



**Australian Government**  
**Australian Customs and  
Border Protection Service**

## **International Trade Remedies Branch**

# **SUPPLEMENTARY GOVERNMENT QUESTIONNAIRE - CHINA**

**PRODUCT CONCERNED:** ZINC COATED (GALVANISED) STEEL  
AND ALUMINIUM ZINC COATED STEEL  
FROM THE PEOPLE'S REPUBLIC OF  
CHINA

**INVESTIGATION PERIOD:** 1 JULY 2011 TO 30 JUNE 2012

**RESPONSE DUE BY:** 22 MARCH 2013

**ADDRESS FOR RESPONSE:** International Trade Remedies Branch  
Australian Customs and Border  
Protection Service  
5 Constitution Avenue  
Canberra act 2601  
Australia  
Attention: Director Operations 2

**CASE MANAGER:** Mr Sanjay Sharma  
**TELEPHONE:** +61-2-6275-8008  
**FAX:** +61-2-6275-6990  
**EMAIL:** [itrops2@customs.gov.au](mailto:itrops2@customs.gov.au)

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**Please note that a non-confidential version of the reply to this questionnaire must be provided at the same time the confidential version is provided.**

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## ABBREVIATIONS

the Act	the <i>Customs Act 1901</i>
China	the People's Republic of China
CISA	China Iron and Steel Association
CTMS	cost to make and sell
Customs and Border Protection	the Australian Customs and Border Protection Service
EPZ	Export Processing Zones
FIE	foreign invested enterprise
GOC	Government of China
the goods	the goods the subject of the application (galvanised steel and aluminium zinc coated steel)
HRC	hot-rolled coil
the investigation period	1 July 2011 to 30 June 2012
BlueScope Steel	BlueScope Steel Limited
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
SEZ	special economic zone
SIE	state-invested enterprise

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## BACKGROUND AND GENERAL INSTRUCTIONS

### 1. Background

On 5 September 2012, following an application by BlueScope Steel Limited (BlueScope Steel), an Australian industry member, the Australian Customs and Border Protection Service (Customs and Border Protection and Border Protection) initiated investigations into allegations that certain zinc coated steel (galvanised steel) and aluminium zinc coated steel from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan have been exported to Australia at dumped prices, and because of that dumping, material injury has been caused to an Australian industry producing like goods.

BlueScope Steel alleged that there is a situation in the domestic Chinese galvanised steel and aluminium zinc coated steel markets that renders sales within those markets unsuitable for determining normal values under s.269TAC(1) of the *Customs Act 1901* (the Act) (i.e. that a 'particular market situation' exists in these markets).

Further details of the dumping investigations, including a description of the goods, are contained in Australian Customs Dumping Notice (ACDN) Nos. 2012/40 and ACDN 2012/62.

### 2. Purpose of this Supplementary questionnaire

Customs and Border Protection has considered the Government of China's (GOC's) response to the Government Questionnaire (GQ) submitted on 8 February 2013, in relation to galvanised steel and aluminium zinc coated steel. Customs and Border Protection seeks further clarification and information necessary for assessing 'Particular Market Situation' claims.

The GOC does not have to complete the supplementary questionnaire. However, if the GOC does not respond, Customs and Border Protection may be required to rely on information supplied earlier by GOC or supplied by other parties (including information supplied by the Australian industry – the applicant for the anti-dumping measures).

Therefore, it is considered to be in the GOC's interests and the interest of Chinese exporters of galvanised steel and/or aluminium zinc coated steel, to provide a complete response. These questions are to be read in conjunction with the initial Government Questionnaire and response provided by the GOC.

If the GOC chooses to respond to this questionnaire, the response is due by **COB 22 March 2013.**

### 3. If GOC decides to respond

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Should the GOC choose to provide a response to this supplementary questionnaire, please note the following.

### For official use only and public record

If the GOC chooses to respond to this questionnaire, you are required to lodge a “for official use only” and a “public record” version of your submission by the due date.

In submitting these versions, please ensure that each page of the information you provide is clearly marked either “**FOR OFFICIAL USE ONLY**” or “**PUBLIC RECORD**” in the header and footer.

All information provided to Customs and Border Protection “for official use only” will be treated confidentially. The public record version of your submission will be placed on the public record, which all interested parties can access.

Your public record submission must contain sufficient detail to allow a reasonable understanding of the substance of the “for official use only” version. If, for some reason, you cannot produce a public record summary, contact the investigation case manager (see contact details on Page 1 of this questionnaire).

### Declaration

You are required to make a declaration that the information contained in the GOC’s response is complete and correct. You must return the signed declaration of an authorised GOC official at the last section of this questionnaire with the GOC’s response.

### Consultants/parties acting on your behalf

If you intend to have another party act on your behalf please advise Customs and Border Protection of the relevant details.

Customs and Border Protection will generally require a written authorisation from the GOC for any party acting on its behalf.

### Provision of documents

When providing documents, please indicate whether the documents:

- are currently in force;
- were in force during the investigation period; or
- have been repealed, revised or superseded.

Responses to questions should:

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- be accurate and complete, and attach all relevant supporting documents, even where not specifically requested in this questionnaire;
- be in English (with fully translated versions of all requested and other applicable documents submitted);
- list your source(s) of information for each question;
- identify all units of measurement used in any tables, lists and calculations; and
- show any amounts in the currency in which they were originally denominated.

Please note that answers such as: "Not Applicable" or an answer that only refers to an exhibit or an attachment may not be considered by Customs and Border Protection to be adequate. We therefore suggest that in answering the questions you outline the key elements of your response in the primary submission document, rather than merely pointing to supporting documents of varying degrees of relevance and reliability as your answer.

### Lodgement

Lodgement by email is preferred. The email address for lodgement is shown on the front cover of this questionnaire. If you lodge by email, you are still required to provide a "for official use only" and "public record" versions of your submission by the due date.

You may also lodge your response by mailing it to the address shown on the front cover of this questionnaire. For questions requiring a response in a Microsoft Excel spreadsheet, please provide the spread sheets on a CD-ROM.

#### **4. Future questions**

Please note that after receiving the GOC response to this questionnaire, Customs and Border Protection may seek additional information from the GOC.

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**The following questions relate to the allegations that ‘a particular market situation’ exists in China in galvanised steel and aluminium zinc coated steel industries.**

Most of the questions below are leading questions from the responses to the GQ provided by the GOC on 8 February 2013. It is important to note that some of the responses provided were incomplete and not adequately answered. Some attachments provided were partially omitted and some were only partially translated in English. It has also been noted that in some parts of the questions where the GOC made certain claims it did not provide adequate supporting evidence and data. The following questions highlight these deficiencies seeking additional information.

1. As part of its response to GQ A -1, GOC provided some statistics for the goods under consideration and upstream industries. This information forms part of the response to GQ A-6 in relation to coke, coking coal, iron ore and scrap metal. Please provide the following additional information regarding following:
  - (i) At attachments 35,36, 37 and 39 of the GQ A-6, the GOC provided only the names of the entities producing and/or trading, coking coal, coke, iron ore and scrap metal (GOC did not answer GQ A-6 fully). Provide a complete response to GQ A-6 including the following details for coke, coking coal, iron ore and scrap metal:
    - a. address of the business entity (including the city, province and region);
    - b. function of the business entity (e.g. manufacturer, trader, exporter);
    - c. type of entity (e.g. State invested enterprise (SIE), Foreign invested enterprise (FIE), private enterprise, joint venture or other (please specify));
    - d. if the business entity is not a SIE, whether it is otherwise associated with the GOC;
    - e. whether the GOC is a shareholder in the business, and if so the percentage of GOC holdings;
    - f. whether there is GOC representation in the business, and if so the type of representation (e.g. on the Board of Directors), the authority responsible, and indicate any special rights provided to the representative (e.g. veto rights)

Please provide the details in the attached spreadsheet (using Microsoft Excel format – A1 Attached)

- (ii) At Attachments 16 and 17 (GQ A-2 (a) refers), the GOC provided quantity and price of coking coal and coke imported by China on a quarterly basis. Provide the name(s) of the exporting country (ies) (including quantity exported by each country) indicating the terms

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of trade (e.g. FOB price etc.). Please provide the details on a yearly basis for the injury analysis period (i.e. 2007 to 2011) and on a quarterly basis (for the investigation period) using Microsoft Excel format (refer to the excel spreadsheet Attachment – Tab A2).

2. In its response to GQ, A-1 (c), the GOC identified a number of changes in the galvanised steel and aluminium zinc coated steel industries over the last five years. Please provide further additional details;
  - (i) Item (i) on page 19 GOC stated that '*on 16 January 2012 the 'China Iron Ore Spot Trading Platform was officially opened for trading'.*
    - a. Identify the name of the regularity authority that supervises this trading platform.
    - b. Provide the full address of China Iron Ore Spot Trading Platform (including the website address).
    - c. Are there restrictions to trade on this trading platform (e.g. restricted to Chinese Nationals only etc.)?
    - d. Explain why there is a need for a separate trading platform specifically for iron ore spot trading.
    - e. Provide a list of types of commodities and /or securities that are traded on this trading platform.
    - f. Provide the name(s) of the owners and/or major shareholders of the 'China Iron Ore Spot Trading Platform' who have controlling interests. If it is owned by the GOC provide the name of the government body responsible for its operations. If it is owned by a private entity(ies), provide the name(s) and address(es) of this entity(ies).
  - (ii) In its response to GQ A-1 (c ) (I), the GOC stated that on 22 March 2012, the China Securities Regulatory commission approved '*Dalian Commodity Exchange* 'to conduct the trade of *Coke Futures*. Provide the following additional information:
    - a. Provide the quantity and price of coke futures (on a monthly basis from March 2012 to 30 June 2012) for all coke futures traded on the *Dalian Commodity Exchange*.
    - b. Identify all trading restrictions on Dalian Commodity Exchange (for example restricted to Chinese companies and/or individuals etc.).



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- (iii) GQ response to A-1 (c) (m) refers. The GOC stated that the Ministry of Industry and Information Technology (MIIT) of GOC published the "Admittance Conditions of Scrap Steel Processing Industry" on 11 October 2012.

Provide a copy of 'Admittance Conditions of Scrap Steel Processing Industry' translated in English (including the original Chinese version)

- (iv) GQ response to A- 1 ( c)(p) refers. The GOC stated that in 2012, the MIIT published the 'standard Conditions of Production and Operations of the Iron and Steel Industry' (amended version of 2012) in order to further promote structural adjustment and industrial upgrading of iron and steel industry.

Provide a copy of 'standard Conditions of Production and Operations of the Iron and Steel Industry' (translated and original version).

- (v) The GOC did not fully answer GQ 1 (e). Please answer this question fully by identifying the proportion of government ownership in the galvanised steel and aluminium zinc coated steel (including upstream industries - iron ore, coking coal, coke and scrap metal) industries.

3. In response to various parts of GQ A-2 numbers of attachments were provided. It has been noted that for some attachments, there were no data provided between July 2007 and December 2008. If data is not available or if there were no imports in this period, please specify. If there are other reasons, clearly state the reasons for not providing the data for this period.

- (i) Response to GQ A- 2(a) refers. No data has been provided in Attachments 15, 17, 18, 19 and 20 for the periods July 2007 to December 2008.
- (ii) QA- 2(b) refers. No data has been provided in Attachments 21, 22, 23,24,25,26 and 27 for the periods July 2007 to December 2008.
- (iii) QA-3(b) refers. Attachment 29 does not refer to import quotas. Please confirm whether there were any import quotas for the items during the period specified in the attachment and if so, provide complete details.
- (iv) QA-3(c ) (i) Attachment 31 refers - coking coal and coke have been subject to export quota controls from 2007 to 2012. Provide the following additional information.

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- (i) value and volume (or percentage of production) of export quota applicable in each year from 2007 to 2012.
  - (ii) copy of legislation, policy, regulations (translated and original), that empowers the GOC (Ministry of Commerce) to implement and monitor the export quotas and ramifications for not complying with the law.
  - (iii) Requirements (terms and conditions) to issue export licenses for coke and coking coal effective in the investigation period.
4. GQA-3(b) Attachment 29 refers - It has been noted that GOC in its response to GQ for INV177 (response to GQ INV177 - Attachment 43 refers) provided that the import tariff rate for coking coal for 2007 and 2008 was 3%. However, for this investigation, (Attachment 29 refers) the import tariff rate provided for the same period (2007 and 2008) is stated as 0%. Please clarify the correct tariff rates applicable in 2007 and 2008.
5. The GOC stated that (GQ response to A-4 refers), as a result of number of measures (such as 'restrictions on production of highly polluting enterprises', 'ensuring the compliance of old technologies with current standards', 'export quota restrictions on coke' 'restrictions on domestic capacity of coke production', etc) a number of positive achievements such as significant improvements in air quality in Shanxi province have been 'researched and documented'. Provide the following additional information:
  - Production capacity and volume growth of the coke industry in China as a result of 40% increase of the export tax. Provide the data on an annual basis from 2008 to 2012.
  - Translated (and original) copies of the researched documents referred above including the name of the researcher and/or institute that conducted this research.
  - Is the researcher and/or the institute associated with the GOC? If so explain how?
  - Has the GOC funded (either partially or fully) this research? If not, how was this research funded?
6. Customs and Border Protection has been informed by the Chinese Iron and Steel Industry (CISA) that with effect from January 2013, the export tax on coke has been abolished. Please explain the reason why the GOC abolished the 40% export tax on coke from 2013 (provide all documentary evidence (translated and original)).

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7. Has the GOC introduced any other form of taxes and/or tariffs to replace the export tax on coke that was abolished in January 2013? If yes, provide the name, form and rates of the taxes and/or tariffs. Provide all documentary evidence (such as legislative changes, etc.) identifying the name of the government agency implementing and monitoring this new taxes and/or tariffs evidence (translated and original)).
8. Reference is made to GQ A-5. The GOC did not answer this question fully. Please answer this question by completing the spreadsheet (using Microsoft Excel format – A3 Attached) listing all Chinese galvanised steel and aluminium zinc coated steel producers and/or exporters that have produced and/or exported those goods destined for Australia during the investigation period, including the following details:
- a. Name of the business entity;
  - b. Address of the business entity (including the city, province and region);
  - c. Function of the business entity (e.g. manufacturer, trader, exporter);
  - d. Type of business entity (e.g. State invested enterprise (SIE), Foreign invested enterprise (FIE), private enterprise, joint venture or other (please specify))
  - e. if the entity is not a SIE, whether it is otherwise associated with the GOC;
  - f. whether the business entity manufactures HRC;
  - g. whether the business entity is also an iron ore and/or coking coal miner;
  - h. production quantity of galvanised steel;
  - i. production quantity of aluminium zinc coated steel;
  - j. whether GOC is a shareholder in the business, and if so the percentage of GOC holdings; and
  - k. whether there is GOC representation in the business, and if so the type of representation (e.g. on the Board of Directors), the authority responsible, and indicate any special rights provided to the representative (e.g. veto rights)
9. In its response to GQ A- 5, GOC stated that there are 31 SIEs producing galvanised steel and aluminium zinc coated steel in China and it will provide the complete organisational structure, including subsidiaries and associated businesses and copies of annual reports of the business for the last 2 years after completing its search on the publicly available documents.

Customs and Border Protection would like to emphasise that it will only be able to consider any such information submitted to it within a reasonable time frame. Please forward all such documents to Customs and Border Protection by COB **22 March 2013**.

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10. As part of its response to GQ A- 8, GOC stated that it does not understand what was meant by the question in its use of the words “*issued or participated*”. GOC further stated that based on its understanding, it responded to this question and provided copies of *Security Law* (Attachment 41 refers) and *Law on State-Owned Assets of Enterprises* (Attachments 42 refers). GOC also stated that the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), at various levels represent the central and local government to hold the shareholders rights within SIE’s but the SIE’s ‘*independently*’ issue securities and financial instruments in accordance with laws and regulations.

Please provide responses to the following additional questions:

- (a) Has the GOC in the last 5 years provided any form of capital assistance to any business entity (SIE, Private, FIE etc.) associated with galvanised steel and/or aluminium zinc coated steel (including HRC, iron ore, coking coal, coke and scrap metal)? Examples of capital assistance can be (but not limited to) cash contribution, equity contribution, conversion of any debt-to-equity etc.
- (b) Explain the process (step by step methodology) as to how the SIEs ‘*independently*’ issue securities and use financial instruments to raise capital. Who makes such ‘*independent decisions*’ (e.g. special committee appointed by SASAC etc.)?
- (d) The GOC stated that (GQ A-8 refers) it does not itself participate in the issuance of any debt or equity instruments in any business associated with galvanised steel and/or aluminium zinc coated steel industries. Provide the name(s), address and business type of the entities that represent GOC in such activities.
- (e) GOC in its response to GQ A-1 (e) (page 22 refers) stated that “*the GOC has consistently adopted the policy that the State-owned shareholding of enterprises shall be gradually withdrawn from competitive industrial sectors. In recent years this has been achieved through divestment, share transfers or other forms of state-owned share trading (including public listings and sell-downs)*”. Please answer the following additional questions:
- Provide a copy of the ‘policy document(s)’ adopted by the GOC to gradually withdraw from the competitive industrial sectors (provide translated and original copies).
  - Explain the processes/methodology/criterion that GOC uses to identify “Competitive industrial sectors” mentioned above.
  - Provide the name and business address of all SIEs associated with galvanised steel and/or aluminium zinc coated steel (including HRC, iron ore, coking coal, coke and scrap

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metal), where state-owned shareholding has been withdrawn (partially or fully) in the last 5 years. Please include the following information for each such SIE:

- (i) Method of state withdrawal (sell downs) (e.g. share transfers, public offers etc.) used by GOC.
- (ii) Type(s) of restrictions placed on such transfers (e.g. trading restrictions, only Chinese nationals / companies could buy such shares etc.).
- (iii) Name(s) and address(es) of the issuer / manager / sponsor / undertaker who managed the state withdrawal process.
- (iv) Provide a copy of all prospectus and/or offer documents used to 'sell down' off load government shares.
- (v) Provide the names and proportion of shares held by each shareholder of the top 20 shareholders as at 30 June 2012 of all SIE's associated with galvanised steel and/or aluminium zinc coated steel (including HRC, Iron ore, coking coal, coke and scrap metal). If listed on a stock exchange, provide the name(s) of the Stock Exchange (s)).

- 11.** In its response to GQ A-9, the GOC referred to Article 8 of Guarantee Law (Attachment 43 refers), and claims that Chinese law prohibits any Government agencies which have the responsibility for the administration of industry or social affairs to guarantee the commercial loans for any enterprises.

However, Article 8 of *Chinese Guarantee Law* states that "*any state Organ may not act as a guarantor.....*" [Emphasis added]

The use of the word "may" in article 8 does not strictly prohibit the state organ to act as a guarantor. As such, Customs and Border Protection would like to clarify if the GOC has guaranteed any form of loans or advances to any business entity associated with galvanised steel and / or aluminium zinc coated steel (including raw material HRC, iron ore, coke, coking coal and scrap metal) industries in the last 5 years. If so, please provide details of such government guarantee including the date (Month and year), value of guarantee provided and if such guarantee was secured or unsecured.

- 12.** If your answer to question 11 above is yes, provide the name of business entities for which guarantee was provided. Also identify the amount of loan guaranteed, the purpose of the loan/advance and type of business (SIE, FIE, private company etc.).

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**13.** The GOC did not adequately respond to GQ A-10. The GOC refers to only '*responding exporters*<sup>1</sup>'. Please provide a full response to this question including all entities producing raw materials (HRC, iron-ore, coking coal, coke and scrap metal) who exported galvanised steel and/or aluminium zinc coated steel to Australia during the investigation period.

**14.** Reference is made to GQ A-12. GOC did not identify the names of government department(s) or institution(s) responsible for the formulation and implementation of the laws and regulations of the price of galvanised steel, aluminium zinc coated steel and any of the raw materials used in the manufacture of these products. It only referred to them as "*Competent departments*"

Provide names of all "*competent departments*" responsible for formulation and implementation of laws and regulations concerning steel industry, galvanised steel, aluminium zinc coated steel and raw materials (HRC, coking coal, coke, iron ore and scrap metal).

**15.** In response to GQ A-14 – the GOC identified a number of new GOC policies and initiatives that came into effect following INV177. GOC provided a list with its intention to further assist Customs and Border Protection understand 'Particular Market Situation' claims in the iron and steel Industry in China. Provide further additional information regarding the following;

i. GQ A-14 (a) refers – In its response GOC stated that there have been '*some opinions*' issued by Chinese central and local Government on strengthening the building of the government under the rule of law in 2010.

Provide copies of all such '*opinions*' issued by the central and local Chinese Government (including translated and original documents).

ii. GQA- 14 (b) refers – GOC stated that Chinese central and local Government also issued a 'series of policies and measures' to further promote the development of private enterprises in the economy during 2010 to 2012.

Provide copies of all such '*policies and measures*' issued by central and local Chinese Government. (Provide translated and original documents).

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<sup>1</sup> GOC refers to Chinese exporters who are cooperating with the current investigations into alleged dumping and /or subsidisation of galvanised steel and aluminium zinc coated steel exported from China.

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- iii. Explain how the opinions policies and measures mentioned above have changed Chinese industrial structure. Provide details of all changes in iron and steel industry by province and region as a result of these 'opinions, policies and measures'.
- iv. The GOC in its response to GQ A-14 (pg 38 refers) stated that the number of SIE's operating in 2011 were 54% less than in 2006 and that the private enterprises increased by 20% over the same period. What percentage of SIE and private sector stated above relate to the iron and steel industry?
- v. Explain how the new structures mentioned in part (iv) above were independent from government controls and interferences.
- vi. GQ A-14 (c) refers – GOC stated that 'the State Council has further reduced the 'number of items subject to administrative to review and approval....'
- Provide a fully translated copy of "Decision on GUOFA [2010] No.21 (attachment 46 refers). The current attachment provides only part of the documents translated in English.
  - Provide a fully translated copy of "Decision on GUOFA [2012] No.52 (attachment 47 refers). The current attachment only provided part of the document in English.
  - Provide copies of all Administrative Regulations prior to the amendments (mentioned in Attachment 48) that were affected by "Order of state Council No. 588" (provide translated and original copies)) that have implications in iron and steel industry.
  - Explain how the amended regulations(107 amended administrative regulations identified in the ' order of state council no.588') will impact or have impacted on the iron and steel industries (including specific references to the goods under investigation and their upstream industries) in China.
- 16.** Reference is made to GQ A-15 – the GOC stated that it promulgated a '*Directory Catalogue (2011 version)*' in March 2011, that came into force as of 1 June 2011. At the same time, the 2005 version of the Directory Catalogue was repealed and replaced.
- Provide a copy of *Directory Catalogue (2011 version)*. (Provide translated and original copies).

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## DECLARATION

The undersigned certifies that all information supplied herein in response to the questionnaire (including any data supplied in an electronic format) is complete and correct to the best of his/her knowledge and belief.

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of authorised official**

\_\_\_\_\_  
**Name of authorised official**

\_\_\_\_\_  
**Title of authorised official**