CONSIDERATION REPORT
NO. 563

Consideration of an application for a review of variable factors in relation to the anti-dumping measures applying to:

Steel reinforcing bar

exported to Australia from the People’s Republic of China

22 July 2020
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<tr>
<th>Abbreviation</th>
<th>Full title</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABF</td>
<td>Australian Border Force</td>
</tr>
<tr>
<td>the Act</td>
<td>the <em>Customs Act 1901</em></td>
</tr>
<tr>
<td>ADN</td>
<td>Anti-Dumping Notice</td>
</tr>
<tr>
<td>ADRP</td>
<td>Anti-Dumping Review Panel</td>
</tr>
<tr>
<td>China</td>
<td>the People’s Republic of China</td>
</tr>
<tr>
<td>InfraBuild</td>
<td>InfraBuild (Newcastle) Pty Ltd</td>
</tr>
<tr>
<td>Hunan Valin</td>
<td>Hunan Valin Xiangtan Iron &amp; Steel Co., Ltd</td>
</tr>
<tr>
<td>the Commission</td>
<td>the Anti-Dumping Commission</td>
</tr>
<tr>
<td>the Commissioner</td>
<td>the Commissioner of the Anti-Dumping Commission</td>
</tr>
<tr>
<td>the goods</td>
<td>Steel reinforcing bar</td>
</tr>
<tr>
<td>the Minister</td>
<td>The Minister for Industry, Science and Technology</td>
</tr>
<tr>
<td>NIP</td>
<td>non-injurious price</td>
</tr>
<tr>
<td>REP 341</td>
<td><em>Anti-Dumping Commission Report No. 341</em></td>
</tr>
<tr>
<td>Shagang</td>
<td>Jiangsu Shagang Group Co., Ltd</td>
</tr>
<tr>
<td>USP</td>
<td>unsuppressed selling price</td>
</tr>
<tr>
<td>Yonggang</td>
<td>Jiangsu Yonggang Group Co., Ltd</td>
</tr>
<tr>
<td>Zenith</td>
<td>Zenith Steel Group Co., Ltd</td>
</tr>
</tbody>
</table>
1 SUMMARY AND RECOMMENDATIONS

1.1 Background

This report outlines the consideration by the Anti-Dumping Commission (the Commission) of an application lodged by InfraBuild (Newcastle) Pty Ltd (InfraBuild, or the applicant). InfraBuild’s application requests a review of the anti-dumping measures applying to steel reinforcing bar (the goods, or rebar) exported to Australia from the People’s Republic of China (China).

The anti-dumping measures are in the form of a dumping duty notice. The dumping duty notice applies to all exporters of rebar from China.

InfraBuild considers it appropriate to review the anti-dumping measures on the basis that one or more of the variable factors relevant to the anti-dumping measures have changed. The variable factors alleged to have changed are the export price and normal value.

1.2 Legislative background

Division 5 of Part XVB of the Customs Act 1901 (the Act) sets out, among other things, the procedures to be followed by the Commissioner of the Anti-Dumping Commission (the Commissioner) in assessing applications for a review of anti-dumping measures.

Division 5 empowers the Commissioner to reject or not reject such applications. If the Commissioner does not reject an application, he is required to publish a notice indicating that he is proposing to review the anti-dumping measures covered by the application.

1.3 Findings and conclusions

The Commission is satisfied that, in relation to InfraBuild’s application for a review of variable factors:

- the application complies with sections 269ZB(1) and (2); and
- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the anti-dumping measures have changed.

1.4 Recommendation

The Commission recommends that the Commissioner not reject the application, for the reasons outlined in chapter 3 of this report.

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1 Section 269ZA(1)(b)(i) of the Customs Act 1901.
2 All legislative references are to the Customs Act 1901, unless otherwise stated.
2 BACKGROUND

2.1 Current anti-dumping measures

The anti-dumping measures, in the form of a dumping duty notice, were initially imposed on 12 April 2016 by the then Assistant Minister for Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Assistant Minister) after consideration of Anti-Dumping Commission Report No. 300 (REP 300).\(^3\) The table below summarises the numerous investigations, reviews and inquiries relating to rebar exported from China. Full details can be found on the Commission’s electronic public record (EPR) at [www.adcommission.gov.au](http://www.adcommission.gov.au).

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2015</td>
<td>The Commission initiated Anti-Dumping Investigation No 300 (Investigation 300 or original investigation) into the alleged dumping of rebar exported to Australia from China following an application by OneSteel Manufacturing Pty Ltd.</td>
</tr>
<tr>
<td>16 April 2016</td>
<td>The Assistant Minister published a dumping duty notice applying to rebar exported from China, REP 300 refers. The dumping margin for Hunan Valin Xiangtan Iron &amp; Steel Co., Ltd (Hunan Valin) was 15.2% and the dumping margin for Jiangsu Yonggang Group Co., Ltd (Yonggang) was 11.7%. The dumping margin for uncooperative and all other exporters was 30.0%</td>
</tr>
<tr>
<td>12 December 2016</td>
<td>Following a review of the Assistant Minister's decision by the Anti-Dumping Review Panel (ADRP), the Assistant Minister revoked his previous decision and substituted a new decision in the same terms except with different normal values in respect of Hunan Valin and Yonggang, resulting in a dumping margin of 12.3% for Hunan Valin and 11.5% for Yonggang.(^4)</td>
</tr>
<tr>
<td>19 May 2017</td>
<td>The Commission initiated single exporter reviews in relation to exports of the goods from China to Australia made by Jiangsu Shagang Group Co., Ltd (Shagang) (Review No. 411) and Hunan Valin (Review No. 412).</td>
</tr>
<tr>
<td>29 June 2017</td>
<td>The Commission initiated single exporter reviews in relation to exports of the goods from China to Australia made by Zenith Steel Group Co., Ltd (Zenith) and Yonggang (Review No. 423). On 21 July 2017, Zenith withdrew its application for a review of measures.</td>
</tr>
<tr>
<td>3 April 2018</td>
<td>The Commissioner initiated a review of variable factors – Review No. 467(^5) following an application from InfraBuild (then known as Liberty OneSteel (Newcastle) Pty Ltd). The variable factors alleged to have changed were normal value and export price.</td>
</tr>
<tr>
<td>20 April 2018</td>
<td>The then Assistant Minister amended the dumping duty notice applying to rebar exported to Australia from China by Hunan Valin, Shagang and Yonggang respectively resulting in dumping margins of 19.7% for Hunan Valin, 12.3% for Shagang and 6.1% for Yonggang. Anti-Dumping Commission Report No. 411, 412 and 423 (REP 411/412/423) refers.(^6)</td>
</tr>
</tbody>
</table>

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\(^3\) Anti-Dumping Notice (ADN) No. 2016/39 refers, REP 300

\(^4\) Available on the ADRP website at https://www.adreviewpanel.gov.au

\(^5\) ADN 2018/55

\(^6\) ADN 2018/49, REP 411/412/423.
2 October 2018 | Following a review of the then Assistant Minister’s decision by the ADRP, the Minister revoked the previous decision and substituted a new decision in the same terms except with different export prices for Hunan Valin, Shagang and Yonggang resulting in dumping margins of 11.8%, 3.6% and -3.3% respectively. ADRP Report No. 84 published on 5 October 2018 in relation to ADRP Review No. 2018/84 - steel reinforcing bar exported from China (ADRP Report No. 84) refers.\(^7\)

20 December 2018 | The Minister amended the dumping duty notice applying to rebar exported to Australia from China resulting in a dumping margin of 22.7% for all exporters. REP 467 refers.\(^8\)

### Table 1: Summary of investigations, reviews and inquiries relating to rebar from China

#### 2.1.1 Summary of measures

The current dumping margin applying to all exports of rebar from China is 22.7 per cent and the form of measures is a combination of fixed and variable duty.

#### 2.2 The current application

On 3 July 2020, the Commission received an application from InfraBuild for a review of the anti-dumping measures applying to the goods exported to Australia from China. InfraBuild claims there has been a change in normal value and the export price.

The application is not prevented by section 269ZA(2), which requires that an application for review of anti-dumping measures must not be made earlier than 12 months after the publication of a dumping duty and/or countervailing duty notice or a notice declaring the outcome of the last review of the dumping duty and/or countervailing duty notice.\(^9\)

Pursuant to section 269ZC(1), the Commissioner must examine the application and, within 20 days, decide whether to reject the application. As such, a decision to reject the application must be made no later than 23 July 2020. If the Commissioner is not satisfied, having regard to the application and to any other information that he considers relevant, of one or more of the matters referred to in section 269ZC(2), the Commissioner must reject the application.

#### 2.3 The goods subject to the anti-dumping measures

The goods subject to the anti-dumping measures are:

*Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process. The goods include all steel reinforcing bar meeting the above description of the goods regardless of the particular grade or alloy content or coating.*

The goods subject to the anti-dumping measures do not include plain round bar, stainless steel and reinforcing mesh.

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\(^7\) Available on the ADRP website at https://www.adreviewpanel.gov.au

\(^8\) ADN 2018/185

\(^9\) The relevant notices have not been altered since the publication of the notice in 2018.
### 2.3.1 Tariff classification

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

<table>
<thead>
<tr>
<th>Tariff Subheading</th>
<th>Statistical Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7213</td>
<td></td>
<td>BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF IRON OR NON-ALLOY STEEL</td>
</tr>
<tr>
<td>7213.10.00</td>
<td>42</td>
<td>Containing indentations, ribs, grooves or other deformations produced during the rolling process</td>
</tr>
<tr>
<td>7214</td>
<td></td>
<td>OTHER BARS AND RODS OF IRON OR NON-ALLOY STEEL, NOT FURTHER WORKED THAN FORGED, HOT-ROLLED, HOT-DRAWN OR HOT-EXTRUDED, BUT INCLUDING THOSE TWISTED AFTER ROLLING</td>
</tr>
<tr>
<td>7214.20.00</td>
<td>47</td>
<td>Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling</td>
</tr>
<tr>
<td>7227</td>
<td></td>
<td>BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF OTHER ALLOY STEEL</td>
</tr>
<tr>
<td>7227.90</td>
<td></td>
<td>Other</td>
</tr>
<tr>
<td>7227.90.10</td>
<td>69</td>
<td>Goods, as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. of high alloy steel;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. &quot;flattened circles&quot; and &quot;modified rectangles&quot; as defined in Note 1(l) to Chapter 72</td>
</tr>
<tr>
<td>7227.90.90</td>
<td>01</td>
<td>Containing indentations, ribs, grooves or other deformations produced during the rolling process</td>
</tr>
<tr>
<td></td>
<td>02</td>
<td>Of circular cross-section measuring less than 14 mm in diameter</td>
</tr>
<tr>
<td></td>
<td>04</td>
<td>Other</td>
</tr>
<tr>
<td>7228</td>
<td></td>
<td>OTHER BARS AND RODS OF OTHER ALLOY STEEL; ANGLES, SHAPES AND SECTIONS, OF OTHER ALLOY STEEL; HOLLOW DRILL BARS AND RODS, OF ALLOY OR NON-ALLOY STEEL</td>
</tr>
<tr>
<td>7228.30</td>
<td></td>
<td>Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded</td>
</tr>
<tr>
<td>7228.30.10</td>
<td>70</td>
<td>Goods, as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. of high alloy steel;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. &quot;flattened circles&quot; and &quot;modified rectangles&quot; as defined in Note 1(m) to Chapter 72</td>
</tr>
<tr>
<td>7228.30.90</td>
<td>40</td>
<td>Containing indentations, ribs, grooves or other deformations produced during the rolling process</td>
</tr>
<tr>
<td>7228.60</td>
<td></td>
<td>Other bars and rods</td>
</tr>
<tr>
<td>7228.60.10</td>
<td>72</td>
<td>Goods, as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. of high alloy steel;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. &quot;flattened circles&quot; and &quot;modified rectangles&quot; as defined in Note 1(m) to Chapter 72</td>
</tr>
</tbody>
</table>

Table 2: General tariff classification for the goods
PUBLIC RECORD

These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes is for reference only and do not form part of the goods description.
3 CONSIDERATION OF THE APPLICATION

3.1 Legislative background

Section 269ZB(1) requires that an application be in writing, be in a form approved by the Commissioner for the purposes of this section, contain such information as the form requires, be signed in the manner indicated by the form and be lodged in a manner approved under section 269SMS.

Without otherwise limiting the matters that can be required by the form, section 269ZB(2) provides that an application must include:

- a description of the kind of goods to which the anti-dumping measures the subject of the application relate; and
- a description of the anti-dumping measures the subject of the application; and
- if the application is based on a change in variable factors, a statement of the opinion of the applicant concerning:
  - the variable factors relevant to the taking of the anti-dumping measures that have changed; and
  - the amount by which each such factor has changed; and
  - the information that establishes that amount; and
- if the application is based on circumstances that in the applicant’s view indicate that anti-dumping measures are no longer warranted, evidence (in accordance with the form) of the circumstances.

Section 269ZC(2) specifies the matters which must be considered in making a decision whether to reject an application. These matters are:

- that the application complies with section 269ZB; and
- that there appear to be reasonable grounds for asserting either, or both, of the following:
  - that the variable factors relevant to the taking of anti-dumping measures have changed;
  - that the anti-dumping measures are no longer warranted.

3.2 Assessment of the application – compliance with section 269ZB

When considering the requirements of sections 269ZB(1) and (2), the Commission notes that the application submitted:

- is in writing;
- is in the approved form (Form B602 – Application for a review of measures), and contains such information as the form requires. This includes evidence in support of the amount by which the variable factors have changed since last ascertained, information on the causes of the change to the variable factors and an opinion of whether these causes are likely to persist;\(^\text{10}\)
- is signed in the manner required by the form;

\(^{10}\) Section 3.3 of this report refers.
was lodged in a manner approved under section 269SMS, being by email to the Commission’s nominated email address (as nominated in the Commissioner’s instrument made under section 269SMS); provides a description of the kind of goods to which the anti-dumping measures the subject of the application relates; and provides a description of the anti-dumping measures the subject of the application; and includes a statement of the opinion of InfraBuild concerning the variable factors relevant to the taking of the anti-dumping measures that have changed, the amount by which each factor has changed, and the information that establishes that amount.

The Commission is satisfied that the application complies with sections 269ZB(1) and 269ZB(2).

3.3 Grounds for asserting that variable factors have changed

As defined in section 269T(4E), in relation to a review of a dumping duty notice, the variable factors are:

• the export price,
• normal value; and
• the NIP.

3.3.1 Applicant’s claims regarding export price

InfraBuild claims that the price of the goods exported from China has decreased by 8.5 per cent in the likely review period (1 July 2019 to 30 June 2020) since the last review of the export price (1 April 2017 to 31 March 2018).\(^{11}\) InfraBuild has based its estimate on the price of rebar exported from China published by Platts. InfraBuild observes that this change is the result of poor market conditions and is likely to persist.

3.3.2 Applicant’s claims regarding normal value

InfraBuild claims that the normal value is estimated to have declined by up to 11.3 per cent in the likely review period (1 July 2019 to 30 June 2020) since the last review of this variable factor (1 April 2017 to 31 March 2018)\(^ {12}\). InfraBuild has based its estimate of the decline in the normal value on Latin American FOB export prices for billet published by Platts which indicate that the average billet price for the likely review period to be 11.3 per cent than it was during the review period for REV 467 (1 April 2017 to 31 March 2018)

3.3.3 Applicant’s claims regarding non-injurious price

InfraBuild did not make any claims in its application regarding the NIP.

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\(^{11}\) Page 6 in InfraBuild’s application

\(^{12}\) Page 5 in InfraBuild’s application

CON 563 – Steel reinforcing bar – China
3.3.4 Commission’s assessment

The Commission has considered InfraBuild’s claims with respect to each of the relevant variable factors.

Export price

The Commission considers that the information relied upon by InfraBuild to demonstrate the decline in the export price of rebar from China has been obtained from a reputable publisher of industry information. Further the Commission notes that the method used by InfraBuild to estimate the price of rebar exported from China to be the same as that adopted by the Commission in REP 467. The Commission is therefore satisfied that there appear to be reasonable grounds for asserting that the export price has changed.

Normal value

The Commission considers that the information and data relied upon by InfraBuild to demonstrate that billet prices have increased has been obtained from a reputable publisher of industry information. The Commission also notes that it has previously found that billet costs represent a large proportion of the cost to make rebar, and that these costs are generally an indicator of ultimate prices in the market. The Commission is therefore satisfied that there appear to be reasonable grounds for asserting that the normal value has changed.

3.3.5 Conclusion - section 269ZC(2)(b)

Based on the Commission’s analysis outlined in section 3.3 of this report, the Commission considers that there appear to be reasonable grounds for asserting, under section 269ZC(2)(b)(i), that the variable factors relevant to the anti-dumping measures have changed.

Therefore, the Commission recommends that the Commissioner not reject the application pursuant to section 269ZC(1).

3.4 Conclusions and recommendations

The Commission has considered InfraBuild’s application in accordance with sections 269ZB and 269ZC. The Commission is satisfied, on the basis of the information provided in the application and other relevant information listed in section 3.3 of this report, that:

- InfraBuild has submitted an application that complies with section 269ZB; and
- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the anti-dumping measures with respect to exports of the goods from the subject countries have changed.

The Commission recommends that the Commissioner:

- not reject the application for a review of variable factors and initiate a review into the current anti-dumping measures applying to exports of the goods to Australia from China; and
- examine the period from 1 July 2019 to 30 June 2020 for the purpose of reviewing the variable factors.