

19 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 SUBMISSION CONCERNING “ALL OTHER EXPORTERS” FROM INDONESIA

InfraBuild (Newcastle) Pty Ltd (**InfraBuild**), the applicant for the continuation of anti-dumping measures the subject of this inquiry, seeks to bring to the Commission’s attention details of a likely new exporter from Indonesia, and the importance of continuing measures against “all other exporters” from that subject country.

ACRS certification obtained

On 22 September 2022, PT Dexin Steel Indonesia (**PT Dexin**) of Bahodopi, Bungku, Sulawesi, Indonesia obtained certification from the Australasian Certification Authority for Reinforcing and Structural Steels (**ACRS**) for Grade 500 MPa rebar in straight lengths for various diameters.¹

The Commission has previously recognised that ...*[i]mported rebar sold in the Australian market generally originates from mills that are ACRS certified...*² and concluded that:

Given the requirements placed on exporters in order to maintain ACRS certification, the Commission considers it reasonable that the exporters with ACRS certification intend to continue to supply the Australian market.

...

*The Commission therefore considers that exporters who hold or can readily obtain ACRS accreditation would provide those exporters from China the opportunity to supply the Australian market at very short notice should the measures be allowed to expire.³ (*emphasis added*)*

¹ Refer **NON-CONFIDENTIAL ATTACHMENT 1**.

² REP 560 (Steel reinforcing bar from the People’s Republic of China – Continuation Inquiry), p. 15.

³ REP 560 (Steel reinforcing bar from the People’s Republic of China – Continuation Inquiry), p. 34.

Indeed, PT Dexin has a current behaviour of entering markets shortly after it has obtained certification. Recently (31 August 2022), *S&P Global Commodity Insights* reported that:

Dexin Steel Indonesia plans to export rebar to Singapore and Hong Kong from December, after being awarded the quality certification for it to sell to those markets...

Dexin received the CARES, or Certification Authority for Reinforcing Steels, certification in July, according to a digital copy obtained by S&P Global, and is looking to export only in December as its equipment is undergoing upgrading in the interim...⁴

CARES certification is an equivalent scheme in overseas markets to the Australian market's ACRS certification.

Applied here, InfraBuild submits that irrespective of what conclusions the Commission reaches; in the course of this inquiry; with respect to the named exporters from Indonesia, the activity of other manufacturers and producers of the goods, subject to the measures as "all other exporters" within the dumping duty notice, are both capable of, and likely to, supply the Australian market at very short notice should the measures be allowed to expire. PT Dexin is an example of such a manufacturer or producer, which although not a named exporter, armed with its recently acquired ACRS certification would commence supply to the Australian market should the measures with respect to "all other exporters" from Indonesia be allowed to expire.

PT Dexin current capacity equals 94% of total Indonesian crude steel output in 2019

PT Dexin is a joint venture partnership of Chinese steelmaker Delong Steel Group. Investment in the joint venture commenced in 2018, and the mill reached design output in June 2020. Steel industry reports in October 2020 announced that the mill *...had now launched a first-phase expansion of the project, raising annual capacity to 6 million tonnes, which is slated to be put into production by the end of 2021.*⁵ The World Steel Association reports that Indonesia's total crude steel in 2019, was 6.4 million tonnes.⁶ In other words, PT Dexin's current production capacity accounts for almost 94% of what Indonesia's entire actual crude steelmaking output was in 2019. More recent reports have pushed the 6 million tonne capacity target out to December 2022.⁷

Most recently (5 February 2021), it was reported that *...PT Dexin has an overall crude steel production capacity of 3.5 million mt/year...* however, most relevant to this continuation inquiry:

*...feeding re-rolling lines for rebar and wire rod with capacities of 1 million mt/year and 500,000 mt/year, respectively.*⁸

⁴ CONFIDENTIAL ATTACHMENT 2.

⁵ CONFIDENTIAL ATTACHMENT 3.

⁶ CONFIDENTIAL ATTACHMENT 3.

⁷ CONFIDENTIAL ATTACHMENT 4.

⁸ CONFIDENTIAL ATTACHMENT 4.

Furthermore, PT Dexin is reported to be pursuing an aggressive expansion plan, specifically:

“With the help from Indonesian government and related policies, Delong ... will gradually expand the project’s annual capacity to 20 million tonnes,”⁹

In assessing the likelihood of continuing or recurrence of dumping, the inquiry may gather facts as relevant on whether exports are likely to continue or resume. In this case the considerable expansion of “all other exporters” from Indonesia’s significant growth in production capacity will be relevant.¹⁰

PT Dexin’s entry to the Indonesian steel industry; and contribution to the Indonesian rebar industry specifically; is significant. Industry reports suggest:

There will also be additional capacity next year for 3.5 million tpy of steel billet, slab, rebar and wire rod from Chinese-backed PT Dexin Steel Indonesia in Central Sulawesi province, which could grow Indonesia’s volume of steel exports.¹¹

Indeed, the *China Daily* recently reported that PT Dexin is ...*the largest single steel complex in Asia.*¹²

The *Dumping and Subsidy Manual* also directs the inquiry to consider the following factors (of relevance here) when assessing the likelihood of continuing or recurring dumping:

- exporters’ supply chains;
- normal values in the exporting country;
- changes in distribution channels; and
- changes in transport costs

Applied here, PT Dexin is reported to have a preference to export (over domestic Indonesian supply) by virtue of its access to international seaports:

[PT Dexin] will be more competitive as an exporter than selling into the domestic Indonesian market because freight from Sulawesi to Java costs about \$25-30 per tonne, which is higher than from other sources like Malaysia and Russia...¹³

PT Dexin’s ownership structure

Originally, PT Dexin was a company formed by Delong Steel Singapore Projects Pte Ltd (**DSSPPL**), Shanghai Decent (**SD**) and PT Indonesia Morowali Industrial Park (**PTIMIP**), specifically:

- On June 18, 2017, SD, Delong Group (**DG**) and PT Indonesia Morowali Industrial Park (**IMIP**) signed a Memorandum of Understanding (**MoU**) for the project implementation.

⁹ CONFIDENTIAL ATTACHMENT 3.

¹⁰ *Dumping and Subsidy Manual*, p. 137.

¹¹ CONFIDENTIAL ATTACHMENT 5.

¹² CONFIDENTIAL ATTACHMENT 6.

¹³ CONFIDENTIAL ATTACHMENT 5.

- In November 2017, DG, SD and IMIP formed a joint venture company named Dexin for the project implementation.¹⁴
- Upon formation, DSSPPL (Delong Steel Singapore Projects Pte Ltd) held 45% of shares of the joint venture, while 43% were held by SD (Shanghai Decent). The remaining 12% were held by IMIP (PT Indonesia Morowali Industrial Park).¹⁵

The MoU was signed on the sidelines of the *China-Indonesia Cooperation Forum: Belt and Road Initiative* and *Global Maritime Fulcrum* held in Beijing.¹⁶

In February 2021, the joint venture partners are reported to have changed, however, DSSPPL (Delong Steel Singapore Projects Pte Ltd) has increased its stake from 45% to 60%:

PT Dexin Steel is a joint venture between Delong Steel Group, Tsingshan Holding group, IMIP (Indonesia Morowali Industrial Park) and Hanwa.

*Delong Steel Singapore Projects, a subsidiary of Chinese steelmaker Delong Holdings, has a 60% stake in the venture and Hanwa 10%, a Dexin Steel source said.*¹⁷

DSSPPL (Delong Steel Singapore Projects Pte Ltd) is a wholly owned subsidiary of the Delong Group,¹⁸ of which Delong Steel Limited is also a subsidiary. Delong Steel Limited is an integrated steel mill manufacturing steel billets and mid-width hot-rolled coils for both domestic consumption and export.¹⁹

Noting that a particular market situation for rebar has been found to exist by the Commission, and that raw materials, including steel billets do not reasonably reflect competitive market costs associated with the production or manufacture of like goods within the meaning of sub-paragraph 43(2)(b)(ii) of the *Customs (International Obligations) Regulation 2015*, any consideration of cost to make and sell information for PT Dexin in the course of this continuation inquiry, must consider whether the supply of steel billet for the production of rebar in Indonesia is exported by a related party in China.

Conclusion

By obtaining ACRS certification for the goods the subject of this inquiry, PT Dexin; currently subject to an “all other exporters” rate of duty; would; by virtue of its capacity and preference for export over domestic supply; be likely to commence supply to the Australian market should the measures be allowed to expire.

¹⁴ [Dexin – Morowali Carbon Steel Factory – Central Sulawesi - Project Profile \(marketresearch.com\)](#) (accessed 19/10/2022)

¹⁵ [www.lingtong.info \(lingtongmetal.com\)](#) (accessed 19/10/2022)

¹⁶ [www.lingtong.info \(lingtongmetal.com\)](#) (accessed 19/10/2022)

¹⁷ **CONFIDENTIAL ATTACHMENT 4.**

¹⁸ [Delong obtains SGX approval for proposed steel project JV, Companies & Markets - THE BUSINESS TIMES](#) (accessed 19/10/2022)

¹⁹ <https://links.sgx.com/1.0.0/corporate-information/2758> (accessed 19/10/2022).

For this reason, irrespective of what conclusions are reached with respect to the continuation of measures against named exporters from Indonesia, measures must not be allowed to expire against “all other exporters” from Indonesia if the Australian industry is not to experience a continuation or recurrence of material injury from goods dumped by exporters from that source.

Furthermore, should PT Dexin seek to participate in this inquiry, then the Commission must carefully assess any related party raw material supply transactions, especially with its associate in China belonging to the Delong Group of companies.

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

FOR AND ON BEHALF OF THE

AUSTRALIAN INDUSTRY APPLICANT