

28 February 2022

The Director, Investigations 3
Anti-Dumping Commission
GPO BOX 2013
CANBERRA ACT 2600
BY EMAIL:
investigations3@adcommission.gov.au

Dear Director,

Dumping Investigation No. 584 concerning Merchant Bar exported from Taiwan

AUSTRALIAN INDUSTRY RESPONSE TO EXPORTER SUBMISSION

InfraBuild NSW Pty Limited (**InfraBuild**), refers to the ‘supplemental injury arguments’ submission of the Taiwanese exporter, Feng Hsin Steel Co., Ltd (**Feng Hsin**), dated 3 February 2022 that relates to injury to the Australian Industry caused by Taiwanese exports of dumped merchant bar.

Feng Hsin’s ongoing misrepresentation of the timing of the causation of the material injury inflicted on the Australian industry is designed to either delay, mislead or confuse the Anti-dumping Commission (**Commission**).

The Feng Hsin submission repeats their earlier claim:

The Applicant states in its application that “[m]aterial injury arising from the volume and price effects of the dumped goods exported from Taiwan commenced in or about November 2020.” (p.36). In other words, Taiwan imports throughout almost the entire injury reference period prior to November 2020 did not cause material injury, as admitted by the Applicant

This claim was comprehensively refuted by the evidence that InfraBuild provided in its submission dated 18 August 2021, summarised as follows:

the Australian industry experienced the price effects of the dumped imports since the September 2019 quarter, the confluence of both price and volume effects of the dumped imports commenced in or about November 2020 – precisely the position proposed in its application.¹

Feng Hsin’s ‘order-taking price’ in November 2020 to March 2021

Feng Hsin’s submission refers to its “order-taking price” in the last 5 months of the investigation period, namely November 2020 to March 2021, and attempts to align these prices with the material injury quantified in InfraBuild’s financial appendices in those months. This is incorrect.

As part of the Industry verification, InfraBuild has demonstrated and provided evidence to the Commission that the injury caused by Feng Hsin’s dumped goods occurs [*timing of InfraBuild market offer*]. It is at this point that customers use the dumped Taiwanese merchant bar import offer prices

¹ EPR 584/19 p7

during price negotiations to leverage InfraBuild's prices down or risk losing sales volume. This applies to customers that purchase on [market offer timing] as represented by the confidential graphic below. [confidential market offer explanation]



As such InfraBuild's financial performance in November 2020 is directly impacted by Feng Hsin and other Taiwanese exporters' dumped import price parity (IPP) offers to Australian merchant bar customers in [Market Offer timing] 2020.

To provide further evidence of the timing link between the dumped Taiwanese offers and the materiality of the injury caused by the dumped goods, InfraBuild has graphed the movements of scrap prices in both USD and AUD in the month of the IPP offers.

[The following graphic is considered confidential in its entirety as it represents sensitive market intelligence]

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The relative gap between Taiwanese IPP offers of the dumped goods and scrap as the major raw material cost, is largest in [month] 2020 which aligns with InfraBuild's best financial performance [timing] 3 to 4 months later in [time period].

However, from [time period] 2020 onwards international scrap costs increase, yet Taiwanese IPP offers to Australia fall and remain lower than [month] 2020 levels until [month]. InfraBuild's declining financial performance for Merchant bar from [month] 2020 is directly caused by the Taiwanese offers that made [time period] months prior. Given the extent of the scrap cost increases it would have been evident to the Taiwanese exporters that they were dumping, yet they continued to do so.

Summary

From the outset of this anti-dumping investigation, the representative for Feng Hsin has sought to portray Merchant Bar as highly complex in terms of the like goods, the market dynamics and the injury caused by the dumped goods where the reality is something quite simple. This investigation concerns a commodity product, there is a single Australian industry applicant and only one verified exporter, and one 'assessed' exporter from a single country.

The Commission's exporter verification report for Feng Hsin and the preliminary variable factors assessment for TS Steel Co. Ltd (**TS Steel**) have determined their weighted average dumping margins to be 17.7% and 9.9% respectively. These margins are not insignificant. Feng Hsin's dumping margin is 900% greater than the 2% benchmark that the WTO regards as potentially being material, TS Steel's is 500% greater. The injury caused by these large dumping margins is material and occurs from the time that import offers are made by the Taiwanese exporters and used by Australian customers to leverage down InfraBuild's price offers or risk lost sales volume.

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InfraBuild respectfully requests that the Commission publish a Preliminary Affirmative Determination as soon as possible to prevent ongoing injury to the Australian industry during the remainder of the investigation.

Please do not hesitate to contact your InfraBuild Steel representative on record with any questions.

FOR AND ON BEHALF OF THE

AUSTRALIAN INDUSTRY APPLICANT

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