

14 October 2022

The Director, Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

BY EMAIL:
Investigations3@adcommission.gov.au

Dear Director,

Continuation Inquiry No. 601 concerning Steel Reinforcing Bar exported from Greece, the Republic of Indonesia, Spain (by Nervacero S.A), Taiwan (by Power Steel Co. Ltd) and the Kingdom of Thailand

**AUSTRALIAN INDUSTRY RESPONSE TO REVISED EXPORTER QUESTIONNAIRE RESPONSE
SUBMITTED BY NERVACERO S.A.**

InfraBuild (Newcastle) Pty Ltd (**InfraBuild**), the applicant for the continuation of anti-dumping measures the subject of this inquiry, provides comments and observations below concerning the 'Revised Questionnaire'¹ submitted by Spanish exporter Nervacero S.A. (**Nervacero**). References to headings follow those used in the revised questionnaire response.

B-1.1(a) Australian export sales process – Marketing and advertising activities

It is clear from inaccuracies contained in Nervacero's description of InfraBuild's "loyalty" scheme² that the exporter has a limited understanding of the operation of the domestic industry's market offer.

InfraBuild provides the following points of clarification:

- InfraBuild's Advantage Program is NOT a "loyalty scheme" but a Market Offer

InfraBuild's Advantage programme is designed and operates as a market offer that is influenced by the price of 'like' imported goods. It represents a simplified pricing structure available to its customers (both related and independent).

- Customers' volume demand is NOT "locked in"

It is standard practice in many capital-intensive industries for customers that purchase higher volumes to have access to differentiated net price outcomes. InfraBuild (and other international

¹ EPR 601/017

² EPR 601/017 at p17

steel mills) rely on optimising volumes through operating facilities to ensure fixed costs per tonne are minimised.

Large fluctuations in production demand caused by sporadic large volume imports have a significant negative impact on a steel mill's operational stability and efficiency. In the competitive Australian rebar market, InfraBuild's market offer must therefore be structured to be an attractive, transparent and competitive option for customers, or they will source their rebar elsewhere.

Customers retain their right to choose whether they purchase from InfraBuild, importers or directly from overseas mills based on the competitiveness of the price offers and other aspects of the domestic market offer that they may value given their specific circumstances. For example, many customers value the ability to order domestic product on shorter lead times as it enables less inventory to be carried, requires less storage space and delivers improved cash flow.

InfraBuild sells to a range of customers that purchase both large and small volumes of reinforcing bar. InfraBuild product is also available for purchase from InfraBuild's related and non-related distributors. Imported rebar that is sold to customers without direct access to InfraBuild's market offer are still considered to be injurious as they result in lost volume and influence prices in the Australian market, albeit via InfraBuild's (related and non-related) distributor network channel.

- InfraBuild's 'loyalty scheme' is NOT the likely reason Australian customers are 'disincentivised' to purchase from Nervacero

InfraBuild's customers are able to source rebar from overseas mills and continue to do so from a range of countries. Whilst InfraBuild cannot speak on behalf of these customers, their decision to purchase imported rebar from sources other than Nervacero is likely attributable to the uncompetitive pricing offered by Nervacero when the rebar is offered at an un-dumped price with interim dumping duties of 6.3% applied. InfraBuild's market offer does not appear to have dis-incentivised exports from Nervacero's related CELSA Group entity in Poland, not currently subject to anti-dumping measures, which have continued to be exported during the inquiry period. The Commission has previously found it to be a '*relevant consideration that the CELSA Group is able to switch its supply source*³'.

International shipping supply chain disruptions caused by the Covid-19 pandemic are further likely to have impacted customer's decisions concerning selection of import source. These disruptions are expected to return to pre-Covid levels in the near to medium term.

E-5.1 Other adjustment claims

The exporter's questionnaire response states:

³ REP 546 at p58.

As advised in Section B, Nervacero's only exportation of the GUC during the inquiry period should not be regarded as being a sale in ordinary course of trade or in any way a normal "commercial" sale of the goods to Australia. [CONFIDENTIAL TEXT DELETED – explanation regarding different circumstances affecting domestic and export sales during the inquiry period] Nervacero respectfully submits that such shipment is not a relevant "sale" for the purpose of anti-dumping inquiry.⁴

InfraBuild respectfully requests that due consideration be given to any shipments from all exporters, including Nervacero, to Australia during the inquiry period. The model control code (MCC) P-C-C-B-C-N, disclosed by the exporter as having been exported to Australia during the inquiry period, designates prime rebar coil of diameter 12-16mm, with minimum yield strength between 480-550MPa (likely produced to Australian/New Zealand Standard AS/NZS 4671 Grade 500N). It is not 'non-prime' product and appears to be the same product previously exported by the exporter. We see no reason why this export shipment should not be treated as a "relevant sale".

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

FOR AND ON BEHALF OF THE

AUSTRALIAN INDUSTRY APPLICANT

⁴ EPR 601/017 at p32