



Australian Government
Department of Industry, Science,
Energy and Resources

Anti-Dumping
Commission

Customs Act 1901 Part XVB

CONSIDERATION REPORT NO. 584

Application for a dumping duty notice

Submitted by InfraBuild NSW Pty Ltd
in relation to Merchant bar
exported to Australia from Taiwan

10 May 2021

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ABBREVIATIONS

Abbreviation / short form	Full reference
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Feng Hsin	Feng Hsin Iron and Steel Co Ltd
the goods	merchant bar
HRSS	hot rolled structural sections
InfraBuild	InfraBuild NSW Pty Ltd
InfraBuild Steel	InfraBuild and TASC0, collectively
injury analysis period	the period from 1 April 2017
investigation period	1 April 2020 to 31 March 2021
the Minister	the Minister for Industry, Science and Technology
mm	millimetres
TASCO	The Australian Steel Company (Operations) Pty Ltd
YE	year ending

1 FINDINGS AND RECOMMENDATIONS

This report provides the result of the consideration by the Anti-Dumping Commission (the Commission) of an application under section 269TB(1) of the *Customs Act 1901* (the Act)¹ by InfraBuild NSW Pty Ltd (InfraBuild) for the publication of a dumping duty notice in respect of certain merchant bar (the goods) that has been imported into Australia from Taiwan. InfraBuild alleges that the Australian industry producing merchant bar has experienced material injury, and / or that material injury is threatened, caused by merchant bar exported to Australia from Taiwan at dumped prices.

The legislative framework that underpins the making of an application and the consideration of an application is contained in Divisions 1 and 2 of Part XVB of the Act. The Commission has prepared this report to support the Commissioner of the Anti-Dumping Commission (the Commissioner) in his consideration of the application, pursuant to the Commission's function specified in section 269SMD.

1.1 Findings

In accordance with section 269TC(1), the Commission has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) (as set out in chapter 2.2 of this report);
- there is an Australian industry in respect of like goods (as set out in chapter 2.4 of this report); and
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in chapters 3, 4 and 5 of this report).

1.2 Recommendations

Based on the above findings, the Commission recommends that the Commissioner decide not to reject the application and initiate an investigation to determine whether a dumping duty notice should be published.

The Commission further recommends that:

- exports to Australia during the period 1 April 2020 to 31 March 2021 (the investigation period) be examined for dumping; and
- details of the Australian market from 1 April 2017 be examined for injury analysis purposes (injury analysis period).

If the Commissioner agrees with these recommendations, the Commissioner must give public notice of the decision (**Attachment 1**) in accordance with the requirements set out in section 269TC(4).

¹ All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

2 THE APPLICATION AND THE AUSTRALIAN INDUSTRY

2.1 Lodgement of the application

2.1.1 Legislative framework

The procedures for lodging an application are set out in section 269TB. The procedures and timeframes for the Commissioner's consideration of the application are set out in section 269TC.

2.1.2 The Commissioner's timeframe

Event	Date	Details
Application lodged and received by the Commissioner under sections 269TB(1) and (5)	19 April 2021	The Commission received an application from InfraBuild which alleges that the Australian industry has experienced material injury caused by merchant bar that has been or will be imported into Australia from Taiwan at dumped prices.
Consideration decision due under section 269TC(1)	8 May 2021	The Commissioner shall decide whether to reject or not reject the application within 20 days. ²

Table 1: Commissioner's timeframe

2.2 Compliance with section 269TB(4)

2.2.1 Finding

Based on the information submitted by InfraBuild, the Commission considers that the application complies with section 269TB(4).

2.2.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

2.2.3 The Commission's assessment

The table below summarises the Commission's assessment of compliance with section 269TB(4).

² As this day is a Saturday, the decision becomes due by the next working day, 10 May 2021.

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Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	InfraBuild lodged, in writing, confidential and non-confidential versions of the application.
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (B108) for the purpose of making an application under section 269TB(1).
Contains such information as the form requires under section 269TB(4)(c)	InfraBuild: <ul style="list-style-type: none"> • provided a completed declaration; • answered all questions that were required to be answered; • completed all appendices; and • provided sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of InfraBuild.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	InfraBuild's application states that it is a manufacturer of merchant bar. The application is supported by a related producer in Australia, The Australian Steel Company (Operations) Pty Ltd (TASCO). These entities operate a bar mill in Sydney and a rod and bar mill in Melbourne, respectively; both entities are subsidiaries of InfraBuild (Manufacturing) Pty Ltd. In the application, the InfraBuild and TASCO entities are collectively referred to as InfraBuild Steel. As set out in chapter 2.4, the Commission is satisfied that persons, being InfraBuild and its related party entity TASCO, who produce or manufacture like goods in Australia and who support the application: <ul style="list-style-type: none"> • account for not less than 25 per cent of the total production in Australia on the basis that InfraBuild and TASCO are the sole Australian producers of merchant bar; and • account for more than 50 per cent of the total production of like goods produced or manufactured by that portion of the Australian industry that has expressed either opposition to or support for the application, on the basis that InfraBuild and TASCO are the sole Australian producers of merchant bar.
Lodged in the manner approved under section 269SMS for the purposes section 269TB(4)(f)	The application was lodged in a manner approved in the Commissioner's instrument made under section 269SMS, being by email to an address provided in that instrument. The application was therefore lodged in a manner approved under section 269SMS(2).

Table 2: Commission's assessment of application

2.3 The goods the subject of the application

The table below outlines the goods as described in the application, and the tariff classifications the goods are generally, but not exclusively, classified to.

Full description of the goods, as subject of the application		
<p>The goods are steel bars and sections in the following shapes and sizes, whether or not containing alloys:</p> <ul style="list-style-type: none"> • “Flat bars” (Rectangular sections) that have a thickness of 4.75 millimetres (mm) or greater and have a width greater than 17 mm and less than 165 mm; • “Channels” (U sections and C sections) that have a web thickness greater than 3 mm and are of a height greater than 70 mm and less than or equal to 130 mm; and • “Equal angles” and “unequal angles” (L sections), that have a thickness greater than 2.5 mm with a combined leg length greater than 40 mm and less than or equal to 200 mm. <p>“Flat bars” include “modified rectangles”, of which two opposite sides are convex or concave arcs, the other two sides being straight, of equal length and parallel. “Channels” include both parallel and tapered flanges. Steel sections in the dimensions described above, that have minimal processing, such as cutting, drilling or coating (other than coating or plating with zinc or a zinc alloy) do not exclude the goods from the subject of this application.</p> <p>Goods excluded from this application are:</p> <ul style="list-style-type: none"> • goods that are formed by welding or are cold-formed or slit from flat-rolled products³; • goods that are galvanised; • goods that are of stainless steel; and • goods that are in coiled form. <p>Goods that meet the above description are commonly, but not exclusively, referred to as “merchant bar”.</p>		
Tariff classification (Schedule 3 to the <i>Customs Tariff Act 1995</i>)		
<u>Tariff Subheading</u>	<u>Statistical Code</u>	<u>Description</u>
7214	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:	
7214.9	- Other	
7214.91.00	49	-- Of rectangular (other than square) cross-section
7214.99.00	50	-- Other
7216	ANGLES, SHAPES AND SECTIONS OF IRON OR NON-ALLOY STEEL:	
7216.10.00	27	- U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm
7216.2	- L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm:	
7216.21.00	28	-- L sections
7216.3	- U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more:	
7216.31.00	30	-- U sections
7216.40.00	33	- L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more

³ References to “flat-rolled products” are as defined in Note 1(m) to Chapter 72 in Schedule 3 to the *Customs Tariff Act 1995*.

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7228	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:	
7228.30	- Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded:	
7228.30.10	70	--- Goods, as follows: a. of high alloy steel; b. "flattened circles" and "modified rectangles" as defined in Note 1(m) to Chapter 72
7228.30.90	41	---- Other, Other
7228.70.00	- Angles, shapes and sections	
	10	U, I, H or L sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm
	11	U, I, H or L sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more
	12	Other
Previous investigations		
There have been no previous investigations in Australia concerning merchant bar.		
Other administrations		
As at 23 April 2021, there is no record of anti-dumping measures being imposed with respect to merchant bar exported from Taiwan by any administration. ⁴		

Table 3: The goods

2.4 Like goods and the Australian industry

2.4.1 Finding

The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- InfraBuild and TASCOS produce goods that have characteristics that closely resemble the goods the subject of the application; and
- at least one substantial process of manufacture is carried out in Australia.

2.4.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), (3), (4) and (4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

⁴ World Trade Organization *Integrated Trade Intelligence Portal*, viewed 23 April 2021: <https://i-tip.wto.org/goods/default.aspx?language=en>.

2.4.3 Locally produced like goods

The table below summarises the Commission’s preliminary assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods. InfraBuild identified two likely exporters of the goods from Taiwan in its application, Feng Hsin Iron and Steel Co Ltd (Feng Hsin) and TS Steel Co., Ltd.

This assessment is therefore based on InfraBuild’s application, the Commission’s analysis of the Australian Border Force (ABF) import database, an examination of the Feng Hsin website and the Commission’s understanding of hot rolled structural sections (HRSS), which share some similarities to merchant bar.⁵

InfraBuild claims that the key product groups are flat bar, angles and channels. These products are used in construction and manufacturing. Angles and channels are generally used horizontally or diagonally for bracing applications. Flat bar is typically put into base plates or joiner bars, or can be welded into T-sections. All products are used in the manufacturing of a wide variety products such as racking, conveyors, trailers, earthing rods and gate hinges. These products will often undergo some form of fabrication such as cutting, drilling, welding, painting or galvanising, but can also be used in non-fabricated applications.

Factor	InfraBuild’s claims	The Commission’s assessment
Physical likeness	InfraBuild Steel manufactures a range of merchant bar in multiple shapes, sizes, grades and lengths that are alike in physical appearance to the imported goods.	Both the imported goods and the goods manufactured by the Australian industry have similar physical characteristics in terms of shape, dimensions, appearance and weight, with similar chemical compositions and mechanical properties.
Commercial likeness	The locally produced merchant bar that InfraBuild Steel manufactures competes directly with imported merchant bar in the Australian market.	Both the imported goods and the goods manufactured by the Australian industry are commercially alike. Importers of the goods from Taiwan are known to be direct competitors of InfraBuild Steel for similar products, and sell to common customers in the Australian market.
Functional likeness	The imported and Australian-produced merchant bar are used interchangeably in the same or comparable end-uses.	Both the imported goods and the goods manufactured by the Australian industry have substantially the same end uses, having regard to the grade required by the customer. The goods are functionally substitutable and are capable of performing to the same standards.
Production likeness	The merchant bar produced in Australia is manufactured in a similar manner to the imported goods. Liquid steel is cast into billets that are then rolled to produce the required shape / section.	Both the imported goods and the goods manufactured by the Australian industry have similar production processes in relation to the rolling of steel billet to produce merchant bar.

⁵ <http://www.fenghsin.com.tw/> refers.

Commission’s assessment
<p>The Commission’s assessment is that the locally produced goods closely resemble the goods the subject of the application and are like goods, given that the primary physical characteristics are similar, are commercially alike as they are sold to common end users, are functionally alike as they have substantially the same end uses, and the imported and locally produced goods are likely to be manufactured in a similar manner.</p>

Table 4: Like goods assessment

2.4.4 Manufacture in Australia

The table below summarises the Commission’s assessment of whether at least one substantial process of manufacture is carried out in Australia and whether the like goods are therefore considered to have been manufactured in Australia.

InfraBuild’s claims
<p>InfraBuild claims that at least one substantial process of manufacture is carried out in Australia. InfraBuild provided a diagram of its production process.</p> <p>Merchant bar is predominantly manufactured from billets produced through the electric arc furnace process using scrap to produce liquid steel. After the liquid steel is tapped into a ladle, the ladle furnace is used to correct temperature and chemistry (through alloy additions) in preparation for casting. The liquid steel is cast in a continuous casting process to produce billets that are cut to required length and marked.</p> <p>The billets are charged into a reheat furnace to ensure they are at the right temperature to enable rolling. In the bar mill the billet is reduced in size and the section being produced starts to take shape as it passes through a series of roll stands. The “finishing rolls” towards the end of the rolling mill provide the final section shape and dimensional tolerances required. The cooling bed allows the rolled lengths to cool down before being cut to customer length, bundled and tied, ready for tagging and despatch to customers.</p> <p>InfraBuild Steel produces billets at Laverton North (Victoria) and Rooty Hill (New South Wales) from purchases of steel scrap. A small amount of billet is also sourced from OneSteel Manufacturing Pty Limited, which purchases iron ore to produce billets that are manufactured at its Whyalla Steelworks. Both of the InfraBuild Steel sites produce billet and merchant bar using the process described above.</p>
The Commission’s assessment
<p>Based on the production steps outlined by InfraBuild and information gathered in previous cases concerning the production of HRSS, the Commission considers that the process of manufacture of merchant bar is wholly carried out in Australia and considers the like goods to have been manufactured in Australia.</p>

Table 5: Manufacture of like goods

2.5 Australian industry information

The table below summarises the Commission’s assessment of whether InfraBuild has provided sufficient information in the application to analyse the performance of the Australian industry.

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Have the relevant appendices to the application been completed?		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes
General administration and accounting information		
History	<p>InfraBuild is part of the LIBERTY Steel Group brand, and part of the GFG Alliance. The group is an integrated steel manufacturing, distribution and recycling business, providing solutions for commercial and residential construction, large scale and nation-building infrastructure, primary producers and rural sectors.</p> <p>Under a series of previous corporate structures, the business has operated in Australia for over 100 years.</p>	
Ownership	InfraBuild is a subsidiary of InfraBuild (Manufacturing) Pty Ltd, a privately owned company as part of the InfraBuild group of companies.	
Operations	InfraBuild Steel produces merchant bar at two sites in Australia, Laverton North (Victoria) and Rooty Hill (New South Wales).	
Financial year	1 July to 30 June.	
Audited accounts and annual reports	InfraBuild provided relevant consolidated financial statements for the 2018, 2019 and 2020 financial years, along with profit and loss statements for the four years ending December 2020.	
Production and sales information	Cost to make and sell information	Other injury factors
The Commission considers the information relating to sales and production to be reasonable.	The Commission considers the information relating to cost to make and sell to be reasonable.	The Commission has no significant concerns regarding the data provided in Appendix A7 to the application.
The Commission's assessment		
Based on the information in the application, which covers the period between 1 January 2017 and 31 December 2020, the Commission is satisfied that there is sufficient data on which to analyse the performance of the Australian industry.		

Table 6: Information about the Australian industry

3 REASONABLE GROUNDS – DUMPING

3.1 Findings

Pursuant to section 269TC(1)(c), the Commission considers that there appear to be reasonable grounds to support the claims that:

- the goods have been exported to Australia from Taiwan at dumped prices;
- the estimated dumping margin for exports from Taiwan is greater than 2 per cent and therefore is not negligible; and
- the estimated volume of goods from Taiwan that appear to have been dumped is greater than 3 per cent of the total Australian import volume of goods and therefore is not negligible.

3.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This issue is considered in the following sections.

3.3 Export price

3.3.1 Legislative framework

Export price is determined by applying the requirements in section 269TAB, taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

3.3.2 InfraBuild's estimate

The table below summarises the approach taken by InfraBuild to estimate export prices and the evidence relied upon.

Basis of estimate	Details
The price paid by the importer – section 269TAB(1)(a).	InfraBuild used the Free on Board export prices of merchant bar, based on the commodity codes 7214.91, 7216.10 and 7216.21, reported by the Taiwan Bureau of Trade.

Table 7: InfraBuild's estimate of export prices

3.3.3 The Commission's assessment

The Commission examined the calculations and supporting evidence provided by InfraBuild for the estimation of export prices. In making this assessment, the Commission has also had regard to data sourced from the ABF import database.

The Commission compared InfraBuild's estimate with the export prices of all tariff codes relevant to the application and as reported in the ABF import database. The Commission observes that these export prices are different, but similar.

3.4 Normal value

3.4.1 Legislative framework

Normal value is determined by applying the requirements in section 269TAC, taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA;
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export that would be relevant for determining a normal value under section 269TAC(1); and
- whether the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

3.4.2 InfraBuild's estimate

The table below summarises the approach taken by InfraBuild to estimate normal values and the evidence relied upon.

Basis of estimate	Details
The price paid by domestic customers - section 269TAC(1).	InfraBuild Steel has based its estimate of the selling price for merchant bar sold on the Taiwanese domestic market on published industry information obtained via subscription. No adjustments were made to the normal value estimates.

Table 8: InfraBuild’s methodology for normal values

3.4.3 The Commission's assessment

The data provided by InfraBuild regarding Taiwan domestic prices for merchant bar is in a form that would suggest the reported prices are generally representative of sales which were made in the ordinary course of trade in Taiwan, in the sense that they represent prices achieved in a “normal” market. There is no evidence presented in the application which would suggest that merchant bar sales in Taiwan are impacted through being in only small volumes, in non-arms length transactions or similar. Although not conclusive, the Commission’s previous findings concerning the HRSS market in Taiwan also suggest that the market is generally characterised by arms length transactions occurring in the ordinary course of trade.

InfraBuild did not claim that there is a situation in the merchant bar market in Taiwan such that domestic sales are not suitable for determining normal value under section 269TAC(1). Further, the Commission did not find any evidence to suggest that a particular market situation exists in Taiwan’s merchant bar market. Accordingly, the Commission did not consider constructing normal value under section 269TAC(2)(c).

The Commission considers InfraBuild’s methodology to be reasonable, and sufficient for the purpose of estimating normal values in the year ending (YE) 31 December 2020.

3.5 Dumping margins

3.5.1 Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB. Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

3.5.2 The Commission's assessment

The Commission has calculated a dumping margin based on quarterly weighted average export prices (calculated from the ABF import database) and the quarterly average normal values estimated by InfraBuild for the YE 31 December 2020. The following table summarises the dumping margins estimated.

InfraBuild estimate	Commission estimate
14.6%	12.2%

Table 9: Estimate of dumping margins

Assessed at the levels shown, the dumping margin is not negligible.

Therefore, there appear to be reasonable grounds to support InfraBuild's claims that dumping has occurred and the dumping margin is not negligible under section 269TDA(1)(b)(ii).

The Commission's dumping margin calculations are in **Confidential Attachment 2**.

4 REASONABLE GROUNDS – INJURY TO THE AUSTRALIAN INDUSTRY

4.1 Findings

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury.

4.2 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that material injury to an Australian industry producing like goods has been or is being caused or is threatened. This issue is considered in the following sections.

The matters that may be considered in determining whether the Australian industry has experienced material injury are set out in section 269TAE. In assessing the materiality of the claimed injury, the Commission has also had regard to the *Ministerial Direction on Material Injury 2012*.⁶

4.3 Approach to injury analysis

The analysis detailed in this section is a preliminary analysis based on information provided by InfraBuild in support of its application, including quarterly production, costs, sales and other financial data. Where relevant, the Commission also had regard to the ABF import database. The Commission's analysis is contained in **Confidential Attachments 2 and 3**.

4.3.1 Injury analysis period

InfraBuild has claimed that material injury as a result of imports of merchant bar exported to Australia from Taiwan commenced in November 2020. For the purpose of the following injury analysis, the Commission has analysed InfraBuild's injury claims from 1 January 2017 to 31 December 2020. As such, the figures presented show the data for the YE 31 December unless indicated otherwise.

4.4 InfraBuild's claims

InfraBuild claims that the Australian industry has experienced injury in the form of:

- lost sales volume;
- lost market share;
- price depression;
- price suppression;
- loss of profits;
- reduced profitability;
- reduced capital investment;

⁶ *Ministerial Direction on Material Injury 2012*, 27 April 2012, available at www.adcommission.gov.au.

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- reduced research and development expenditure;
- loss of employment (headcount) allocated to production of the like goods;
- reduced cash flow in the industry; and
- lost revenue.

InfraBuild alleges that the dumped goods exported from Taiwan have caused it actual material injury, and attempted to quantify this injury in its application.⁷ Further, or in the alternative if material injury to the Australian industry is not yet evident, InfraBuild alleges that the increase in the volume of the dumped imports from Taiwan, at increasingly higher rates of dumping, will create a situation where the threat of material injury to the Australian industry is foreseeable and imminent.

4.5 Volume effects

InfraBuild contends that imports from Taiwan have reduced its market share and sales volume, resulting in increases in stock on hand and inventory holding costs, and reductions in available working capital and cash flow.

4.5.1 Market size

To estimate the size of the Australian market for merchant bar, InfraBuild had regard to its own sales volumes as outlined in *Confidential Appendix A2* of the application, and incorporated data from the Taiwan Customs authority and a reputable supplier of trade statistics to estimate export volumes for the period 1 January 2017 to 28 February 2021. InfraBuild's assumption (reasonably, in the Commission's view) is that goods exported in those months will arrive in Australia in the following month. InfraBuild's analysis is based on the tariff classification codes 7214.91, 7214.99, 7216.10 and 7216.21, which does not include all of the codes identified in the application as likely being relevant to the goods (shown in Table 3).

The Commission took a different approach, instead using all of the tariff classification codes indicated in the application and analysing the ABF import database for the four year period ending 31 March 2021. The Commission excluded any consignments which were already subject to measures (as these would likely be HRSS). The Commission also excluded any goods which included terms which would indicate they are not the goods (e.g. any descriptions including the terms "zinc", "galv" or "dipped" were excluded on the basis they were galvanised products, as were products which included the terms "round", "stainless", "cold" etc.). Of the remaining good descriptions included in the data set, there is insufficient detail provided in the customs declarations to establish more precisely whether they are merchant bar or some other product.

There is therefore a significant discrepancy between the Commission's estimate of the market and the estimate provided by InfraBuild. The following graph shows both the Commission's and InfraBuild's estimates of the size of the Australian market for merchant bar from 1 April 2017 to 31 March 2021.

⁷ See, for example, pages 58, 59 and 70 of the application.

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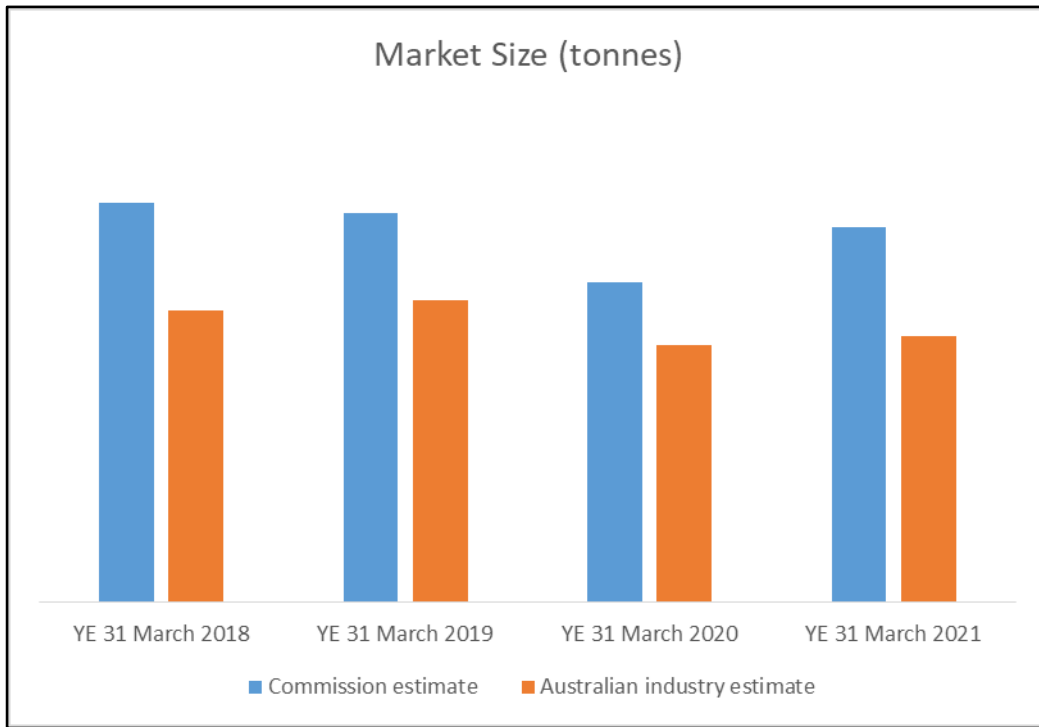


Figure 1 – Size of the Australian merchant bar market

Notwithstanding the discrepancy between the estimates, the overall trend in the market appears similar.

The Commission notes that a clearer understanding of the volume of imported merchant bar in the Australian market will only be obtained through the verification of data throughout the investigation, and may result in volumes which are different again to the information provided in this report.

4.5.2 Sales volume

The following graph shows InfraBuild’s total sales volume of merchant bar in the Australian market in the four years to YE 31 December 2020.

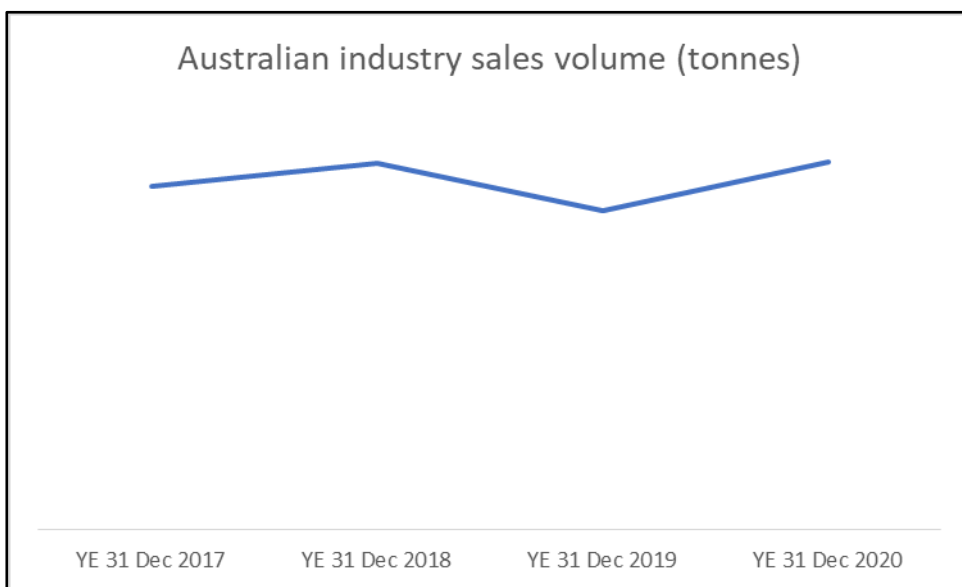


Figure 2 – InfraBuild’s domestic sales volume of merchant bar

The graph indicates that sales volumes have fluctuated across the period.

4.5.3 Market share

The following graphs show changes in the domestic market share held by InfraBuild and merchant bar from Taiwan and other sources throughout the injury analysis period. Noting that InfraBuild did not include sales data for the period 1 January 2021 to 31 March 2021, the Commission has included a simple average of InfraBuild's sales for the corresponding quarter in years 2018, 2019 and 2020 for the purpose of estimating a sales volume for the same quarter in 2021.

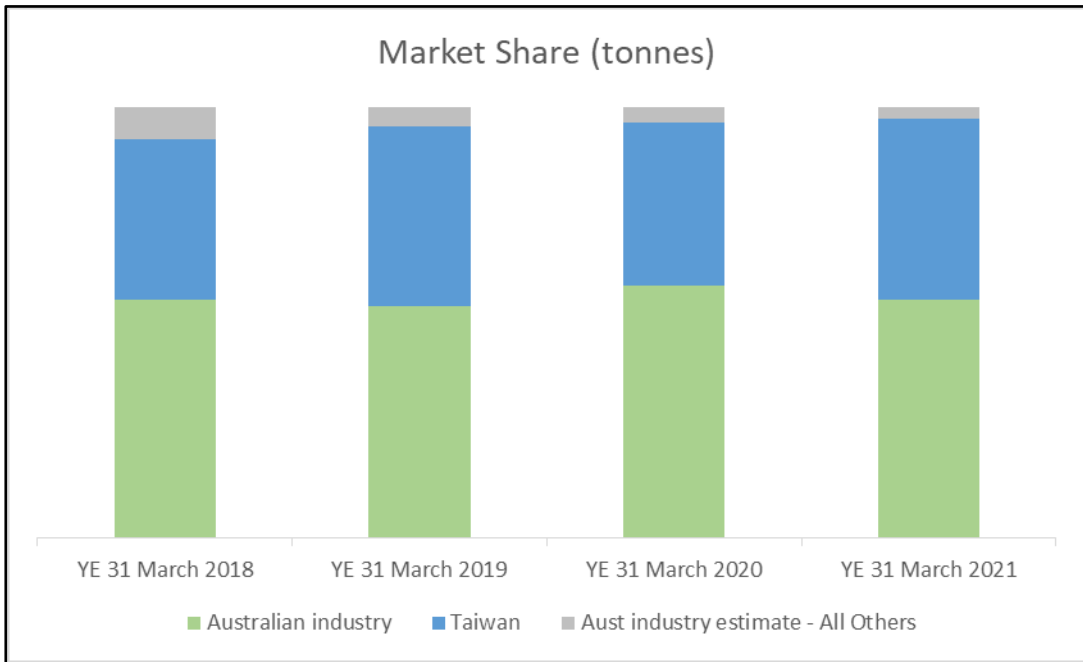


Figure 3 – Australian market share - InfraBuild estimate

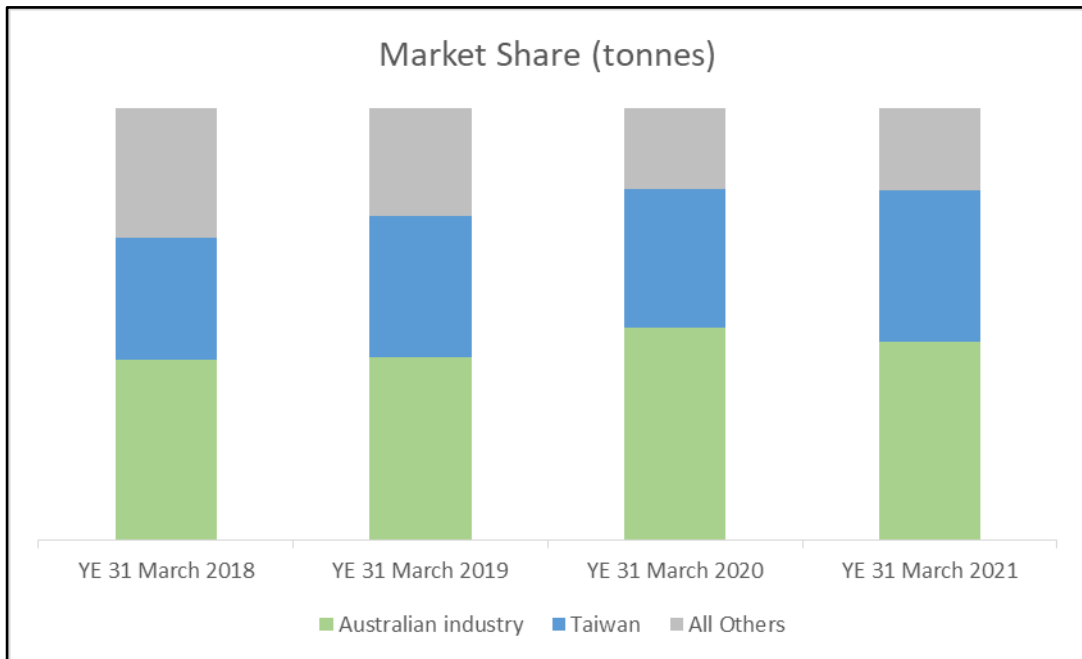


Figure 4 – Australian market share - Commission estimate

In both estimations, the Australian industry's share of the merchant bar market has decreased in the YE 31 March 2021. The lost share appears to have been captured by merchant bar exported from Taiwan, and at the expense of merchant bar exported from other countries.

4.6 Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented.

In its application, InfraBuild has claimed that instances of price suppression have occurred in particular quarters within the injury analysis period, specifically in response to corresponding decreases in the price of merchant bar being exported from Taiwan.

The Commission has compared InfraBuild's cost to make and sell (CTMS) and its revenue on a per tonne basis over the four years to YE 31 December 2020.

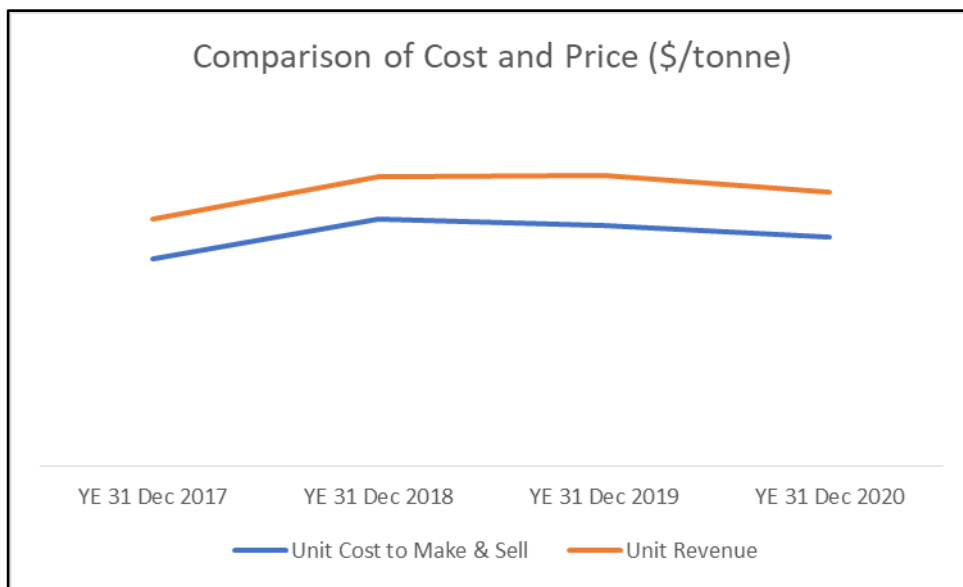


Figure 5 – Australian industry unit prices, unit costs for domestic sales

The Commission notes that there is a close correlation between costs and prices over the period examined. Whilst costs and prices have both declined in the YE 31 December 2020, prices have declined at a faster rate. On this basis, the Commission considers that there has been both price suppression and price depression during 2020.

4.7 Profit and profitability

InfraBuild claims that the Australian industry's profits have been impacted by the presence in the market of merchant bar exported from Taiwan. InfraBuild has included a quarterly analysis to indicate that profits have tended to grow when export prices from Taiwan have increased, and tended to decline as export prices from Taiwan have reduced.

The Commission has compared the Australian industry's total profit and profitability (measured as a percentage of revenue) over the four years to YE 31 December 2020.

PUBLIC RECORD

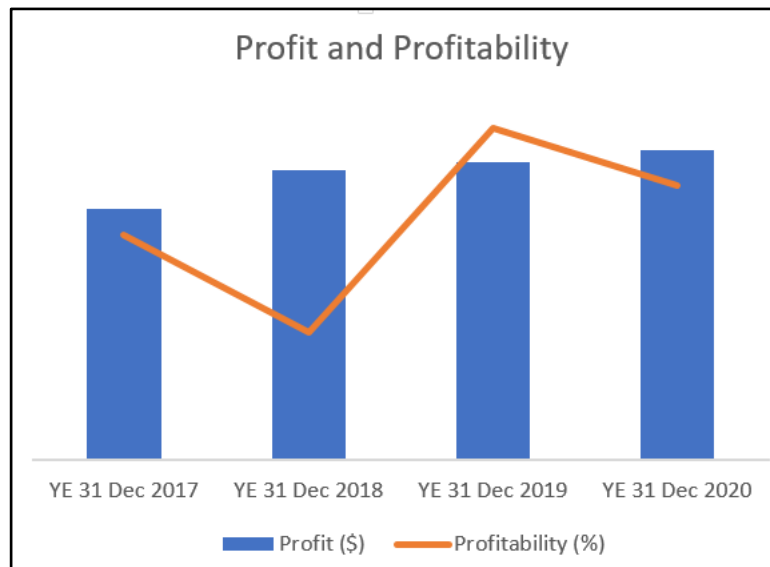


Figure 6 – Australian industry’s profit and profitability for merchant bar

The Australian industry’s profit has increased each year of the period examined, achieving its highest result in the YE 31 December 2020 which coincided with the increase in sales volume noted in Figure 2. Its profitability was more volatile, declining in the YE 31 December 2020.

4.8 Other injury factors

With respect to InfraBuild’s other claims, the data provided in its application indicates that there was a decline in the value of capital invested in the YE 31 December 2020, and a decline in the value of research and development expenditure in the same year and the prior year. Full time equivalent employee numbers also declined in the same period, and there was a decline in the cash flow measures reported (receivables turnover and inventory turnover). However, the data provided does not indicate any lost revenue in the YE 31 December 2020.

4.9 Threat of material injury

InfraBuild completed section C-2 of the application form relating to threat of material injury.

InfraBuild claims that the volume of merchant bar exported from Taiwan and the margin of dumping of the goods are both increasing. InfraBuild claims that Feng Hsin was operating below capacity in 2020, but on a year to date basis is expected to exceed those results (leading to increasing exports from Taiwan). InfraBuild claims that Taiwanese export prices in the quarter ending 31 March 2021 were at their lowest point since the quarter ending 31 December 2017, and that these prices would result in further undercutting of the Australian industry’s prices.

The Commission will examine the claims of the threat of material injury throughout the course of the investigation.

4.10 The Commission's assessment

Based on the above analysis, the Commission considers that there appear to be reasonable grounds to support a finding that the Australian industry has experienced injury in the form of reduced market share. The Commission observes that whilst the market has expanded, the Australian industry's market share has not. This has coincided with a decline in profitability, a reduction in prices and a narrowing of the gap between price and costs (indicating price suppression and price depression).

The analysis does not support a conclusion that the Australian industry experienced any decline in its sales volumes, revenue or profit.

5 REASONABLE GROUNDS – CAUSATION FACTORS

5.1 Findings

Having regard to the matters contained in the application the Commission considers that there are reasonable grounds to support InfraBuild's claim that the Australian industry has experienced material injury caused by dumping.

5.2 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the material injury experienced by the Australian industry was caused by dumping.

Matters that may be considered in determining whether the Australian industry has experienced material injury caused by dumped goods are set out in section 269TAE(1).

5.3 Assessment of evidence of causes of injury

InfraBuild has provided the Commission with its market intelligence concerning price offers for merchant bar exported from Taiwan during the YE 31 December 2020. InfraBuild claims that this evidence demonstrates that:

- prices from Taiwan consistently undercut the prices achieved by the Australian industry, and these prices are trending down;
- the Australian industry's prices were heavily influenced by the prices of the dumped imports because of its market-based pricing policy, because InfraBuild responded to price undercutting (by the importers of the dumped goods) by reducing its prices;
- dumped prices offers have ongoing effect, with offers for delivery of goods occurring after the YE 31 December 2020 also undercutting the Australian industry;
- there is a high degree of substitutability between domestically produced like goods and the imported goods and price is a major determinant of customers' purchasing decisions;
- the Australian industry would have achieved higher prices in the absence of offers for sales of merchant bar exported from Taiwan at dumped prices; and
- InfraBuild competes on price in order to maintain production volume. Therefore, the Australian industry's profits (expressed as net gains or loss) and profitability are affected by factors impacting its ability to raise prices.

InfraBuild points to instances within the YE 31 December 2020, but particularly in the later months of that period, which indicate the impact of the dumped goods from Taiwan on its sales volume in particular. InfraBuild has attempted to quantify the value of the lost sales and the impact on profit / profitability to support its claim that the injury experienced as a direct result of the dumped goods is material.

The Commission has examined the market intelligence provided by InfraBuild and its estimate of the injury experienced. The Commission notes that the global market for merchant bar in 2020 was likely impacted by the COVID-19 pandemic, which remains ongoing. It is unclear from the information presented by InfraBuild whether the Australian market was impacted in any way.

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The Commission notes that there is clearly close competition between the Australian industry and exporters of merchant bar in the Australian market, particularly in terms of price. Whilst the overall picture (as shown in chapter 4) suggests a relatively stable market, the month to month analysis presented in the application indicates more volatility than might otherwise be expected. If the Australian industry had been able to increase its prices in the absence of dumping, it would likely have significantly increased its revenue, profit and profitability.

As a result, the Commission is satisfied that there appear to be reasonable grounds for finding that merchant bar has been exported from Taiwan at dumped prices, and that the dumping has caused material injury to the Australian industry producing like goods. Accordingly, the Commission is satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application.

6 ATTACHMENTS

<u>Attachment</u>	<u>Title</u>
Attachment 1	Anti-Dumping Notice No. 2021/073
Confidential Attachment 2	Analysis of Market and Dumping Margin
Confidential Attachment 3	Analysis of Economic Condition of Australian Industry