Application for a
review of
anti-dumping measures
applying to steel rod in coils
exported from the
People’s Republic of China
APPLICATION UNDER SECTION 269ZA OF THE CUSTOMS ACT 1901 FOR A REVIEW OF ANTI-DUMPING MEASURES

In accordance with section 269ZA of the Customs Act 1901 (the Act), I request that the Anti-Dumping Commissioner initiate a review of anti-dumping measures in respect of the goods the subject of this application to:

1. **X** revise the level of the measures because one or more of the variable factors relevant to the taking of measures have changed (a variable factors review)
   
   In this case the factors that I consider have changed are:
   - normal value
   - export price
   - non injurious price
   - subsidy

   The variable factors review is in relation to:
   - a particular exporter (if so provide name and country details)
   - X exporters generally

   or

2. **☐** revoke the measures because the anti-dumping measures are no longer warranted (a revocation review)
   
   In this case the measure I consider should be revoked is:
   - the dumping duty notice
   - the countervailing duty notice
   - the undertaking

   The revocation review is in relation to:
   - a particular exporter (if so provide name and country details)
   - ☐ exporters generally

NOTE
Where seeking variable factors review as well as a revocation review, indicate this in both 1 and 2 above.
DECLARATION

I believe that the information contained in this application:

- provides reasonable grounds for review of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature: 

Name: 

Position: 

Company: INFRABUILD (NEWCASTLE) PTY LTD

ABN: 50 623 285 718

Date: 3 July 2020
**Signature requirements**

Where the application is made:

- **By a company** - the application must be signed by a director, servant or agent acting with the authority of the body corporate.
- **By a joint venture** - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.
- **On behalf of a trust** - a trustee of the trust must sign the application.
- **By a sole trader** - the sole trader must sign the application.
- **In any other case** - contact the Commission’s client support section for advice.

**Assistance with the application**

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the ‘*Instructions and guidelines for applicants: Application for review or revocation of measures*’ on the Commission’s website.

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

- **Phone**: 13 28 46 or +61 2 6213 6000 (outside Australia)
- **Fax**: (03) 8539 2499 or +61 3 8539 2499 (outside Australia)
- **Email**: client@adcommission.gov.au

Other information is available from the Commission’s website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

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

**Review Period**

The review period is *generally* the 12 month period preceding the initiation date and ending on the most recently completed month or quarter.

For the purposes of information requested in this application, please consider the review period as the 12 month period ending on the most recently completed quarter prior to the date that you submit the application.

The actual review period will be set by the Commissioner if a review is initiated, and may differ to that used by the applicant in the application form.
1. Provide details of the name, street and postal address, of the applicant seeking the review.

**Applicant details:-**

**Name:** INFRABUILD (NEWCASTLE) PTY LTD (**InfraBuild Steel**)  
**Street address:** Level 28, 88 Phillip Street, SYDNEY NSW 2000  
**Postal address:** LOCKED BAG 3050, ARTARMON NSW 1570

2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

**Contact person for applicant:-**

**Full name:** XXXX  
**Position:** XXXX  
**Telephone number:** XXXX  
**Facsimile number:** N/A  
**Email address:** XXXX

3. Name other parties supporting this application.

The applicant, INFRABUILD (NEWCASTLE) PTY LTD; formerly LIBERTY ONESTEEL (NEWCASTLE) PTY LTD; ABN 50 623 285 718, is a proprietary company and manufactures and sells like goods to the goods the subject of the anti-dumping measures.

There is a further producer in Australia of like goods, who is related to the applicant, namely, THE AUSTRALIAN STEEL COMPANY (OPERATIONS) PTY LTD, ABN 89 069 426 955.

Collectively, the applicant and the related producer of the like goods in Australia are known as ‘InfraBuild Steel’, formerly known as ‘Liberty Steel’.

The related Australian manufacturer shares the same registered address and telephone contact details listed above as that for the applicant and supports this application.
4. Describe your interest as an affected party (e.g. are you concerned with the exportation of the goods, the importation of the goods, or part of the Australian industry, or acting on behalf of the Government of an exporting country).

The applicant is a person representing a portion of the Australian industry producing like goods to the goods covered by the dumping duty notice the subject of this review application.

5. Provide details of the current anti-dumping measure(s) the subject of this review application and the goods subject to the measure(s), including:

The goods subject to the measures are:

*Hot rolled rods in coils of steel, whether or not containing alloys, that have maximum cross sections that are less than 14mm.*

*The goods covered by the measures include all steel rods meeting the above description regardless of the particular grade or alloy content.*

*Goods excluded from the measures include hot-rolled deformed steel reinforcing bar in coil form, commonly identified as rebar or debar, and stainless steel in coils.*

- **tariff classification**

The goods are classified to the following tariff subheadings in Schedule 3 to the Customs Tariff Act 1995:

- 7213.91.00 (statistical code 44); and
- 7227.90.90 (statistical code 02).

- **the countries and/or companies**

People’s Republic of China (China).

- **specified date of publication of the measure**

The anti-dumping measures were initially imposed by public notice (a dumping duty notice) on **22 April 2016** by the then Assistant Minister for Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science following consideration of Anti-Dumping Report No. 301.
6. If you are an exporter of the goods the subject of this application please answer the following questions:

- Have you exported the goods to Australia during the review period?
  - If yes, what was the total quantity and total value of the goods exported to Australia during the review period?

- Have you previously (prior to the review period) exported the goods to Australia?
  - If yes, please provide the total quantity and total value of the goods exported to Australia each year during the three years prior to the review period.

- Have you exported like goods to countries other than Australia during the review period?
  - If yes, please provide the total quantity and total value of exports of the goods to each other country during the review period. Please indicate if any of the sales are to a related party.

  NB: In relation to the goods the subject of this application, ‘like goods’ means goods that are identical in all respects to the goods the subject of this application or, although not alike in all respects to the goods the subject of this application, have characteristics closely resembling those goods (s 269T(1) refers).

  NB: Please note you must provide this information if you are an exporter of the goods the subject of the application. If you are not an exporter of the goods, you may choose to provide information relevant to this question.

InfraBuild Steel is not an exporter of the goods the subject of the application.

7. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters and/or users.

Importers:-

**Name:** DITH AUSTRALIA PTY LIMITED
**Address:**
**Telephone number:**
**Facsimile number:**

**Name:** MACSTEEL INTERNATIONAL AUSTRALIA PTY LTD
**Address:**
**Telephone number:**
**Facsimile number:**
If you are applying for a variable factors review (in box 1 above) provide a detailed statement setting out your reasons. Include information about:

- the factor(s) you wish to have reviewed;
- the amount by which that factor is likely to have changed since anti-dumping measures were last imposed, and evidence in support; and
- in your opinion the causes of the change and whether these causes are likely to persist.

Elaboration of the reasons for applying for a variable factors review can be found at Appendix A, attached.

In summary, InfraBuild Steel considers that:

- the ascertained 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);
- the ascertained export price is estimated to have declined by 7.0 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); and
- the changes to these variable factors reflect the onset of...
negative market conditions in 2020, and are, therefore, likely to persist.

If you are applying for a revocation review (in box 2 above), provide a detailed statement setting out your reasons.

Include evidence in support of your view that there are reasonable grounds for asserting that the measures are no longer warranted. Refer to the 'Instructions and guidelines for applicants: Application for review or revocation of measures' as part of preparing your response. If you consider anti-dumping measures are no longer warranted because of:

- *no dumping or no subsidisation*: provide evidence that there is no dumping, or no subsidy, and why dumping or subsidisation is unlikely to recur if measures were revoked.
- *no injury*: provide evidence that there is no current injury, and there is unlikely to be a recurrence of injury if the measures were to be revoked.

This section is not applicable as InfraBuild Steel is not applying for a revocation review.

In accordance with subsection 269SMS(2) of the Act, this application, together with the supporting evidence, must be lodged by either:

- preferably, email, using the email address clientsupport@adcommission.gov.au, or
- post to:
  The Commissioner of the Anti-Dumping Commission
  GPO Box 2013
  Canberra ACT 2601, or
- facsimile, using the number (03) 8539 2499 (or +61 3 8539 2499 if outside Australia)

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

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked “FOR OFFICIAL USE ONLY” or “PUBLIC RECORD”. The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the review, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission’s client support section for advice.
1. **The factor(s) you wish to have reviewed**

InfraBuild Steel wishes to have the following variable factors reviewed:

(a) the ascertained normal values; and

(b) the ascertained export prices.

2. **The amount by which that factor is likely to have changed since anti-dumping measures were last imposed, and evidence in support**

   (a) **The ascertained normal values**

   The current ascertained normal values were established by *Review of Anti-dumping Measures No. 468 (REV 468).*

   The review period there was 1 April 2017 to 31 March 2018.

   In REV 468 the Commissioner determined a normal value under subsection 269TAC(6) after having regard to all relevant information, specifically, the Commissioner considered that the best available information to determine a normal value for uncooperative exporters of steel rod in coils from China was the normal values established by *Reviews 413 and 414 (REV 413/414),* minus any favourable adjustments that were made at the time.

   REV 413/414 established the normal values pursuant to subsection 269TAC(2)(c). This was because in the course of the original investigation (*Dumping Investigation No. 301*), it was established that, in accordance with subsection 269TAC(2)(a)(ii), a situation exists in the domestic Chinese market that renders domestic selling prices of wire rod as being unsuitable for the purposes of determining normal values for like goods under subsection 269TAC(1), i.e. a particular market situation.

   During *Dumping Investigation No. 301 (INV 301)*, the Commission found that, in
determining the cost of manufacture of the goods, the records of Chinese exporters of wire rod did not reasonably reflect competitive market costs associated with the production and manufacture of those goods, for the purposes of section 43 of the Customs (International Obligations) Regulation 2015. Specifically, the Commission considered that:

“The Commission considers that direct and indirect influences of the GoC [Government of China] affect Chinese manufacturers’ costs to produce steel billet and, because of that, Chinese manufacturers’ records do not reasonably reflect competitive market costs. The Commission has found that steel billet costs comprise 80 to 85 per cent of RIC [steel rod in coils] CTMS.”

As steel billet costs represent a significant proportion of the cost to manufacture wire rod, INV 301 replaced the steel billet costs recorded in the exporters’ records in order to reflect a competitive market cost for steel billet when constructing normal values.

InfraBuild Steel submits that since the final report for INV 301 was published on 22 April 2016, the GOC’s 13th Five Year Economic Development Plan referenced in the market situation assessment for INV 301 is still current.

In INV 301, the Commission substituted the cooperating exporters’ fully absorbed steel billet CTM values with the corresponding Latin American steel billet export prices at FOB level that is published by S&P Global Platts (Platts) for the month minus an average rate of profit that the Chinese exporters realised for the sale of billets in their domestic market.

In REV 413/414 concluded that since the Commission had available to it verified steel billet costs obtained from cooperating exporters and manufacturers in other dumping investigations concerning steel long products (wire rod and steel reinforcing bar) produced in countries other than China, the Commission considered that these verified costs most accurately reflected the cost of production of steel billet relevant to the manufacture of the goods exported to Australia for the purposes of REV 413/414. Therefore, the Commission used the verified costs of steel billet manufacturers (at comparable terms) in Indonesia, Spain, and Taiwan for the purpose of replacing the

---


5 The GOC’s 14th Five Year Economic Development Plan is in development and will cover 2021–25 (Source: https://chinadialogue.net/en/climate/11434-the-14th-five-year-plan-what-ideas-are-on-the-table/ accessed on 2 July 2020)

6 Refer Dumping Investigation Nos. 416 and 418.
PUBLIC RECORD

Chinese exporters’ steel billet costs.

In REV 468, having concluded the best available information to determine a normal value there for exporters of wire rod from China was the normal values established by REV 413/414 (see above), the Commissioner considered that a timing adjustment was required to the normal values determined in REV 413/414 to reflect the Chinese domestic prices for wire rod during the current review period.

In INV 301, the Commission took the view that the Latin American steel billet export prices at FOB level that is published by Platts, formed an independent and reliable basis for competitive market costs.

In REV 468, the Commission remained of the view that the Platts data is a reliable basis for establishing competitive market costs in China and used FOB Latin American export prices of billet during the 1 April 2017 to 31 March 2018 review period to determine a timing adjustment.

Applied here, InfraBuild Steel; for the purpose only of this application for review of measures and to demonstrate a change in this variable factor; has adopted the same approach as that applied by the Commission, and found that the Latin American FOB export prices for billet published by Platts indicates that the average billet price for the likely review period the subject of this application, 1 July 2019 to 30 June 2020 is 11.3 percent lower than it was during the review period for REV 468 (1 April 2017 to 31 March 2018). Figure 1 (below) illustrates the movement in Latin American FOB export prices for billet during the period 1 April 2017 and 30 June 2020.
Therefore, for the purpose only of this application for review, the normal values determined during REV 468 need to be adjusted by decreasing the substituted steel billet component of the exporters’ CTM by 11.3 percent to reflect the lower billet prices during the likely review period. Given the significant proportion of the cost to manufacture wire rod that steel billet represents, it is estimated that this will result in a decrease to the normal value by up to 11.3 per cent.

(b) The Ascertained Export Prices

On the available export trade data available, InfraBuild Steel observes that across the likely review period (1 July 2019 to 30 June 2020), exporters of the goods from China there have been no exports of the goods or like goods to Australia from China.

In REV 468 the Commissioner determined an export price under subsection 269TAB(3) after having regard to all relevant information. The Commissioner considered that the

---

7 CONFIDENTIAL ATTACHMENT 1
best available, reliable and relevant information to determine an export price for (in that case) uncooperative exporters of wire rod from China for that review was the ascertained export prices as per the dumping duty notice then applying to wire rod exported to Australia from China.\(^8\)

In REV 468, the ascertained export price for exporters was based on export prices determined for a prior review period (i.e. for Reviews 413 and 414), together with the application of a timing adjustment to account for the movement in export prices between the prior review period, and the then current review period. The timing adjustment was based on the movement in Free on Board (FOB) export prices for wire rod exported from China as published by Platts.

Applied here, InfraBuild Steel; for the purpose only of this application for review of measures and to demonstrate a change in this variable factor; has adopted the same approach as that applied by the Commission, and found that the FOB export prices for wire rod exported from China as published by Platts indicates that the average price of wire rod exported from China for the likely review period 1 July 2019 to 30 June 2020 is 7.0 per cent lower than it was during the review period for REV 468 (1 April 2017 to 31 March 2018). Figure 2 (below) illustrates the movement in FOB export prices for wire rod exported from China during the period 1 April 2017 and 30 June 2020.

\(^8\) Being the ascertained export price determined by the Minister on 6 November 2018 following ADRP Report No.83 in relation to Reviews 413 and 414.
Therefore, for the purpose of this application for review, the export prices determined during REV 468 need to be adjusted by decreasing those values by 7.0 percent to reflect the lower Chinese export prices for wire rod during the likely review period.

3. **In your opinion the causes of the change and whether these causes are likely to persist**

The changes to the variable factors observed in section 2, above, reflect the onset of negative market conditions in 2020, and are, therefore, likely to persist.

According to the Organisation for Economic Co-operation and Development (OECD), steel market conditions have turned negative in 2020 and are facing contraction in the short and the medium term. Weakening economic conditions, increasing global trade restrictions, new capacity investments, the persistence of excess capacity all pose downside risks, and the evolving impact from the COVID-19 pandemic are all likely to have an impact on the steel industry.\(^9\) According to the World Steel Association\(^10\)...

---

\(^9\) CONFIDENTIAL ATTACHMENT 2

(WorldSteel), global steel growth rates in 2019 and 2020 are expected to slow down with a slowing global economy. Uncertainties over the trade environment and volatility in the financial markets could pose downside risks to this forecast.\(^{11}\)

In its Short Range Outlook (SRO) for 2020 and 2021, WorldSteel forecasts that steel demand will contract by 6.4% in 2020, dropping to 1,654 million MT (metric tonnes) due to the COVID-19 crisis. In 2021 steel demand is expected to recover to 1,717 million MT, an increase of 3.8 per cent over 2020.\(^{12}\)

Global demand for wire rod is also forecasted to slow. The International Rebar Producers and Exporters Association (IREPAS) said surplus supply and inadequate demand is set to dominate the long steel products markets (which includes wire rod), due to both the coronavirus outbreak and geopolitical issues.\(^{13}\) This forecast is consistent with a slowing global construction sector, with WorldSteel forecasting global construction growth to slow due to the construction industry in some countries suffering an abrupt halt of projects due to supply chain disruptions and a shortage of workers during the pandemic lockdown period. However, it is expected that the decline in the construction industry will be less severe than during the financial crisis.

Nevertheless, WorldSteel considers that new construction project starts have also worsened due to the deteriorated balance sheets of consumers and businesses. Similarly, government attempts to put a focus on new construction projects in an effort to support demand may be hindered by significantly worsened government balance sheets that will confine their ability to carry out public infrastructure investments.\(^{14}\)

Global steelmaking capacity (in nominal crude terms) decreased from 2015 to 2018, but information available to the OECD (as of December 2019) suggests that capacity increased in 2019 for the first time since 2014. The net capacity change in 2019, taking into account new capacity additions and closures, brings current global steelmaking capacity up to 2,362.5 million MT, representing a 1.5% increase from the level at the end of 2018.\(^{15}\) Most of the capacity additions in 2019 took place in Asia, where an

---

\(^{11}\) [https://www.worldsteel.org/en/dam/jcr:96d7a585-e6b2-4d63-b943-4ed9ab621a91/World%2520Steel%2520in%2520Figures%25202019.pdf](https://www.worldsteel.org/en/dam/jcr:96d7a585-e6b2-4d63-b943-4ed9ab621a91/World%2520Steel%2520in%2520Figures%25202019.pdf) at p. 3 (accessed on 30 May 2020)


additional 30.4 million MT of capacity came on stream.\textsuperscript{16}

The gap between global steelmaking capacity and production narrowed between 2016 and 2019 as a result of the decrease in global crude steelmaking capacity (i.e. by -0.2% from 2016 to 2019) and the gradual increase in steel production (an increase of 13.6% in the same period). In 2019, global capacity was 2,362.5 million MT and production was 1,848.5 million MT, therefore the gap between capacity and production has decreased to 513.9 million MT in 2019, from 520 million MT in 2018. WorldSteel production as a share of capacity has improved slightly, from 77.7% in 2018 to approximately 78.2% in 2019.\textsuperscript{17}

China is the world’s largest steel producing country. In 2019, China produced 53.3% of the world’s total steel production, producing a total of 996.3 million MT of crude steel. This was up from 920.0 million MT of crude steel production in 2018.\textsuperscript{18} Efforts by the Government of China (GOC) to restrict additional steel-making capacity and force the closure of older facilities have had some success at curtailing China’s steelmaking capacity, with total capacity in China falling from 1,150 million MT in 2015 to 1,023 million MT in 2018.\textsuperscript{19} Evidence suggests that this trend could end, as there were several facility expansion projects that were expected to come online in 2019 that could add over 38 million MT in new steelmaking capacity in China.\textsuperscript{20}

With respect to domestic market conditions in China, evidence indicates weakening economic conditions, with lower domestic steel demand forecasted for the future. The OECD noted that growth in China has weakened due to a downturn in the manufacturing sector, the impact of escalating trade restrictions and uncertainty from the COVID-19 pandemic.\textsuperscript{21} WorldSteel expects steel demand in China to grow by a mere 1.0% in 2020. China Metallurgical Planning Net (MPI) forecasts that Chinese steel demand will decrease by 0.6% in 2020 compared to 2019.\textsuperscript{22} According to analysis by Platts, Chinese finished steel consumption in February 2020 could decline by about 43 million MT due to the COVID-19 pandemic, with the effects coming from a slowdown of
construction and manufacturing activity.\textsuperscript{23} The latest analysis by Mysteel reports that domestic steel demand “may step onto a down slope starting June, and 2020 may end with a 4% decline in total steel consumption”.\textsuperscript{24}

A supply bubble has now been created in China, with analysts reporting rises in finished steel inventories:

“As of June 4, the blast furnace capacity utilization among the 247 Chinese steel mills had surged to 91.9\%, having climbed for twelve consecutive weeks or way above the widely-acknowledged sustainable and healthy 80-85\%, according to Mysteel’s survey.

“This is a multi-year high and almost at the full capacity in essence,” an official from a steel mill in East China’s Shandong province commented, admitted that his mill’s daily finished steel output rose too, reaching 70,000 tonnes/day by the end of May from 52,000 tonnes/day a month ago.”\textsuperscript{25}

The current net outcome is that the existing finished steel inventories in China are far higher than a year ago even with the steady declines since mid-March, according to Mysteel’s related surveys:

“As of June 4, stocks of five major finished steel products including rebar, wire rod, medium plate, hot-rolled coil, cold-rolled coil, in the commercial warehouses in China’s 35 cities were 43.3\% higher on year at 14.9 million tonnes, and the volume at the 184 Chinese steel mills totalled 5.7 million tonnes, or 23.6\% higher on year even after twelve and 13 consecutive weeks of reduction respectively.”\textsuperscript{26}

Therefore, while there may be strong incentive for Chinese wire rod producers to seek additional export sales, they have less access to markets that are not free of tariffs or import restrictions.

On March 8, 2018, the US issued a proclamation regulating imports of steel into the US under Section 232 of the Trade Expansion Act of 1962, imposing tariffs of 25\% on imports of steel. The imposed tariffs or quota restrictions cover wire rod from, in relevant part, China.

The US Section 232 measures created a ripple effect as the EU also put provisional safeguard measures in place in July 2018, followed by definitive safeguard measures in January 2019. These measures also include restrictions and tariffs against imports of wire rod from China into the EU.

The combined effect of these trade restrictions has impacted the global market for steel products and wire rod specifically. Increasing the level of trade restrictions has reduced or completely restricted major export markets for wire rod producers throughout the world. This has caused increased levels of competition in the global market because of reduced demand for imports in the two major markets of the US and EU. Additionally, Malaysia, Morocco and Vietnam have also imposed safeguard measures against China that cover wire rod. Vietnam was within China’s top 5 export markets for Chinese steel long products in 2018 and 2019, with an apparent 15 per cent reduction in volume following the imposition of the safeguard measures.

27 https://www.wto.org/english/tratop_e/safeg_e/safeg_e.htm (accessed on 30 May 2020)