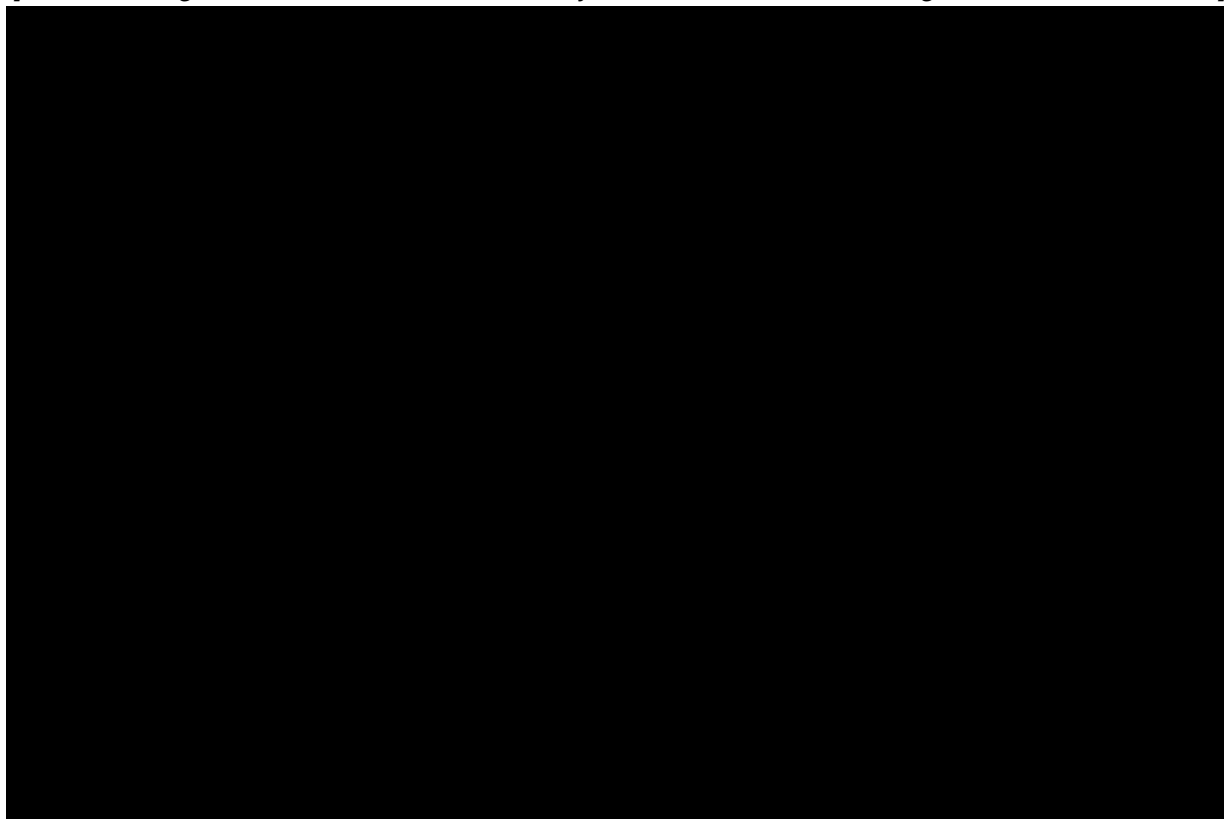


CONFIDENTIAL CHART 1 – Domestic rebar prices (EXW), Jiangsu (China), Middle East, South Korea and Taiwan (Source: CONFIDENTIAL ATTACHMENT A-1.1)

¹ The only exception to this observation was for 1 November 2019, when the EXW domestic price for rebar in Jiangsu was above the average rebar price reported for Middle Eastern sales (1.0 per cent higher)

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CONFIDENTIAL CHART 2 – Domestic rebar prices (ex-stock/EXW), Beijing (China), Middle East, South Korea and Taiwan (Source: CONFIDENTIAL ATTACHMENT A-1.1)

	1 Jul 19	1 Aug 19	1 Sep 19	1 Oct 19	1 Nov 19	1 Dec 19	1 Jan 20	1 Feb 20	1 Mar 20	1 Apr 20	1 May 20	1 Jun 20	1 Jul 20	1 Aug 20
<i>Variance to Rebar, Jiangsu, China domestic EXW (VAT excl) RMB/t</i>														
Rebar, Middle East domestic EXW RMB/t	8.5%	19.0%	13.1%	9.7%	-1.0%	7.0%	18.3%	29.9%	23.6%	14.7%	12.0%	9.3%	14.0%	12.1%
Rebar, S. Korea domestic EXW RMB/t	20.1%	25.3%	25.2%	22.4%	12.8%	10.8%	13.9%	21.4%	17.9%	24.4%	23.4%	22.2%		
Rebar, Taiwan domestic EXW RMB/t	10.9%	20.7%	17.7%	14.6%	9.5%	12.7%	14.5%	19.3%	18.6%	14.8%	14.9%	13.9%		
<i>Variance to Rebar, Beijing, China domestic ex-stock (VAT excl) RMB/t</i>														
Rebar, Middle East domestic EXW RMB/t	5.8%	14.4%	9.7%	6.9%	0.1%	9.2%	16.0%	20.6%	19.3%	10.7%	7.9%	2.9%	6.9%	6.3%
Rebar, S. Korea domestic EXW RMB/t	18.4%	23.9%	23.6%	20.7%	13.8%	13.4%	14.4%	18.9%	18.2%	22.5%	21.0%	17.5%		
Rebar, Taiwan domestic EXW RMB/t	9.1%	19.2%	16.0%	12.8%	10.5%	15.2%	15.0%	16.7%	18.9%	12.8%	12.2%	8.7%		

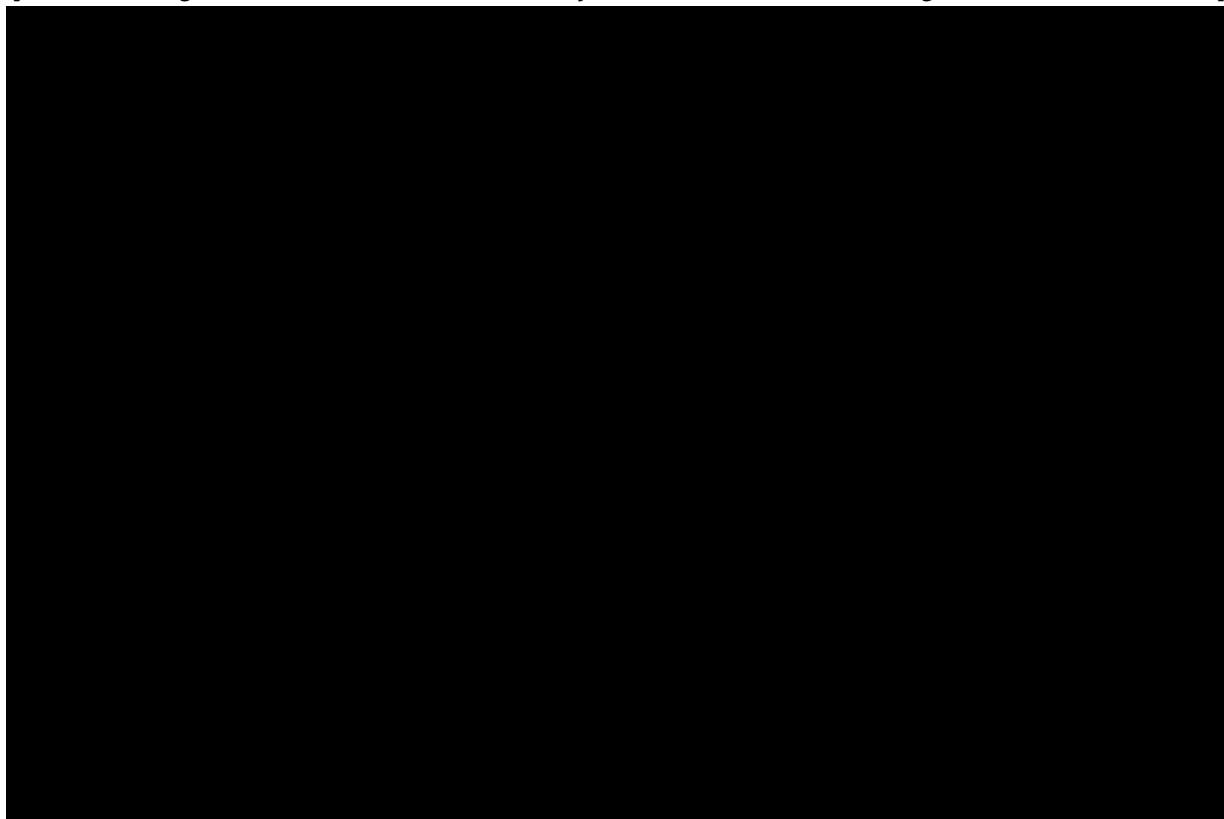
TABLE 1.1 – Variance to Chinese domestic rebar prices (Source: CONFIDENTIAL ATTACHMENT A-1.1)

(b) the effect of the market situation on exporters' export prices;

CONFIDENTIAL CHART 3, below, indicates that the exporters' export prices appear independent of the market situation which otherwise influences domestic prices in China. This independence is concluded from the fact that since 1 July 2019, monthly export prices (FOB) have traded at both a premium and discount to average domestic prices in China (refer **TABLE 1.2**, below).

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CONFIDENTIAL CHART 3 – Chinese rebar prices, export (FOB), Jiangsu domestic rebar prices (EXW), Beijing (ex-stock) (Source: CONFIDENTIAL ATTACHMENT A-1.1)

	1 Jul 19	1 Aug 19	1 Sep 19	1 Oct 19	1 Nov 19	1 Dec 19	1 Jan 20	1 Feb 20	1 Mar 20	1 Apr 20	1 May 20	1 Jun 20	1 Jul 20
	<i>Variance to Rebar, China export FOB China RMB/t</i>												
Rebar EXW Jiangsu / China domestic VAT-exclusive RMB/t	-2.5%	-8.0%	-4.4%	0.8%	6.7%	1.7%	-4.5%	-8.0%	-5.8%	0.1%	1.1%	-2.1%	-3.3%
Rebar Ex-stock Beijing / China domestic VAT-exclusive RMB/t	-0.4%	-6.3%	-2.4%	2.9%	5.5%	-1.2%	-5.0%	-5.1%	-6.1%	2.5%	4.3%	3.8%	2.6%

TABLE 1.2 – Comparison of Chinese rebar export prices to domestic prices (Source: CONFIDENTIAL ATTACHMENT A-1.1)

(c) whether the effect of the market situation is such that exporters’ domestic prices and export prices cannot be properly compared.

The effect of the market situation is such that the exporters’ domestic prices and export prices cannot be properly compared. The exporters’ domestic prices are directly influenced by the market situation, whereas, the export prices demonstrate, at times, behaviours that are independent to domestic prices and therefore the influence of the market situation.

In essence, domestic prices in China do not represent a competitive market price due to the policies of the Government of China effect on costs of manufacture and thus selling prices. In contrast, export prices, notably those to Australia, are set in response to the competitive market situation in Australia, free of the government influence and polices that exist in China.

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As the two market situations are different, that of the domestic market in China and that of the domestic market in Australia for the exports from China, an adjustment would be required to properly compare the Chinese domestic and export prices.

The proper course would be to adjust the costs of manufacture that have been distorted by the policies of China so that domestic prices reflect a competitive market price that can be fairly compared with the export price.

2. Please provide any further information and evidence you may wish to submit.

The United States Trade Representative's *2019 Report to Congress On China's WTO Compliance* (March 2020) (**the Report**), recently concluded that:

The costs associated with China's unfair and distortive policies and practices have been substantial. For example, China's non-market economic system and the industrial policies that flow from it have systematically distorted critical sectors of the global economy such as steel and aluminum, devastating markets in the United States and other industrialized countries.²

The Report considered that:

...one significant result of China's non-market economic system is the creation of excess capacity – that is, capacity that would not have been created and would not persist if market forces were operating properly. Excess capacity is a sign that resources are not being allocated in an efficient manner. In the past, China itself has acknowledged excess capacity in several industries, including steel, cement, electrolytic aluminum, flat glass, and shipbuilding.³

One of the policies the Report considered as a major contributor to excess capacity was the Government of China's (**GOC**) practice of raising or lowering the VAT rebate available upon export:

As in prior years, in 2019, the Chinese government attempted to manage the export of many primary, intermediate, and downstream products by raising or lowering the VAT rebate available upon export. China sometimes reinforces its objectives by imposing or retracting export duties. These practices have caused tremendous disruption, uncertainty, and unfairness in the global markets for some products, particularly downstream products where China is a leading world producer or exporter, such as products made by the steel, aluminum, and soda ash industries. These practices, together with other policies, such as excessive government subsidization, also have contributed to severe excess capacity in these same industries. An apparently positive development took place at the July 2014 S&ED meeting, when China committed to improve its VAT rebate system, including by actively studying international best practices, and to deepen communication with the United States on this matter,

² NON-CONFIDENTIAL ATTACHMENT A-2.2, p. 7.

³ NON-CONFIDENTIAL ATTACHMENT A-2.2, p. 12.

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including regarding its impact on trade. Once more, however, this promise remains unfulfilled. To date, China has not made any movement toward the adoption of international best practices.⁴ [emphasis added]

The Report is expressly concerned by the GOC's... *significant omissions in China's subsidies notification.*⁵ The concern is that:

These efforts also made clear that provincial and local governments play an important role in implementing China's industrial policies, including through subsidization of enterprises, much of which is misdirected into sectors with excess capacity, such as steel and aluminium.⁶

The United States has submitted counter notifications of approximately 500 Chinese subsidy measures. Despite some success; China notified some subsidy measures for the period 2015-2016 in July 2018 and for the period 2017-2018 in July 2019, the Report considers that:

China has included in its subsidy notifications to date only a small number of the subsidy programs identified in those counter notifications, and China has refused to engage in bilateral discussions to address the subsidy measures that it has failed to notify.⁷

The Report specifically addresses the widespread intervention and control by the GOC of the Chinese steel sector, identifying ongoing policies designed to mandate the *commercial behaviour of Chinese steel enterprises.*⁸ In particular, China's 13th Five-Year Plan⁹ which directed:

the promotion of international capacity and equipment cooperation in key sectors such as steel.¹⁰

However, the Report observes that:

Over the years, throughout the push and pull of these myriad central government policies, sub-central governments often have pursued contradictory efforts, as they typically seek to support and even expand local steel capacity and production regardless of market dynamics because of the tax revenues and jobs that they represent. In any event, China's steelmaking capacity and crude steel production have grown dramatically over the years.¹¹ [emphasis added]

Between 2000 and 2016, China accounted for 75 percent of the growth in global steelmaking capacity, an increase well in excess of the growth in China's domestic

⁴ NON-CONFIDENTIAL ATTACHMENT A-2.2, p. 35.

⁵ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-20.

⁶ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-20.

⁷ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-21-22.

⁸ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-62-66.

⁹ China adopted its 13th Five-Year Plan on 15 March 2016. The Plan outlines China's goals, principles and targets for its development through to 2020.

¹⁰ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-64.

¹¹ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-64.

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demand for steel over the same period. China's capacity reached 1,150 million MT in 2015, a figure that represented just over one-half of global capacity. Although China reportedly eliminated some of its official capacity in 2016 and 2017, China also accounted for the largest share of new capacity additions during this same period. It is also not clear whether and how China's official reporting on capacity accounts for the large number of facilities producing steel in China without official sanction from the central government. Moreover, while China may have achieved modest reductions in its official capacity, its levels of production (and therefore its potential for export) continued to increase into 2018, despite weakening internal demand. Currently, China's steelmaking capacity alone is more than double the combined steelmaking capacity of the EU, Japan, the United States, and Brazil, even though China has no comparative advantage with regard to the energy and raw material inputs that make up the majority of costs for steelmaking.¹² [emphasis added]

The Report concludes that despite commitment to curtail excess steel-making capacity, the GOC continues through its elaborate matrix of steel industry policy, subsidy programs and sub-central government control to create a situation in Chinese domestic steel markets that generate domestic steel prices that are below what they would otherwise be:

At the WTO, the United States, with support from other WTO members, has pressed its concerns regarding China's steel policies, including in meetings before the Committee on Import Licensing, the TRIMS Committee, the Subsidies Committee, and the Council for Trade in Goods. The United States also co-sponsored with the EU sessions examining subsidies that contribute to excess capacity. In addition, the United States has focused intently on China's steel policies in connection with China's first seven Trade Policy Reviews at the WTO, held in 2006, 2008, 2010, 2012, 2014, 2016, and 2018, and in plurilateral fora such as the OECD.

The United States and other WTO members have called for China to eliminate subsidies to its steel industry, to implement steel industry policies that do not discriminate against imports, and to allow market forces to determine steelmaking raw material input supply. Several steel industry associations from around the world have expressed similar concerns.

In the past, China has made a series of bilateral commitments to reduce its excess steel capacity. For example, at the July 2014 S&ED meeting, China committed to establish mechanisms that strictly prevent the expansion of crude steelmaking capacity and that are designed to achieve major progress in addressing excess production capacity in the steel sector. Similarly, at the June 2016 S&ED meeting, China committed to take effective steps to address the challenges of excess capacity so as to enhance market function and encourage adjustment. These commitments have not meaningfully impacted the severe excess capacity situation in China's steel sector.

In October 2019, China elected to withdraw from the Global Forum on Steel Excess Capacity, a forum established in 2016 at the instruction of G20 Leaders to address the crisis of excess capacity in the global steel sector. By withdrawing from the Global

¹² NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-65.

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Forum, China has signaled its unwillingness to share information with other governments about steel capacity developments in China and information about support measures that the Chinese government and its state-affiliated entities provide to the steel sector. The United States and other members of the Global Forum have determined to carry on the work of the Global Forum in light of the continuing large and persistent overhang of global steel production capacity over demand, the largest portion of which continues to emanate from China.¹³

¹³ NON-CONFIDENTIAL ATTACHMENT A-2.2 at A-65.

SECTION B AUSTRALIAN MARKET

In responding to the questions in this section (section B) your responses should relate to the inquiry period (1 July 2019 to 30 June 2020).

Where you have previously provided a response to a question (either in your application or in another submission to this inquiry) please provide a reference to your response.

B-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for the goods and the prevailing conditions of competition within the market, including:

- (a) Provide an overall description of the market in Australia for the goods which explains its main characteristics and trends over the past five years;

Please refer to EPR Folio No. 560/001, pp. 27 – 30.

- (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;

Please refer to EPR Folio No. 560/001, pp. 28 – 30.

- (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);

Residential construction (incl. swimming pool construction)	█	%
Non-residential commercial construction	█	%
Engineering construction (including mining and infrastructure)	█	%

- (d) Describe the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

Please refer to EPR Folio No. 560/001, pp. 28 – 30.

- (e) Describe any market segmentations in Australia; such as geographic or product segmentations;

The key market segments for rebar are:

- residential construction;
- non-residential commercial construction;
- engineering construction (including mining and infrastructure); and
- swimming pool construction (to a lesser extent).

The relative size of key market segments change over time and between States, however, the non-residential commercial and residential construction market segments are the main drivers of demand for rebar.

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- (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);

Refer response to B-1.1(c), above

- (g) Describe the way in which Australian manufactured, Chinese and other imported goods compete in the Australian market;

The Australian rebar market is price sensitive and price is the major criteria in customers' purchasing decisions - purchasers of rebar do not incur high costs switching from one supplier to another.

Product and brand differentiation is minimal as long as the products carry a current Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) certification, meet the requisite standard (AS/NZS 4671) and satisfy certain chemical, mechanical, quality and tolerance criteria.

- (h) Describe the ways that the goods are marketed and distributed in the Australian market; and

The Australian rebar market comprises Australian producers, exporters, importers and distributors or processors who process and sell rebar. Imported and locally produced rebar is primarily purchased by rebar processors and steel service centres who typically process it before supplying the rebar into the commercial, residential and engineering sectors.

Rebar processors quote jobs to the construction sector, cut and bend locally manufactured or imported rebar to order and deliver to job sites.

Steel service centres also purchase locally produced or imported rebar to stock for resale, primarily to smaller rebar processors for use as concrete reinforcement.

Final end use applications for rebar include (but are not limited to) concrete slabs and prefabricated concrete beams, columns, cages and precast products. The vast majority of rebar is further processed in some way prior to end use.

Third party reinforcing customers are supplied by the Australian industry, downstream entities related to the Australian industry, direct imports from exporters or overseas traders, or by imports through local steel trading houses.

Given the interchangeable nature of rebar it should be regarded as a commodity product that competes primarily on price. The Australian industry sells rebar straights and coils to external (unrelated) steel service centres (processors) and distributors. The Australian industry also has internal sales to its related businesses.

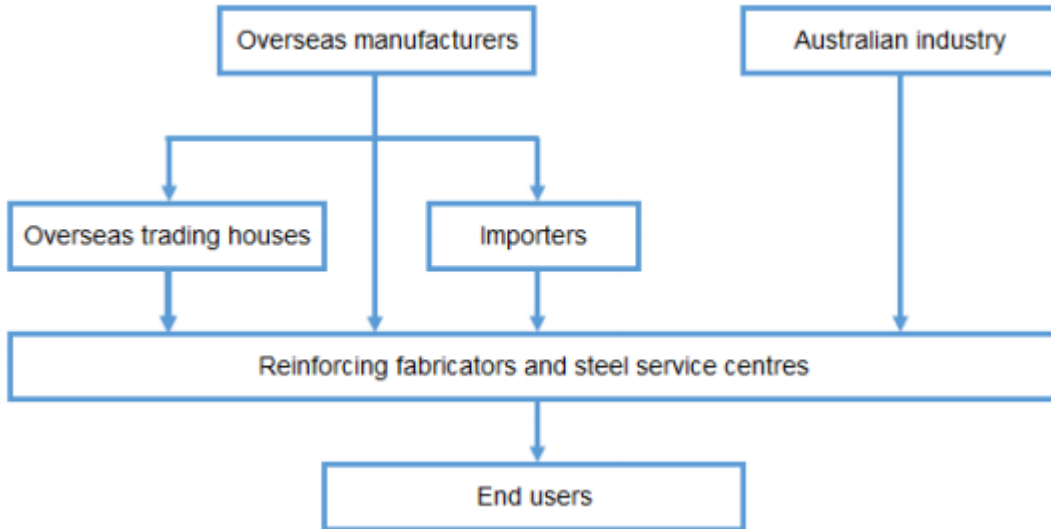
- (i) Describe any other factors that are relevant to characteristics or influences on the market in Australia for the goods.

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N/A

Provide documentary evidence to support the responses made to questions 1(a) to (i).

2. Provide a diagram which describes the Australian market structure for the goods, ensuring that all the categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.



3. Describe the commercially significant market participants in the Australian market for the goods at each level of trade over the investigation period. Include in your description:
 - names of the participants;
 - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
 - a description of the degree of integration (either vertical or horizontal) for each market participant; and
 - an estimation of the market share of each participant.

Notes for below:

- Generally, we do not consider the concept of market integration relevant to the identification of participants in the Australian market for rebar – except for [REDACTED] who acts as both importer and reinforcing fabricator. As such we would consider this participant as “horizontally integrated” to some degree.
- We have only estimated market share for participants in the Australian market for rebar, not downstream fabricated goods (i.e. reinforcing cages) or finished products (i.e. bridges).

Company Name	Level of Trade	Market Share - National
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]

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[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]
[REDACTED]	Reinforcing Fabricators	[REDACTED]

Company Name	Level of Trade	Market Share - National
[REDACTED]	Importer	[REDACTED]
[REDACTED]	Importer	[REDACTED]
[REDACTED]	Importer	[REDACTED]
[REDACTED]	Importer	[REDACTED]

Company Name	Level of Trade	Market Share - National
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A
[REDACTED]	End User	N/A

Company Name	Level of Trade	Market Share – National
InfraBuild Steel	Australian Industry	[REDACTED]
Exporting Mills	Overseas manufacturers	[REDACTED]

4. Identify the names of commercially significant importers in the Australian market for the goods over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Importers – Traders – all country sources

- [REDACTED]

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- [REDACTED] ■ Estimated market share [REDACTED] %
- [REDACTED] ■ Estimated market share [REDACTED] %
- [REDACTED] ■ Estimated market share [REDACTED] %
- [REDACTED] ■ Estimated market share [REDACTED] %

Importer – Reinforcing fabricator – [REDACTED]
■ [REDACTED] Estimated market share [REDACTED] %

5. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

AS/NZS 4671:2019 (CONFIDENTIAL ATTACHMENT B-1.5).

6. Describe any entry restrictions for new participants into the Australian market for the goods. Your response could include information on:
- resource ownership;
 - patents and copyrights;
 - licenses;
 - barriers to entry;
 - import restrictions; and
 - government regulations (including the effect of those government regulations).

Apart from compliance with the Australia standard (where used in steel reinforcing applications), there are no barriers to entry. Attainment of ACRS (*Australasian Certification Authority for Reinforcing and Structure Steels*) product certification is broadly required by customers and end-users, but is not mandatory.

In responding to question 6 ensure that relevant regulations are referenced.

B-2 Like goods in the Australian market

1. Generally describe the range of products/models of the goods offered for sale in the Australian market. The description should include all goods under consideration including those produced by your company. Your description could include information about:

- quality differences;

The overwhelming majority of goods offered for sale in the Australian market (for use in steel reinforcing applications) are certified by ACRS to meet the applicable Australian standard. Therefore, marketable quality differences are not observed, as goods so certified from all sources are interchangeable.

- price differences;

Some price differences (on an AUD/t actual basis) may be observed in relation to the physical characteristics as identified in the Commission's proposed MCC structure for this inquiry (refer ADN 2020/074, p. 7).

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- supply/availability differences;

None known.

- technical support differences;

The Australian industry member provides full technical support to its customers. Importers of the goods do provide some level of technical support to their customers.

- the prevalence of private labels/customer brands;

Not prevalent.

- the prevalence of generic or plain labels;

ACRS certification assures reinforcing fabricators and end users of the goods' compliance with the Australian standard.

- the prevalence of premium labels; and

Not prevalent.

- product segmentation.

Not prevalent.

2. Describe the end uses of the goods in the Australian market from all sources.

End use of reinforcing bar in lengths or in coils is predominantly reinforced concrete structures and precast structures.

End use of threaded bar is predominantly mining applications.

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influencers in order of importance.

1. 
2. 
3. 

4. Identify if there are any commercially significant market substitutes in the Australian market for the goods.

None are known to the Australian industry.

5. Identify if there are any commercially significant market complements in the Australian market for the goods.

None are known to the Australian industry.

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6. Have there been any changes in market or consumer preferences in the Australian market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

None are known to the Australian industry.

B-3 Relationship between price and cost in Australia

1. Is your organisation/business entity the price leader of the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

No. The price leader is [REDACTED]. There is no single price leader of the goods in the Australian market.

2. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

3. Explain the process for how the selling prices of the goods for the Australian market by your business are determined. Provide copies of internal documents which support how pricing is determined.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

4. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

5. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

- Competitors' prices
- Purchase price of raw materials
- Cost to make and sell the goods
- Level of inventory
- Value of the order
- Volume of the order
- Value of forward orders
- Volume of forward orders
- Customer relationship management
- Supplier relationship management

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- Desired profit
- Brand attributes
- Other [please define what this factor is in your response]

Ranking	Offer (until 31 Dec 2019)	Offer (since 1 Jan 2020)	Offer (since 1 Jan 2020)
1			
2			
3			
4			
5			
6			
7			
8			

6. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain a desired profit margin for the goods? If not, does your company seek to maintain a desired profit margin for the goods? Provide copies of internal documents which support your response to this question.

Please refer to responses and evidence provided in the course of verification of the Australian industry’s claims in support of CON 546.

7. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

Please refer to responses and evidence provided in the course of verification of the Australian industry’s claims in support of CON 546.

8. Do you offer bundled pricing in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices. Provide copies of internal documents which support your claims in response to this question.

Please refer to responses and evidence provided in the course of verification of the Australian industry’s claims in support of CON 546.

9. Does the volume of sales to a customer or the size of an order influence the selling price? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

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Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

10. Does your organisation/business entity use sales contracts in the Australian market? If

yes:

- (a) What proportion of your sales revenue would come from contracted sales versus uncontracted sales?
- (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?
- (c) How frequently are sales contracts renegotiated?
- (d) How frequently are price reviews conducted between contracts?
- (e) Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.
- (f) Do changes in your costs to make and sell enable you to review prices for customers within contracts?
- (g) Provide a list of the customers under contract during the review period and copies of the two largest contracts in terms of sales revenue.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

11. Provide copies of any price lists for the goods used in the Australian market during the inquiry period. If you do not use price lists, describe the transparency of your prices in the Australian market.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

12. How do you differentiate pricing for different products/models of the goods in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

13. Do you tier or segment your customers for the goods in terms of pricing? If yes, provide:
(a) a general description of how this is done;
(b) list the factors that influence pricing differentiation in different tiers or segments; and
(c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

Provide copies of internal documents which support your claims in response to this question.

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

14. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide copies of any internal documents relevant to establishing pricing to related parties.

PUBLIC RECORD

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

B-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

Please refer to responses and evidence provided in the course of verification of the Australian industry's claims in support of CON 546.

2. Does your company conduct brand segmentation in the Australian market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

No.

3. Provide examples of your Australian advertising of the goods over the past five years. If you have not used advertising in Australia, provide examples of any other promotion campaigns for the goods you have conducted over the investigation period.

InfraBuild Steel's market offer documents are the substantive form of print advertising. Otherwise, <https://www.infrabuild.com/en-au/products-services/products/reinforcing-bar/?view=listing> is the key digital advertising resource.

4. How many people are in your Australian sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents which support your claims in response to this question.

There are [REDACTED] members of the Australian sales team, comprising:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Performance pay outcomes are [REDACTED] (refer to CONFIDENTIAL ATTACHMENT B-4.4)

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

Pricing is established by [REDACTED].

SECTION C PRODUCTION AND PRODUCTION COSTS

In responding to the questions in this section (section C), please respond only in relation to the inquiry period.

Where you have previously provided a response to a question (either in your application or in another submission to this inquiry) please provide a reference to your response.

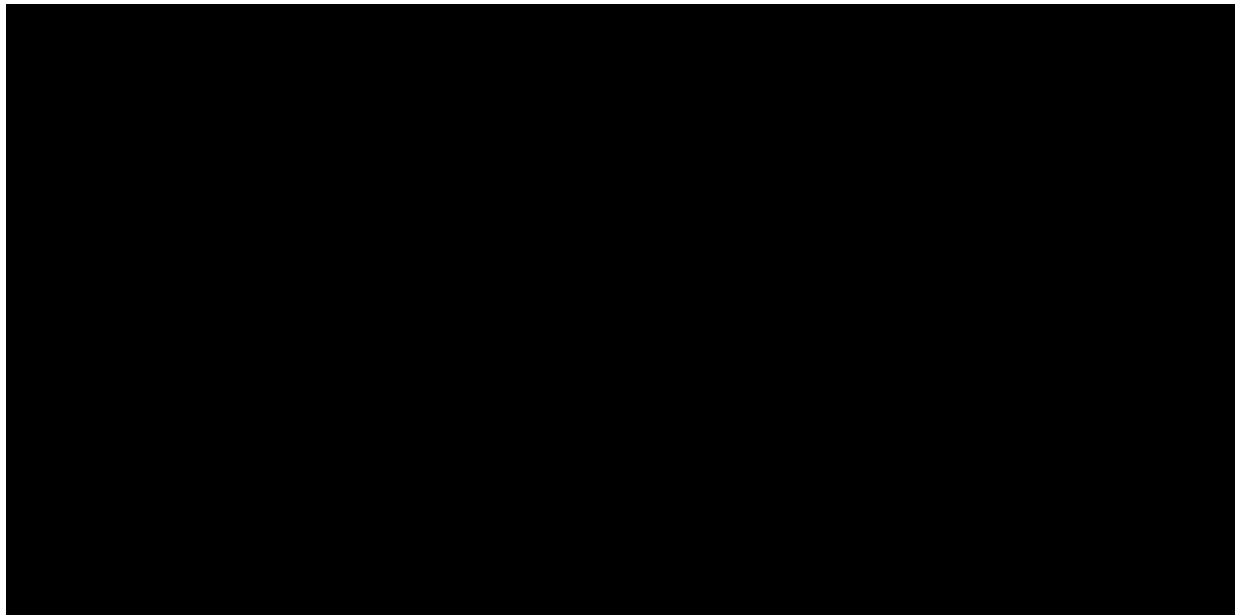
C-1 Production of the goods

1. Describe how your company determines its volume of production for the goods, product mix of production and the factors that contribute to these decisions. How frequently are production volumes determined? How frequently is the product mix determined? Provide copies of internal documents which support your claims in response to this question.

Infrabuild Steel production of the goods is [REDACTED] % made to stock.

The production planning process is summarised below

[The production planning process is considered confidential in its entirety as it contains sensitive commercial information]:



Monthly Process:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

Short Term Process:

1. [REDACTED]
2. [REDACTED]

PUBLIC RECORD

Factors that contribute to the decisions for volume and product mix could be:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

A copy of the [REDACTED] *Supply Review and Demand Review* is attached as CONFIDENTIAL ATTACHMENT C-1.1.1 and CONFIDENTIAL ATTACHMENT C-1.1.2.

2. What lead times are typically needed to adjust volumes of production for the goods? Provide copies of internal documents which support your claims in response to this question.

[REDACTED] % of production is made to stock (made to rolling cycle based on agreed sales forecast (Refer to Question C-1.1 response, above)

Non-standard stock items have a [REDACTED] lead time (Refer CONFIDENTIAL ATTACHMENT C-1.2)

3. Do you have warehousing facilities for the goods? If no, what do you do with excess inventory? If yes:

Yes, although not exclusively reserved to warehousing the goods (other goods produced through the mills also utilise the warehouse facilities).

(a) What is the volume capacity of these facilities?

Warehouse facility	Approx. capacity (t)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

(b) What was the monthly amount of inventory maintained during the review period?

We assume your reference to “inventory” is in fact a reference to “saleable stock on hand”, not raw material inventory.

Total saleable stock monthly average during the review period was [REDACTED] tonnes.

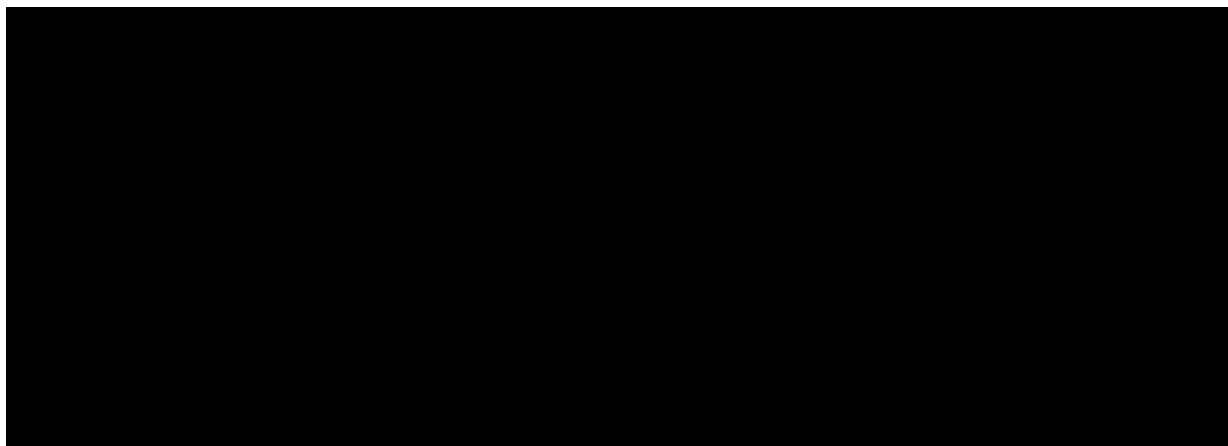
Rebar monthly average saleable stock during the review period was [REDACTED] tonnes (refer appendix A7).

PUBLIC RECORD

(c) What is the average period of time that inventory is retained (describe how this is calculated)?

InfraBuild Steel uses [REDACTED] as a measure of time that inventory/saleable stock is retained:

[The following extract is considered confidential in its entirety]



Source: CONFIDENTIAL ATTACHMENT C-1.3.

The [REDACTED] calculation for July 2019 is as below:

Rebar [REDACTED] = [rebar saleable stock] divided by [([REDACTED]) divided by ([REDACTED])]

Therefore, the average rebar [REDACTED] for FY20 is [REDACTED].

Provide copies of internal documents which support your claims in response to this question.

4. Have there been any changes to the type of capital or technology utilised by your company in the manufacturing of the goods in the last five years? If yes, provide details.

In FY 2020, an additional [REDACTED] line was commissioned to enable production of [REDACTED] rebar in coils.

5. For each plant capable of producing inputs that could be utilised to make the goods, provide the date that production facility came into operation and the production capacity of the plant over the past five years. The production capacity should be based on an actual production capacity, not a budgeted production capacity. Provide copies of internal documents which support your claims in response to this question.

Mill Capacity	Date Facility commenced	Actual Production (Based on Current shift structures)	Capacity Based on Max shift structures
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
FY16		[REDACTED]	[REDACTED]

PUBLIC RECORD

FY17			████	████
FY18			████	████
FY19			████	████
FY20			████	████
████	████			
FY16			████	████
FY17			████	████
FY18			████	████
FY19			████	████
FY20			████	████
████	████			
FY16			████	████
FY17			████	████
FY18			████	████
FY19			████	████
FY20			████	████
████	████			
FY16			████	████
FY17			████	████
FY18			████	████
FY19			████	████
FY20			████	████
Total				
FY16			████	████
FY17			████	████
FY18			████	████
FY19			████	████
FY20			████	████

Source: CONFIDENTIAL ATTACHMENT C-1.5.

PUBLIC RECORD

6. Confirm whether management reports are prepared on production costs. If yes:

Yes

(a) specify how often these cost reports are prepared;

Management Reports are prepared on a monthly basis.

(b) describe the level of detail in those reports and whether they enable the establishment of costs of producing the goods;

Management Reports detail

[REDACTED]

[REDACTED]

(c) specify to whom within the company these reports are provided; and

Monthly Management Reports are distributed to the relevant management for each production facility

[REDACTED]

(d) provide copies of these reports for each month of the review period.

Please refer to CONFIDENTIAL ATTACHMENT C-1.6.