



Australian Government  
Department of Industry, Science,  
Energy and Resources

Anti-Dumping  
Commission

*CUSTOMS ACT 1901 - PART XVB*

## CONSIDERATION REPORT NO. 564

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

Rod in coil

exported to Australia from  
the People's Republic of China

27 July 2020

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<b>ABBREVIATIONS</b>
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Abbreviation	Full title
ABF	Australian Border Force
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADRP	Anti-Dumping Review Panel
China	the People’s Republic of China
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
the goods	Steel rod in coil
Hunan Valin	Hunan Valin Xiangtan Iron & Steel Co., Ltd
InfraBuild	InfraBuild (Newcastle) Pty Ltd
the Minister	The Minister for Industry, Science and Technology
NIP	non-injurious price
REP 341	<i>Anti-Dumping Commission Report No. 341</i>
Shagang	Jiangsu Shagang Group Co., Ltd
USP	unsuppressed selling price

# 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 rod in coil (the goods, or rod in coil) 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 rod in coil 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.<sup>1</sup> 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)<sup>2</sup> 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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<sup>1</sup> Section 269ZA(1)(b)(i) of the *Customs Act 1901*.

<sup>2</sup> 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 22 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. 301 (REP 301).<sup>3</sup> The table below summarises the numerous investigations, reviews and inquiries relating to rod in coil 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).

12 August 2015	The Commissioner initiated Anti-Dumping Investigation No 301 (Investigation 301 or original investigation) into the alleged dumping of rod in coil exported to Australia from China following an application by OneSteel Manufacturing Pty Ltd.
22 April 2016	The Assistant Minister published a dumping duty notice applying to rod in coil exported from China, REP 301 refers. The dumping margin for exporter Hunan Valin Xiangtan Iron & Steel Co., Ltd (Hunan Valin) was 44.1% and the dumping margin for Jiangsu Shagang Group Co., Ltd (Shagang) was 37.4%. The dumping margin for uncooperative and all other exporters was 53.1%.
19 December 2016	Following a review of the Assistant Minister's decision by the Anti-Dumping Review Panel (ADRP), the then Assistant Minister revoked her previous decision and substituted a new decision <sup>4</sup> in the same terms except with different normal values in respect of Hunan Valin, Shagang, and uncooperative exporters, resulting in a dumping margin for Hunan Valin of 40.2%, a dumping margin for Shagang of 36.1% and a dumping margin for uncooperative exporters of 49%.
24 May 2017	The Commissioner initiated two single exporter reviews of anti-dumping measures with respect to rod in coil exported to Australia from China by Shagang – Review No. 413, and Hunan Valin – Review 414, following applications by these exporters for a review of measures based on a change in the variable factors relevant to them.
3 April 2018	The Commissioner initiated a review of variable factors – Review No. 468 <sup>5</sup> 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.
20 April 2018	The Assistant Minister amended the dumping duty notice applying to rod in coil exported to Australia from China by Hunan Valin and Shagang respectively resulting in a dumping margin of 24.3% for Hunan Valin and 24.2% for Shagang. <i>Anti-Dumping Commission Report No. 413 and 414 (REP 413/414) refers.</i> <sup>6</sup>

<sup>3</sup> [Anti-Dumping Notice \(ADN\) No. 2016/47](#) refers. [REP 301](#) is available on the Commission's website.

<sup>4</sup> Available on the ADRP website at [2016/40](#)

<sup>5</sup> [ADN 2018/56](#)

<sup>6</sup> [ADN 2018/50](#)

## PUBLIC RECORD

6 November 2018	Following a review of the 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 and Shagang resulting in dumping margins of 26.1% and 16.4% respectively. ADRP Report No. 83 refers. <sup>7</sup>
19 February 2019	The Minister amended the dumping duty notice applying to rod in coil exported to Australia from China resulting in a dumping margin of 39.5% for all exporters. Review 468 refers. <sup>8</sup>

**Table 1: Summary of investigations, reviews and inquiries relating to rod in coil from China**

### 2.1.1 Summary of measures

The current dumping margin applying to all exports of rod in coil from China is 39.5% 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.<sup>9</sup>

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

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

Goods excluded from the measures are:

*Hot-rolled deformed steel reinforcing bar in coil form, commonly identified as rebar or debar, and stainless steel in coils.*

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<sup>7</sup> Available on the ADRP website at [2018/83](#)

<sup>8</sup> [ADN 2019/11](#)

<sup>9</sup> The relevant notices have not been altered since the publication of the notice in 2019.

## PUBLIC RECORD

### 2.3.1 Tariff classification

The goods are generally, but not exclusively, classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*.<sup>10</sup>

Tariff Subheading	Statistical Code	Description
7213		BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF IRON OR NON-ALLOY STEEL
7213.91		Other
7213.91.00	44	Of circular cross-section measuring less than 14 mm in diameter
7227		BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF OTHER ALLOY STEEL
7227.90		Other
7227.90.90	02	<i>Of circular cross-section measuring less than 14 mm in diameter</i>

**Table 2: General tariff classification for the goods**

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.

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<sup>10</sup> Tariff classification 7227.90.90 (statistical code 42) was replaced by 7227.90.90 (statistical code 02) from 1 July 2015.

### 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;<sup>11</sup>
- is signed in the manner required by the form;

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<sup>11</sup> Section 3.3 of this report refers.



## PUBLIC RECORD

- 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;
- 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.

In relation to a countervailing duty notice the variable factors are:

- the export price,
- amount of countervailable subsidy received in respect of the goods, 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 7.0 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).<sup>12</sup> InfraBuild has based its estimate on the price of rod in coil 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).<sup>13</sup> 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 Review 468 (1 April 2017 to 31 March 2018).

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<sup>12</sup> Page 7 in InfraBuild's application

<sup>13</sup> Page 5 in InfraBuild's application

### **3.3.3 Applicant's claims regarding non-injurious price**

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

### **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 rod in coil 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 rod in coil exported from China to be the same as that adopted by the Commission in Review 468. 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 rod in coil, 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 outlined 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.