PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Australian industry verification report

Verification and case details

Initiation date	28 March 2022	**ADN**	2022/029
Case number	601		
The goods under consideration	Steel Reinforcing Bar		
Case type	Continuation Inquiry		
Australian industry	InfraBuild (Newcastle) Pty Ltd		
Verification	14, 15 and 28 June 2022		
Inquiry period	1 January 2021 to 31 December 2021		

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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PREFACE

The Anti-Dumping Commission (the commission) has undertaken verification of data provided by InfraBuild (Newcastle) Pty Ltd (InfraBuild Newcastle) for Continuation Inquiry 601 (CON 601). This report details the evidence gathered and the commission's key findings from the verification.

This report has been prepared for publication on the electronic public record for CON 601.

This report provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).[1]

[1] References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

The applicant for CON 601 is InfraBuild Newcastle, formerly Liberty OneSteel (Newcastle) Pty Ltd (OneSteel), a proprietary limited company that manufactures and sells steel reinforcing bars (rebar or the goods).

In its application, InfraBuild Newcastle identified the following two additional domestic producers of like goods, both of whom are associated entities:

- InfraBuild NSW Pty Ltd; and
- The Australian Steel Company (Operations) Pty Ltd.

Collectively, the applicant and its related party producers of like goods are referred to in this report as 'InfraBuild'.

OneSteel was first listed on the ASX in October 2000 following a de-merger from BHP. In 2009, OneSteel completed a merger with Smorgan Steel Group. In 2012, OneSteel became Arrium Limited with many of the steel businesses continuing to trade under the OneSteel brand.

Arrium was placed into voluntary administration on 7 April 2016, with Korda Mentha appointed as administrators of the companies in the Arrium Group pursuant to a Deed of Company arrangements on 4 November 2016.

On 5 July 2017, a binding arrangement was entered into for the sale of Arrium to GFG Alliance, an international coalition of companies founded by the Gupta family (based in the United Kingdom). On 31 August 2017, Arrium and its subsidiaries were acquired by GFG Alliance. The subsidiaries acquired by GFG Alliance formed the Liberty OneSteel Australia Combined Group.

In July 2019, OneSteel announced the rebranding of its electric arc furnace (EAF) steel manufacturing, processing, distribution and recycling businesses to 'InfraBuild'. The integrated blast furnace-basic oxygen furnace manufacturing operation at Whyalla remains branded 'Liberty Primary Steel.' InfraBuild is a market facing brand within the Liberty portfolio of companies and remains part of the broader GFG Alliance.

The InfraBuild entities are wholly owned by InfraBuild (Manufacturing) Pty Ltd. The parent and reporting entity for the InfraBuild Group (which consists of numerous other entities) is Liberty InfraBuild Limited.

The InfraBuild Group is organised across three segments:

- Recycling
- Manufacturing
- Distribution.

Production of rebar resides within the 'Manufacturing' segment. The InfraBuild entities listed above are a part of the Rod and Bar business unit within the 'Manufacturing' segment and form the Australian industry for rebar.

1.2 Related parties

The verification team examined the relationships between related parties involved in the manufacture and sale of like goods.

The verification team found that InfraBuild transacted with a number of related entities in respect of the sale and production of rebar during the inquiry period (1 January 2021 to 31 December 2021).

1.2.1 Related suppliers

During the inquiry period, InfraBuild purchased scrap materials consumed in the production of billets at its Laverton production facilities from a number of related and unrelated entities whilst the majority of scrap purchased for use in the Sydney EAF was from the independently managed scrap pool.

1.2.2 Related customers

InfraBuild sold some of the like goods produced to a number of related entities during the inquiry period. The verification team observed that related customers were both distributors and producers of downstream fabricated products and wire products.

Further details in respect of InfraBuild's related parties are set out in the verification work program at **Confidential Attachment 1**.

2 LIKE GOODS MANUFACTURED IN AUSTRALIA

2.1 Manufacturing in Australia

2.1.1 Australian industry

InfraBuild states in its application that it is the sole Australian producer of rebar in Australia. InfraBuild produces rebar at its facilities in Laverton in Victoria, and Rooty Hill and Newcastle in New South Wales. The commission is not aware of any other producer of rebar in Australia and therefore considers that the Australian industry for rebar is represented solely by InfraBuild.

2.1.2 Standards/certification

InfraBuild's rebar is made to meet the requirements of the Australian/New Zealand Standard (AS/NZS) 4671:2001.

InfraBuild has Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) accreditation. ACRS is an independent, not for profit, production certification scheme that certifies manufacturers and suppliers of reinforcing steels to Australian and New Zealand standards. The ACRS 'mark' is internationally recognised as a pathway to validating conformity to the AS/NZ standard.

2.1.3 Production process

InfraBuild manufactures rebar using billets that are produced either using blast furnace liquid iron as an input into a basic oxygen furnace process at Whyalla or the EAF process at Rooty Hill or Laverton.

To produce rebar straights, billets are reheated in a furnace to approximately 1,200 degrees and passed through a series of rolling 'stands' which changes the shape from a rectangular cross section to a smaller circular cross section. The circular bar is then passed through the finishing stands which are characterised by a 'rib profile' such that when circular bar is processed, deformations or ribs form on the bar. The bar is then subject to a water-cooling process where the surface of the bar is quenched rapidly and subsequently slow cooled on a cooling bed.

In some instances, the strength of the bar is attained using a chemical strengthening mechanism involving alloy addition.

To produce rebar coils, after the finishing stands, rebar is looped into rings, cooled on a cooling conveyor and then formed into coil which may be further cold-worked.

2.2 Model control codes

2.2.1 Model control code structure

The model control code (MCC) for CON 601 as set out in ADN No. 2022/029 is in Table 1.

Item	Category	Sub-category	Identifier	Sales Data	Cost Data
1	Prime	Prime	P	Mandatory	Optional
		Non-Prime	N		
2	Minimum yield strength specified by product standard (Mega Pascals or "MPa")	Less than or equal to 300	A	Mandatory	Mandatory
		Greater than 300 but less than or equal to 480	B		
		Greater than 480 but less than 550	C		
		Equal to or greater than 550	D		
3	Finished form	Rebar in length/straight	S	Mandatory	Mandatory
		Rebar in coil	C		
4	Nominal diameter (millimetres or "mm")	Less than 12	A	Mandatory	Optional
		Greater than or equal to 12 and less than or equal to 16	B		
		Greater than 16 and less than or equal to 32	C		
		Greater than 32 and less than or equal to 50	D		
5	Length (metres or "m")	Less than or equal to 6	1	Mandatory	Optional
		Greater than 6 and less than or equal to 12	2		
		Greater than 12	3		
		Coil product	C		
6	Deformation pattern along Length	Threaded	T	Mandatory	Optional
		Non-Threaded	N		

Table 1: MCC for CON 601

InfraBuild's sales data was provided in accordance with the above MCC structure, while its cost data could only be differentiated by "Finished Form" and "Deformation pattern along Length". Further, the volumes of rebar that InfraBuild manufactured and sold outside of the MPa parameters 'Greater than 480 but less than 550' were not significant.

2.2.2 Verification of MCCs

Table 2 provides detail on the MCC sub-categories that were determined and verified to source documents.

Category	Determination of the sub-category
Prime/Non-prime	MCC sub-categories were reconciled to: • Product code information • Commercial invoices • Despatch/delivery advices
Minimum yield strength	
Form	
Diameter	
Length	
Deformation pattern along length	

Table 2: MCC sub-category determination

2.2.3 MCCs during the inquiry period

InfraBuild sold like goods with the MCCs shown in Table 3 during the inquiry period.

InfraBuild Australian Sales MCC
P-A-S-B-1-N
P-A-S-B-2-N
P-A-S-C-2-T
P-C-C-A-C-N
P-C-C-B-C-N
P-C-C-C-C-N
P-C-S-B-1-N
P-C-S-B-1-T
P-C-S-B-2-N
P-C-S-B-2-T
P-C-S-B-3-N
P-C-S-C-1-N
P-C-S-C-2-N
P-C-S-C-2-T
P-C-S-C-3-N
P-C-S-C-3-T
P-C-S-D-2-N
P-C-S-D-3-N
P-D-S-B-1-T
P-D-S-B-2-T
P-D-S-B-3-T
P-D-S-C-1-T
P-D-S-C-2-T

Table 3: List of MCCs sold during inquiry period

2.3 The goods

The goods subject to the anti-dumping measures and CON 601 are:

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

The goods subject to the anti-dumping measures do not include:

- plain round bar
- stainless steel
- reinforcing mesh.

2.4 Like goods

Like goods are defined under section 269T(1) of the Act as:

> *goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.*

InfraBuild submits that the rebar it manufactures is like to the goods subject to anti-dumping measures for the reasons set out below.

2.4.1 Physical likeness

Rebar sold on the Australian market is typically manufactured to AS/NZS4671:2019, which specifies the physical characteristics of the rebar that are to be satisfied. The Australian Standard specifies requirements for chemical, mechanical and physical properties for different steel strength grades, as denoted by the minimum yield strength in megapascals (MPa) (250 MPa, 300 MPa, and 500 MPa) and different ductility classes (low, normal and earthquake). The pattern of deformations on a rebar are unique to a given mill and indicate the exact standards met.

2.4.2 Commercial likeness

Imported rebar competes directly with locally manufactured rebar in the Australian market. Rebar is generally further processed before the end-use application by fabricators. Processors and distributors purchase locally made and imported rebar and readily switch between suppliers.

2.4.3 Functional likeness

Imported rebar and locally manufactured rebar have the same end-use applications. Rebar is commonly used as a concrete tensioning device in residential, commercial and infrastructure/construction applications (including continuous reinforced concrete pavement in road building). Rebar straights and rebar coils of the same diameter are substitutable in terms of end-use applications, albeit are processed using different equipment. Some processors may only have equipment to use either rebar in coils or straights.

2.4.4 Production likeness

Imported and locally manufactured rebar are produced using similar methods, although certain aspects of the production process may vary to yield rebar products of the desired physical, mechanical and chemical properties. Mills with ACRS accreditation are subject to the same testing and validation processes. The verification team considers that these varying methods do not substantially alter the fundamental production process adopted by both Australian industry and exporters.

A tour of InfraBuild's production facilities was undertaken as part of this inquiry.

2.4.5 Preliminary like goods finding

The verification team is satisfied that:

- rebar manufactured by InfraBuild are like to the goods[2]
- at least one substantial process of manufacture of rebar is carried out in Australia[3]
- the like goods were, therefore, wholly or partly manufactured in Australia by InfraBuild[4]

[2] Section 269T(1) (definition of 'like goods').

[3] Section 269T(3).

[4] Section 269T(2).

- there is an Australian industry, consisting of InfraBuild, which produces like goods in Australia.[5]

The verification team is satisfied that the Australian industry produces like goods to the goods the subject of the application, as defined in section 269T(1).

[5] Section 269T(4).

3 AUSTRALIAN MARKET

3.1 Background

The Australian rebar market comprises a single Australian producer, exporters, importers, and distributors/processors who process and sell rebar into the construction sector.

InfraBuild submitted that the Australian market is supplied by itself and imports from a number of countries including Indonesia, Korea, Spain, Taiwan and Thailand as well as a number of countries not subject to anti-dumping measures. The Australian rebar market is highly price sensitive and the Australian industry's prices for rebar sold in the Australian market are mainly influenced by price competition from importers. The nature of the rebar market is such that products of the same specification from different sources are interchangeable.

3.2 Market structure

3.2.1 Market segmentation and end uses

According to the applicant, the key market segments for rebar, in order of significance are:

- engineering construction which also includes mining construction
- non-residential commercial construction
- residential construction which includes swimming pool construction (i.e. Grade 250N)

The applicant is of the view that rebar is primarily purchased for:

- cutting bending and/or welding into various shapes
- sale into residential, commercial and engineering construction sectors
- use in concrete reinforcement as a tension device.

Final end uses include concrete slabs, prefabricated concrete beams, columns, cages and precast products. Steel service centres will also purchase local or imported rebar to stock for re-sale, mainly to smaller rebar processors for use in concrete reinforcement.

The majority of rebar is fabricated/shaped/processed in some way, but there are instances where no cutting, bending or welding is needed before use.

3.2.2 Distribution arrangements

InfraBuild sells rebar nationally with distribution via rail and road between the capital cities of Adelaide, Brisbane, Melbourne, Sydney and Perth. Rebar is also dispatched by sea freight to Perth, Tasmania and occasionally to Queensland.

Sale arrangements are the same whether the customer is related or not.

3.2.3 Supply

InfraBuild's channel to market is predominantly reinforcing processors who may also function as distributors to smaller processors and end users.

3.2.4 Demand

Non-residential commercial construction is the main driver of demand for rebar with demand closely aligned to the level of construction activity in Australia.

InfraBuild stated that the level of construction activity was not impacted by COVID-19 and demand for non-residential developments such as office towers, hotels, schools and hospitals remained strong.

The verification team notes that future demand will be considered through the course of the inquiry.

3.3 Australian market pricing

InfraBuild has provided the verification team with information related to its current pricing model which commenced on 1 January 2020. The verification team understands that a part of the current pricing model is affected by import pricing and a market price comparison impacts the final selling price. The verification team also found that the import parity price (IPP) model will continue to apply directly to a subset of the like goods, and indirectly to the balance of all the like goods.

In its application for CON 601, InfraBuild asserted that it applied the IPP process in the period following the imposition of anti-dumping measures and throughout the inquiry period. It further claimed that the Australian rebar market is driven by prices of imported rebar and that under the IPP model, it only considered the lowest credible import offers. The Australian market is such that products of the same specification from different sources are interchangeable and consequently, price is the primary consideration in purchasing decisions.

The verification team has found that during the inquiry period, the Australian industry applied the IPP model.

3.4 Australian market size

The verification team has estimated the size of the Australian market for rebar using the domestic sales data from InfraBuild and data sourced from the Australian Border Force (ABF) import database. The information sourced from the ABF import database was determined using the relevant tariff subheadings and statistical codes for rebar and additional filtering to remove imports that were not considered to be the goods.

The verification team considers that its approach to estimating the size of the Australian market for rebar is relevant and reasonable as:

- the ABF import database is an independent and reliable source of data in relation to imported rebar and
- the completeness, relevance and accuracy of the sales data compiled by InfraBuild was verified by the verification team (chapters 4 and 5 of this report refer).

Figure 1 depicts the verification team's estimate of the Australian market size for rebar from 1 January 2016 to 31 December 2021.

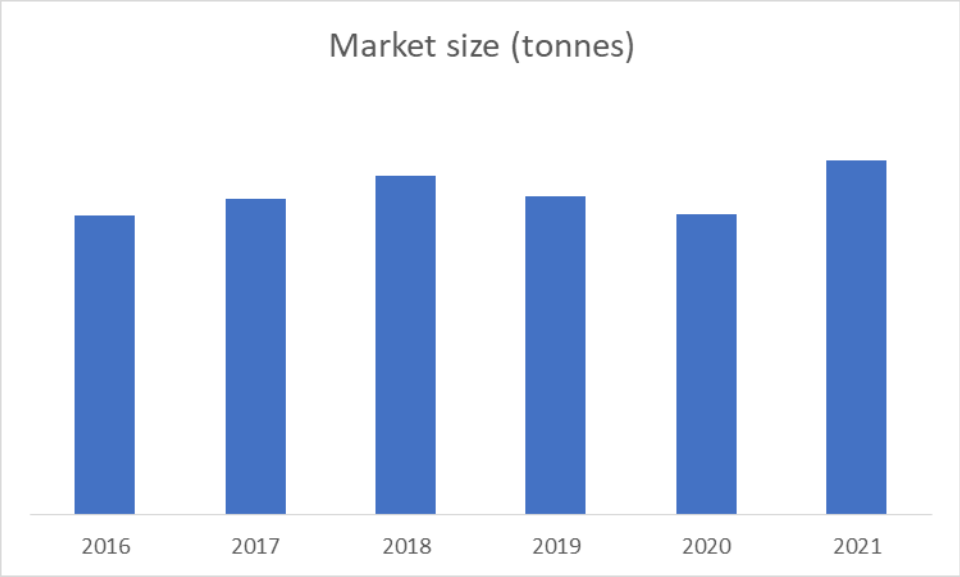

Figure 1: Australian market size (tonnes)

The verification team's analysis of the Australian market is in **Confidential Appendix 1**.

4 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

4.1 Background

The verification team conducts verification of completeness and relevance by reconciling selected data submitted 'upwards' through management accounts to audited financial accounts. The verification team reconciles total sales value and quantity to management reports, with particular attention given to including all relevant transactions and excluding all irrelevant transactions. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the Australian sales listings submitted by reconciling these to audited financial statements, management accounts and various accounting systems in accordance with ADN No. 2016/30.

The verification team identified the issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

4.2 Exceptions during verification of sales completeness and relevance

Table 4 shows the exceptions found during the verification of sales completeness and relevance.

Description	Resolution
Small volume of customer discounts have not been included in the sales listing.	Due to the complexity of identifying and allocating customer discounts to specific sales, the verification team assessed the value of customer discounts during the inquiry period. The verification team identified that the value of customer discounts made up an immaterial value of overall sales. The verification team have excluded customer discounts.

Table 4: Exceptions during verification of completeness and relevance of sales data

4.3 Sales by Australian industry

InfraBuild sold like goods domestically and on the export market during the inquiry period. The verification team verified InfraBuild's sales during the upwards sales verification process and did not identify any exceptions.

4.4 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided in the application by InfraBuild is complete and relevant.

5 VERIFICATION OF SALES ACCURACY

5.1 Background

The verification team verifies the accuracy of data by reconciling selected data submitted 'downwards' to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the Australian sales listings submitted in the application by reconciling these to source documents in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

5.2 Related party customers

The verification team observed that InfraBuild sold like goods to related customers.

The verification team compared the prices for unrelated and related customers and did not find evidence of price discrimination between related and unrelated customers and consider the sales to related customers to be arms length.

The verification team is satisfied that InfraBuild's selling prices for like goods to related customers can be relied upon in the commission's assessment of the economic condition of the Australian industry.

5.3 Sales accuracy finding

The verification team is satisfied that the sales data provided in the application by InfraBuild, including any required amendments as outlined in the exception table above, is accurate.

Accordingly, the verification team considers InfraBuild's sales data suitable for analysing the economic performance of the Australian industry.

6 VERIFICATION OF CTMS COMPLETENESS AND RELEVANCE

6.1 Background

The verification team conducts verification of completeness and relevance by reconciling selected data submitted 'upwards' through management accounts to audited financial accounts. The verification team reconciles total cost to make data to the cost of production in the management reports with particular attention given to including all relevant costs and excluding all irrelevant costs. The verification team then reconciles cost of production data, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement.

Additionally, the verification team reconciles selling, general and administrative (SG&A) expenses to income statements, with particular attention given to specific expenses that the company excluded or that the verification team should exclude.

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information provided with the application by reconciling it to audited financial statements, management accounts and various accounting systems in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

6.2 Exceptions during verification of completeness and relevance of CTMS data

Table 5 shows the exceptions found during the verification of CTMS completeness and relevance.

Description	Resolution
Depreciation expenses have not been recorded in 3 quarters of the inquiry period due to a change in accounting system during the period.	InfraBuild provided a revised depreciation calculation for quarters that were missing a depreciation expense.

Table 5: Exceptions during verification of completeness and relevance of CTMS data

6.3 CTMS completeness and relevance finding

The verification team is satisfied that the CTMS data provided in the application by InfraBuild, including any required amendments as outlined in the exception table above, is complete and relevant.

7 VERIFICATION OF CTMS ACCURACY

7.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information, in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

Table 6 outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	The company allocated raw material costs to the goods apportioned by production quantity of the goods at each factory. The verification team verified production reports and invoices during the inquiry period.
Manufacturing Overheads	The company allocated manufacturing overheads such as gas and electricity to the goods apportioned by production quantity of the goods at each factory. The verification team verified production reports, journal entries and invoices for gas and electricity during the inquiry period.
Labour	The company allocated labour to the goods apportioned by production quantity of the goods at each factory. The verification team verified production reports and journal entries during the inquiry period.
Depreciation	The company allocated depreciation to the goods apportioned by production quantity of the goods at each factory. The verification team verified production reports and journal entries during the inquiry period.

Table 6: Cost calculation method

7.2 Exceptions during verification of CTMS allocation method

Table 7 shows the exceptions found during the verification of CTMS allocation method.

Description	Resolution
Errors have been identified in InfraBuild's freight cost allocation.	InfraBuild provided a revised freight rate with source documents.
SG&A allocation rate was not accurate for 3 quarters during the inquiry period.	A revised SG&A calculation has been provided with source documents.

Table 7: Exceptions during verification of CTMS allocation method

7.3 Verification of accuracy of CTMS data

The verification team verified the accuracy of the CTMS information by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

7.4 Related party suppliers

The majority of raw materials purchased by InfraBuild is scrap from independent and related party suppliers. The majority of the scrap purchased by InfraBuild is from independent (unrelated party) suppliers.

The costs of raw materials are determined having regard to prices in domestic and export markets, including having reference to a scrap export parity price. The verification team compared pricing of raw materials from both related and unrelated suppliers and is satisfied that the costs paid to related suppliers are arms length.

7.5 CTMS verification finding

The verification team is satisfied that the CTMS data provided in the application by InfraBuild, including any required amendments as outlined in the exception table above, is accurate.

Accordingly, the verification team considers InfraBuild's CTMS data is suitable for analysing the economic performance of its goods operations.

8 ECONOMIC CONDITION

8.1 Background

Anti-dumping measures currently apply to goods exported to Australia from the People's Republic of China (China), the Republic of Korea (ROK) and the countries the subject of CON 601 (the subject countries).

Anti-dumping measures were first applied to the goods exported to Australia from Greece, the Republic of Indonesia (Indonesia), Spain (by Nervacero S.A), Taiwan (by Power Steel Co. Ltd), and the Kingdom of Thailand (Thailand) on 7 March 2018 (ADN No. 2018/10 refers).

InfraBuild submits that in the period following the imposition of anti-dumping measures in March 2018, it has experienced injury in the forms of:

- price suppression (in 2018 and 2019)
- price depression (in 2019 and 2020)
- reduced sales volume across the entire period
- sales revenue (in 2020)
- profit and profitability (2018 and 2019)
- capacity utilisation rates (in 2020)
- capital investment (in 2020)
- research and development expenditure (since 2019)
- productivity (in 2019 and 2020)
- employment levels (since 2020).

InfraBuild submits that based on the evidence available it considers that the expiration of the anti-dumping measures would be likely to lead to a continuation or recurrence of the material injury that the anti-dumping measures are intended to prevent.

8.2 Approach to injury analysis

An assessment as to whether the expiration of anti-dumping measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the anti-dumping measure is intended to prevent involves a consideration of future outcomes based on an evaluation of the present position.

This chapter considers the economic condition of InfraBuild from 1 January 2016. The verification team's analysis is based on verified financial information submitted by InfraBuild as well as data from the ABF import database.

This preliminary assessment is at **Confidential Appendix 1**.

The commission's evaluation of likely future outcomes for the Australian industry will be detailed in the Statement of Essential Facts (SEF).

8.3 Volume effects

8.3.1 Production volume

Figure 2 demonstrates InfraBuild's production volume across the period of analysis.

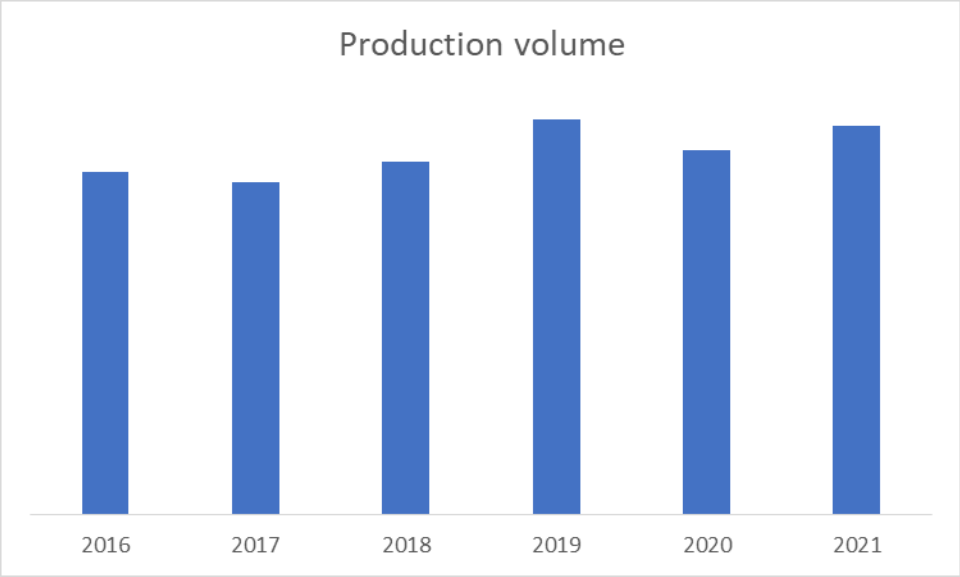

Figure 2: Production volume (MT)

Figure 2 indicates that InfraBuild's production volume improved following the imposition of anti-dumping measures. Production volumes subsequently declined during 2020, before improving in the inquiry period. At the conclusion of the inquiry period, production volumes remained lower than the peak achieved in 2019.

8.3.2 Sales volume

Figure 3 demonstrates InfraBuild's sales volume across the period of analysis.

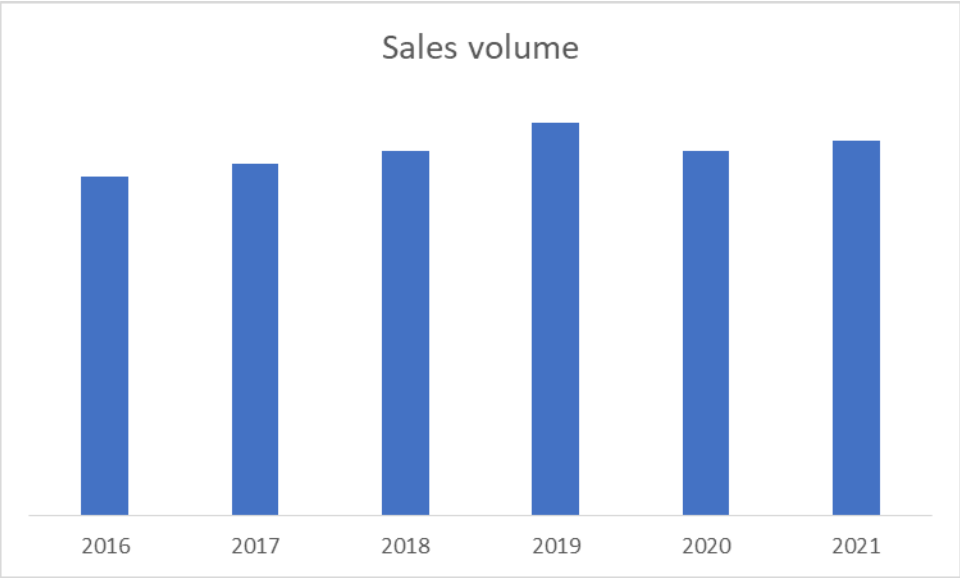

Figure 3: Sales volume (MT)

Figure 3 indicates that InfraBuild's sales volume was increasing until 2019, with a significant boost following the imposition of anti-dumping measures in 2018. Sales volumes subsequently declined during 2020, before improving in the inquiry period. At the conclusion of the inquiry period, sales volumes remained lower than the peak achieved in 2019.

8.3.3 Market share

Table 8 shows the change[6] in InfraBuild's market share.

	2016	2017	2018	2019	2020	2021
Market share	100	98.1	99.0	108.4	105.8	95.0

Table 8: Change in market share

Table 8 indicates that InfraBuild's market share peaked in 2019 and has decreased in each year thereafter.

8.3.4 Conclusion – Volume effects

Based on the available information, the verification team considers that InfraBuild has experienced a deterioration in its economic performance in the form of reduced market share during the inquiry period. The verification team does not consider that InfraBuild has experienced a deterioration in its economic performance in the form of reduced production or sales volumes during the inquiry period.

The verification team considers that InfraBuild has, however, experienced a deterioration in its economic performance in the form of reduced production and sales volumes relative to the peaks achieved in 2019.

8.4 Price effects

8.4.1 Price depression and suppression

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. An indicator of price suppression may be the margin between prices and costs.

Figure 4 shows InfraBuild's unit selling price and unit CTMS across the period of analysis.

[6] A value index is a measure (ratio) that describes change in a value relative to its value in the base year. The base year is FY 2016.

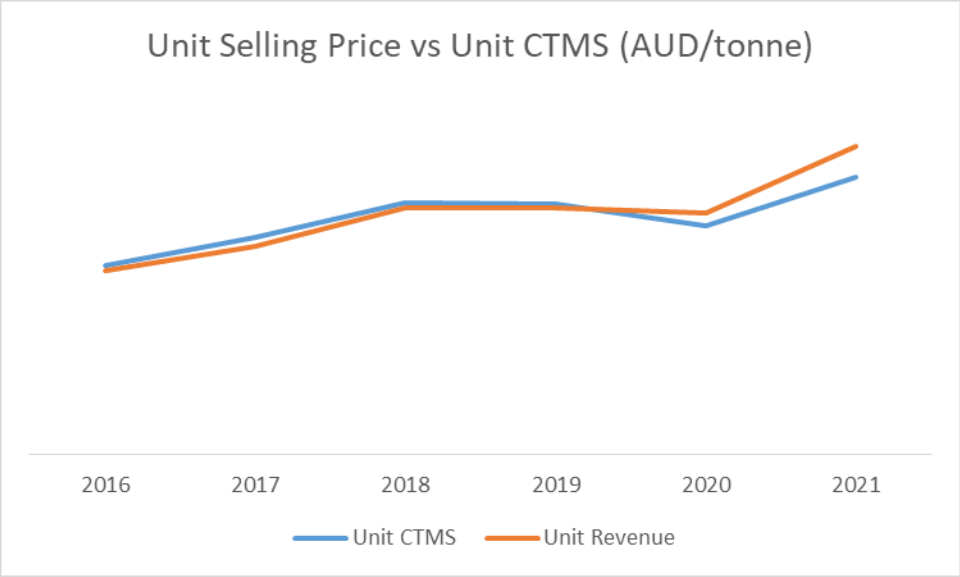

Figure 4: Unit selling price and unit CTMS

Figure 5 indicates that:

- prior to, and during 2019, InfraBuild was operating with a negative margin between unit selling prices and unit CTMS, meaning that it was unable to increase prices to a level that would recover the costs of manufacture and sale
- unit selling prices declined across the period 2018 to 2020
- during the period 2019 and 2020, InfraBuild's unit selling prices reduced at a lesser rate than unit CTMS, such that the margin between InfraBuild's unit selling price and unit CTMS became positive during 2019
- while unit CTMS increased during the inquiry period, InfraBuild was able to increase unit selling prices at a greater rate, leading to a significant improvement in the margin between the two.

8.4.2 Conclusion – Price effects

Based on the available information, the verification team does not consider that InfraBuild has experienced a deterioration in its economic performance in the form of price depression or price suppression during the inquiry period. The verification team considers that InfraBuild has, however, experienced price depression between 2018 and 2020 and price suppression until a positive margin was achieved during 2019.

8.5 Profit effects

8.5.1 Profit and profitability

Figure 6 shows InfraBuild's total profit and profitability as a percentage of revenue across the injury analysis period.

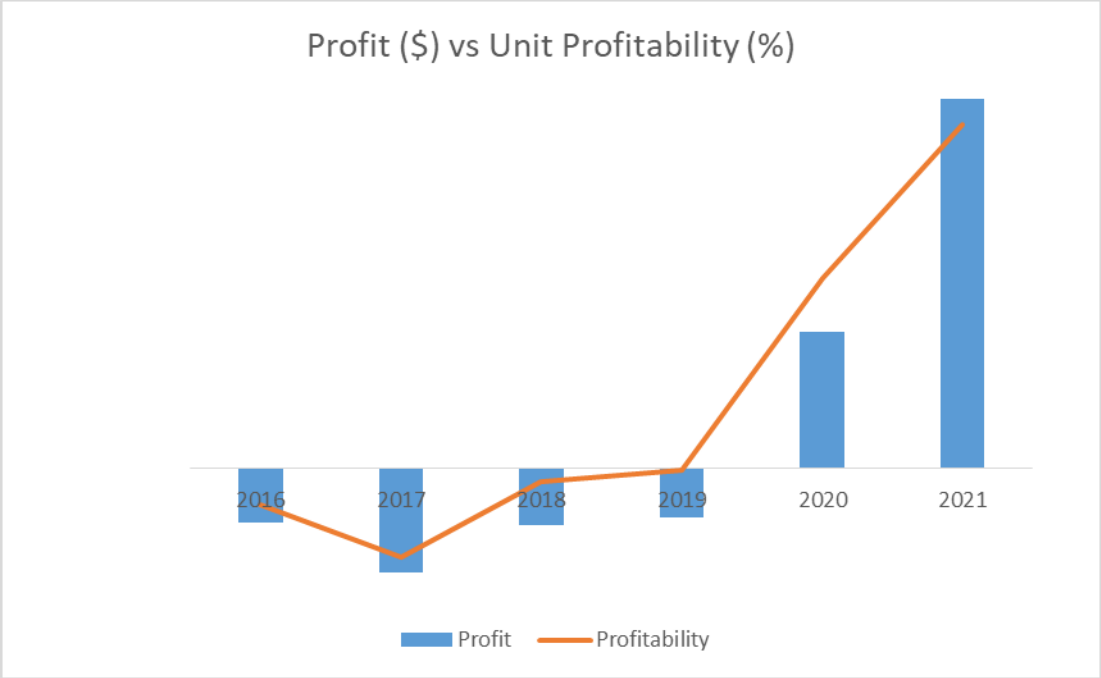

Figure 5: Profit and profitability

Figure 5 indicates that InfraBuild's was making a loss for the period up until 2020, with the largest losses in 2017. InfraBuild returned to profit during 2020, and experienced further growth in profit and profitability during the inquiry period. This improvement is coincident with both a higher volume of sales and a stronger margin between selling prices and CTMS.

8.5.2 Conclusion – Profit effects

Based on the available information, the verification team notes that InfraBuild was loss making until 2020, however does not consider that InfraBuild has experienced a deterioration in its economic performance in the form of reduced profit and profitability during the inquiry period, nor in the period since anti-dumping measures were imposed.

8.6 Other economic factors

As part of its application, InfraBuild provided data in relation to a range of other economic factors that may also be indicative of injury to the Australian industry. InfraBuild provided data relating to the production and sale of like goods for the period covering calendar years 2017 to 2021 for the following factors:

- assets
- capital investment
- revenue
- return on investment
- production capacity utilisation
- employment
- wages
- productivity
- closing stock
- inventory turnover
- accounts receivable turnover.

8.6.1 Assets

Table 8 shows the change[7] in the value of InfraBuild's assets used in the production of like goods.

	2017	2018	2019	2020	2021
Assets	100	98	124	107	116

Table 8: Index – Value of assets

Table 8 indicates that InfraBuild's assets used in the production of like goods has fluctuated, with a peak in 2019. At the conclusion of the inquiry period the value of assets used in the production of like goods remained lower than the peak achieved in 2019.

8.6.2 Capital investment

Table 9 shows the change in InfraBuild's capital investment.

	2017	2018	2019	2020	2021
Capital investment	100	104	185	74	196

Table 9: Index – Capital investment

Table 9 indicates that with the exception of 2020 capital investment increased in each year.

8.6.3 Revenue

Table 10 shows the change in InfraBuild's revenue from the sale of like goods.

	2017	2018	2019	2020	2021
Revenue	100	124	133	121	158

Table 10: Index – Revenue

Table 10 indicates that with the exception of 2020 revenue increased in each year.

8.6.4 Return on Investment

Table 11 shows the change in InfraBuild's return on investment (ROI).

	2017	2018	2019	2020	2021
ROI	100	142	163	314	479

Table 11: Index – Return on investment

Table 11 indicates that InfraBuild's ROI has improved in each year. The verification team notes that ROI was negative until 2020, after which ROI has improved significantly.

8.6.5 Capacity utilisation

	2017	2018	2019	2020	2021
Capacity utilisation	100	102	116	108	115

Table 12 shows the change in InfraBuild's production capacity utilisation.

[7] A value index is a measure (ratio) that describes change in a value relative to its value in the base year. The base year is FY 2017.

	2017	2018	2019	2020	2021
Capacity utilisation	100	102	116	108	115

Table 12: Index – Capacity utilisation

	2017	2018	2019	2020	2021
Capacity utilisation	100	102	116	108	115

Table 12 indicates that InfraBuild's capacity utilisation improved until 2019. Capacity utilisation decreased in 2020 before improving during the inquiry period. At the conclusion of the inquiry period capacity utilisation remained lower than the peak achieved in 2019.

8.6.6 Employment

Table 13 shows the change in the number of employees employed in the production of like goods.

	2017	2018	2019	2020	2021
Employment	100	103	107	92	94

Table 13: Index – Employment numbers

Table 13 indicates that the number of employees increased until 2019, after which time employee numbers decreased. At the conclusion of the inquiry period employee numbers remained lower than the peak achieved in 2019.

8.6.7 Wages

Table 14 shows the change in InfraBuild's wages bill relating to the production of like goods.

	2017	2018	2019	2020	2021
Wages	100	116	125	118	117

Table 14: Index – Wages

Table 14 indicates that, consistent with movements in employee numbers, wages increased until 2019, after which time wages decreased. At the conclusion of the inquiry period wages remained lower than the peak achieved in 2019.

8.6.8 Productivity

Table 15 shows the change in InfraBuild's productivity, measured in terms of output in tonnes per shift.

	2017	2018	2019	2020	2021
Tonnes per shift	100	100	96	96	102

Table 15: Index – Productivity

Table 15 indicates that productivity has been reasonably constant, with an improvement during the inquiry period such that productivity was at the highest level achieved.

8.6.9 Closing stock

Table 16 shows the change in InfraBuild's closing stock.

	2017	2018	2019	2020	2021
Closing stock	100	136	100	62	113

Table 16: Index – Closing stock

Table 16 indicates that closing stocks were depleted in 2020 however increased during the inquiry period.

8.6.10 Inventory turnover

Table 17 shows the change in InfraBuild's inventory turnover.

	2017	2018	2019	2020	2021
Inventory turnover	100	119	127	167	205

Table 17: Index – Inventory turnover

Table 17 indicates that InfraBuild's inventory turnover has increased in each year.

8.6.11 Receivables turnover

Table 18 shows the change in InfraBuild's receivables turnover.

	2017	2018	2019	2020	2021
Receivables turnover	100	108	94	80	71

Table 18: Index – Receivables turnover

Table 18 indicates that InfraBuild's receivables turnover peaked in 2018 and has since reduced in each year.

9 IMPACT OF EXPIRY OF ANTI-DUMPING MEASURES

9.1 Background and approach to analysis

Under the terms of section 269ZHF(2), in order to recommend that the Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner of the commission must be satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of the dumping **and** the material injury that the anti-dumping measures are intended to prevent.

Accordingly, the verification team sought InfraBuild's views on these matters, and collected evidence to support those claims. The commission will consider this evidence further during the course of the inquiry.

9.2 Applicant's claims

InfraBuild noted that the original investigation found that competition from importers of rebar exported to Australia from the subject countries at dumped prices required the Australian industry to lower its prices relative to those dumped prices. This resulted in the Australian industry achieving lower prices than it might otherwise have and consequently experiencing injury.

InfraBuild continues to set its prices by applying an IPP process through which it negotiated prices with reference to price offers made in the rebar market for imported goods. During the verification, InfraBuild provided a presentation and supporting documents to evidence the operation of its IPP model.

InfraBuild maintains that since the imposition of the anti-dumping measures, there remains a high level of transparency and sensitivity related to prices in the Australian rebar market. By reason of the process of ACRS certification, and the ready availability of accreditation to all mills the subject of this application (even where not currently accredited), the nature of the rebar market is such that products of the same specification from different sources are interchangeable. Consequently, price remains the primary consideration in purchasing decisions and the Australian rebar market is characterised by a high degree of price elasticity.

Within this context InfraBuild consider that the prices it can achieve in the Australian market continue to be influenced by import pricing. InfraBuild, therefore, considers that should rebar exported from the countries and sources the subject of the application become more viable in the absence of anti-dumping measures, it would be required to have regard to the price of rebar from those countries and sources in its price setting practices. By so doing, material injury in the form of price depression and priced suppression, and/or lost sales volume and market share (as well as other injury factors related to price and volume, such as profit and profitability) would be likely.

InfraBuild addressed each of the subject countries separately in presenting its arguments as to the continuation or recurrence of material injury caused by dumping in the event that anti-dumping measures are discontinued. InfraBuild's arguments in respect of each source of exports are contained within the application, which is available on the case page of the commission's electronic public record.

10 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Verification work program
Confidential Appendix 1	Economic condition