SECOND 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: 17 APRIL 2013

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

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EMAIL: itrops2@customs.gov.au

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.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>the Act</td>
<td>the <em>Customs Act 1901</em></td>
</tr>
<tr>
<td>China</td>
<td>the People’s Republic of China</td>
</tr>
<tr>
<td>CISA</td>
<td>China Iron and Steel Association</td>
</tr>
<tr>
<td>Customs and Border Protection</td>
<td>the Australian Customs and Border Protection Service</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export Processing Zones</td>
</tr>
<tr>
<td>FIE</td>
<td>foreign invested enterprise</td>
</tr>
<tr>
<td>GOC</td>
<td>Government of China</td>
</tr>
<tr>
<td>the goods</td>
<td>the goods the subject of the application (galvanised steel and aluminium zinc coated steel)</td>
</tr>
<tr>
<td>HRC</td>
<td>hot-rolled coil</td>
</tr>
<tr>
<td>the investigation period</td>
<td>1 July 2011 to 30 June 2012</td>
</tr>
<tr>
<td>BlueScope Steel</td>
<td>BlueScope Steel Limited</td>
</tr>
<tr>
<td>SASAC</td>
<td>the State-owned Assets Supervision and Administration Commission of the State Council</td>
</tr>
<tr>
<td>SEZ</td>
<td>special economic zone</td>
</tr>
<tr>
<td>SIE</td>
<td>state-invested enterprise</td>
</tr>
</tbody>
</table>
1. **Background**

On 26 November 2012, following two separate applications by BlueScope Steel Limited (BlueScope Steel), an Australian industry member, Customs and Border Protection initiated investigations into allegations that countervailable subsidies have been received by exporters in respect of galvanised steel and aluminium zinc coated steel exported from China to Australia, and because of that subsidisation, material injury has been caused to an Australian industry producing like goods.

Further details of the subsidy investigations, including a description of the goods, are contained in Australian Customs Dumping Notice (ACDN) Nos. 2012/56 and ACDN 2012/58.

2. **Purpose of this Second Supplementary government questionnaire**

Customs and Border Protection has considered the GOC’s response to the Government Questionnaire (GQ) submitted on 8 February 2013, in relation to galvanised steel and aluminium zinc coated steel. During the course of the investigation, Customs and Border Protection identified additional countervailable subsidy programs. As such, further clarifications and information is required for assessing subsidy claims.

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

If the GOC chooses to respond to this questionnaire, the response is due by COB 17 April 2013.

3. **If you decide to respond**

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

*For official use only and public record*

If the GOC chooses to respond to this second supplementary 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 officer (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 the 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:

- be as accurate and complete as possible, 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 spreadsheets 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.
A. SUBSIDY PROGRAMS – ALLEGED IN APPLICATION

The following questions relate to alleged ‘countervailable subsidy programs’ provided to galvanised steel and aluminium zinc coated steel exporters by the GOC.

Table 1 below lists the alleged countervailable subsidy programs that have been initially identified and are being investigated for galvanised steel and aluminium zinc coated steel.

**Note:** the titles of programs are to the best of Customs and Border Protection’s knowledge and in some cases may simply be descriptions of the program. Consequently, the above titles may not exactly reflect any official titles that the GOC has in place.

**Table 1: alleged countervailable subsidies being investigated**

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Name</th>
<th>Program Type</th>
<th>Case 177 Program Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hot rolled steel provided by government at less than fair market value</td>
<td>Remuneration</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Coking coal provided by government at less than adequate remuneration</td>
<td>Remuneration</td>
<td>N/A</td>
</tr>
<tr>
<td>3</td>
<td>Coke provided by government at less than adequate remuneration</td>
<td>Remuneration</td>
<td>N/A</td>
</tr>
<tr>
<td>4</td>
<td>Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones</td>
<td>Income Tax</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Preferential Tax Policies for Foreign Invested Enterprises – Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years</td>
<td>Income Tax</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)</td>
<td>Income Tax</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)</td>
<td>Income Tax</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>Preferential Tax Policies in the Western Regions</td>
<td>Income Tax</td>
<td>13</td>
</tr>
<tr>
<td>9</td>
<td>Land Use Tax Deduction</td>
<td>Income Tax</td>
<td>29</td>
</tr>
</tbody>
</table>

1 Refers to the program number that will be used in this investigation
<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Name</th>
<th>Program Type</th>
<th>Case 177 Program Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipments</td>
<td>Tariff &amp; VAT</td>
<td>14</td>
</tr>
<tr>
<td>12</td>
<td>One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’</td>
<td>Grant</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Matching Funds for International Market Development for Small and Medium Enterprises</td>
<td>Grant</td>
<td>5</td>
</tr>
<tr>
<td>14</td>
<td>Superstar Enterprise Grant</td>
<td>Grant</td>
<td>6</td>
</tr>
<tr>
<td>15</td>
<td>Research &amp; Development (R&amp;D) Assistance Grant</td>
<td>Grant</td>
<td>7</td>
</tr>
<tr>
<td>16</td>
<td>Patent Award of Guangdong Province</td>
<td>Grant</td>
<td>8</td>
</tr>
<tr>
<td>17</td>
<td>Innovative Experimental Enterprise Grant</td>
<td>Grant</td>
<td>15</td>
</tr>
<tr>
<td>18</td>
<td>Special Support Fund for Non State-Owned Enterprises</td>
<td>Grant</td>
<td>16</td>
</tr>
<tr>
<td>19</td>
<td>Venture Investment Fund of Hi-Tech Industry</td>
<td>Grant</td>
<td>17</td>
</tr>
<tr>
<td>20</td>
<td>Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment</td>
<td>Grant</td>
<td>18</td>
</tr>
<tr>
<td>21</td>
<td>Grant for key enterprises in equipment manufacturing industry of Zhongshan</td>
<td>Grant</td>
<td>19</td>
</tr>
<tr>
<td>22</td>
<td>Water Conservancy Fund Deduction</td>
<td>Grant</td>
<td>21</td>
</tr>
<tr>
<td>23</td>
<td>Wuxing District Freight Assistance</td>
<td>Grant</td>
<td>22</td>
</tr>
<tr>
<td>24</td>
<td>Huzhou City Public Listing Grant</td>
<td>Grant</td>
<td>23</td>
</tr>
<tr>
<td>25</td>
<td>Huzhou City Quality Award</td>
<td>Grant</td>
<td>27</td>
</tr>
<tr>
<td>26</td>
<td>Huzhou Industry Enterprise Transformation &amp; Upgrade Development Fund</td>
<td>Grant</td>
<td>28</td>
</tr>
<tr>
<td>27</td>
<td>Wuxing District Public List Grant</td>
<td>Grant</td>
<td>30</td>
</tr>
<tr>
<td>28</td>
<td>Anti-dumping Respondent Assistance</td>
<td>Grant</td>
<td>31</td>
</tr>
<tr>
<td>29</td>
<td>Technology Project Assistance</td>
<td>Grant</td>
<td>32</td>
</tr>
</tbody>
</table>

In responding to this questionnaire, if the GOC is unfamiliar with the title given to a program, but is aware of the existence of a similar program or one that it appears is being referred to, please identify this (including providing the official title of any such program) and respond to the questionnaire in relation to that program.

1. Reference is made to GQ B-1. The GOC has only provided information in relation to five ‘responding companies’ who are cooperating with the current investigations. Please provide the details for all Chinese exporters of galvanised steel and aluminium zinc coated steel.

2. Reference is made to GQ B-6. The GOC seems to only refer to the five cooperating companies. Please answer this question with reference to all Chinese entities exporting galvanised steel and/or aluminium zinc coated steel to Australia in the investigation period.
3. Reference is made to GQ B-10(d). The GOC stated that SASAC ‘must have ‘specific considerations’ in mind when exercising its shareholders’ rights.’ Can the GOC advise what these “specific considerations” are?

4. In its response to GQ B-10 (d), the GOC stated that as a “legitimate contributor” the State is prohibited from interfering with business operations of SIE other than as a shareholder in performance of its ‘legitimate contributor’s functions’.

Explain the functions of the ‘legitimate contributor’ and explain how this function is different from the functions of an ordinary shareholder?

5. Reference is made to GQ B-10 (h). As part of its response, the GOC provided Attachment 69 – Interim Regulation on the Board of Supervisors of State-owned Enterprises. Parts of this regulation are omitted.

Please provide a complete copy of “Interim Regulation on the Board of Supervisors of SOE” (translated and original copies).

6. Reference is made to GQ B-10 (i). The GOC in its response to this question stated that ‘the GOC does not know how it can answer such a broad question....”

Customs and Border Protection would like to simplify this question as follows:

In the last 10 years, has the GOC provided any form of payment (including capital injection / contribution, equity infusion, converting debt-to-equity, sell downs, divestments as identified in the responses to GQA-1 (e ), diluting the GOC’s shareholding in SIE’s, public listings, issuing of bond, preference shares, rights issues, debentures, promissory notes, bills or any form of financial and/or debt instruments) to any entity in the galvanised steel and / or aluminium zinc coated steel industry. Please answer to GQ B-10(i).
B. POTENTIAL NEW SUBSIDY PROGRAMS

Customs and Border Protection identified the following potential additional countervailable subsidy programs during verification of data pertaining to Angang Steel Company Limited (ANSTEEL), ANSC-TKS Galvanizing Co., Ltd (TAGAL), Jiangyin Zong Cheng Steel Co., Ltd (Zong Cheng), Union Steel China (USC) and Yieh Phui (China) Technomatieral Co., Ltd (Yieh Phui China). Please refer to Public Report version of supplementary exporter questionnaire for more details about the payments provided by the GOC to each of the above cooperating exporters.

Table 2: potential new countervailable subsidies

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Name (New)</th>
<th>Program Type</th>
<th>Case 177 Program Number</th>
<th>Name of the cooperating exporter receiving payments from the GOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Capital Contribution - later converted to equity</td>
<td>Undetermined</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>31</td>
<td>Military project - Technology Research and Development</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>32</td>
<td>Military project - Equity Construction</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>33</td>
<td>Environmental protection grant used for equity construction</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>34</td>
<td>High and New Technology Enterprise Grant</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>35</td>
<td>Export innovation fund</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>36</td>
<td>R&amp;D grant used for Equity Construction</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>37</td>
<td>CDM Project - Carbon Exchange</td>
<td>Grant</td>
<td>NA</td>
<td>ANSTEEL</td>
</tr>
<tr>
<td>38</td>
<td>VAT refund on domestic sales by local tax authority</td>
<td>Undetermined</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>39</td>
<td>Export innovation fund</td>
<td>Undetermined</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>40</td>
<td>High and New Technology Enterprise Grant</td>
<td>Grant</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>41</td>
<td>Real estate tax refund</td>
<td>Undetermined</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>42</td>
<td>Research &amp; Development (R&amp;D) Assistance Grant</td>
<td>Grant</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>43</td>
<td>Social security fund</td>
<td>Undetermined</td>
<td>NA</td>
<td>TAGAL</td>
</tr>
<tr>
<td>44</td>
<td>Safety Reward</td>
<td>Undetermined</td>
<td>NA</td>
<td>Zong Cheng</td>
</tr>
<tr>
<td>45</td>
<td>Reward of Foreign Enterprise Production and Employment Stability</td>
<td>Undetermined</td>
<td>NA</td>
<td>Zong Cheng</td>
</tr>
<tr>
<td>46</td>
<td>Compensation for Water Pollution Control</td>
<td>Undetermined</td>
<td>NA</td>
<td>Zong Cheng</td>
</tr>
<tr>
<td>47</td>
<td>Environmental Prize</td>
<td>Undetermined</td>
<td>NA</td>
<td>USC and Yieh Phui China</td>
</tr>
<tr>
<td>48</td>
<td>Cash grants for unknown reasons</td>
<td>Grant</td>
<td>NA</td>
<td>Yieh Phui China</td>
</tr>
<tr>
<td>49</td>
<td>Tax refunds for previous year</td>
<td>Undetermined</td>
<td>NA</td>
<td>Yieh Phui China</td>
</tr>
</tbody>
</table>

For each of the programs identified in Table 2 above, answer the following questions.

Note: In responding to the questions in this part, you are required to provide information on each program, regardless of the year the benefit was granted by the GOC or the year that the benefit was received by the recipient.
company, where the program benefits impact on the production and sale of galvanised steel and/or aluminium zinc coated steel during the investigation period.

1. Provide details of the program including the following.
   
   (a) Policy objective and/or purpose of the program.
   (b) Legislation under which the subsidy is granted.
   (c) Nature or form of the subsidy.
   (d) When the program was established.
   (e) Duration of the program.
   (f) How the program is administered and explains how it operates.
   (g) To whom and how is the program provided.
   (h) The eligibility criteria in order to receive benefits under the program.

2. Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published prior to, during or since the investigation period.

3. Identify the GOC department or agency administering the program.

4. Identify and explain the types of records maintained by the relevant government or governments (e.g., accounting records, company-specific files, databases, budget authorizations, etc.) regarding the program.

5. Identify all Chinese galvanised steel and/or aluminium zinc coated steel producers and/or exporters that have produced and/or exported galvanised steel and/or aluminium zinc coated steel destined for Australia during the investigation period that accrued or received benefits under the program during the period 1 July 2002 – 30 June 2012.

   Provide, on an annual basis by calendar year (separating July – Dec 2002 and January – June 2012) the amount(s) and/or nature of the benefit or concession granted (monetary and/or non-monetary) under the program.

6. Answer the following questions regarding the application process:
   
   (a) Describe the application process (including any application fees charged by the government agency or authority) for the program and provide a blank copy of the application form (translated and original copies).

   (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or disapproved.

   (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.
(d) If the application is not approved, provide the disapproval documents together with the reasons for disapproval.

7. Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

(a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

(b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

(c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

(d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

8. Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

(a) Describe the criteria governing the size of the benefit provided.

(b) Provide a copy of any law, regulation or other official document detailing these criteria.

(c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the government agency or authority that administers the program?

(d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the government agency or authority that administers the program determine the benefit amount?

(e) Provide any contractual agreements between the GOC and the companies that are receiving the benefits under the program (e.g. loan contracts, grant contracts, etc.).

9. Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years from 1 July 2007 to 30 June 2012.
10. Provide the total amounts of benefits received by each type of industry in each region in the year the provision of benefits was approved and each of the years from 1 July 2007 to 30 June 2012.

11. How many companies in the steel industry have applied for benefits under this program in the year the financial assistance or benefit was approved and in each of year from 1 July 2007 to 30 June 2012?

12. How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years from 1 July 2007 to 30 June 2012? Provide the main reasons why applicants have been rejected.

13. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

14. During the course of the investigations Customs and Border Protection has become aware that one cooperating exporter, ANSTEEL, received payments in the form of ‘capital contribution’ (i.e. capital contribution that was later converted into equity) from the GOC. Please answer the following questions:

   a. Explain in detail how the GOC identifies companies that need such payments/assistance?
   b. Provide details of all such payments / assistance to exporters of galvanised steel and/or aluminium zinc coated steel to Australia during this period? (For example date of payment, date of conversion to equity, name of entities, type of payment, value of equity/debt, interest rate etc.).

The following questions related specifically to the payments received by ANSTEEL (recorded as Program 30 in Table 2 above):

   c. Explain what is meant by ‘capital contribution’?
   d. Explain the reason for converting the ‘capital contribution’ into equity.
   e. What were the initial terms and conditions of the capital contribution? Provide all documentary evidence translated and original versions.
   f. Who made the decision to convert the capital contribution into equity (provide name and address of the government agency including all documentary evidence such as minutes of shareholder and Board of Directors meeting, etc.).
   g. Was any approval required / sought from any regularity authority? If so provide a copy (original and translated in English) of the approval including all terms and conditions of the approval.
h. How was class and/or type of the shares (equity) determined? (e.g. common shares, class A shares or preferential shares etc.).

i. How was the value of the shares (equity) determined? Explain in detail the methodology adopted.

j. Explain the basis of the allotment of shares (e.g. for one existing share, one additional share was issued, etc.) and explain in detail the process of allotment.

k. Provide the names the controlling shareholders and percentage of shares held by each shareholder immediately before and immediately after the issuance of new shares.

l. Provide the name(s) of the government entity(ies) that make such payments and monitors the financial performance (list the key indicators used for monitoring the performances).

15. Unrelated to the potential new subsidy programs identified above, Customs and Border Protection has become aware that the Ministry of Commerce has recently issued rules (Interim provisions of the Ministry of Commerce on Contributions of Equity Interests involving Foreign Invested Enterprises) on contributions of equity interests to FIEs. Please answer the following questions:

(i) Provide a copy of the Interim Provisions (translated and original).
(ii) Explain the reason for establishing the interim provisions and describe how they operate.
(iii) Were there similar provisions, laws, policies or rules in existence during the investigation period? If so provide a copy of the relevant document (translated and original).
C. 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
D. GLOSSARY OF TERMS

Throughout this questionnaire, there are certain words and terminology used that require some clarification. The following are their definitions for purposes of this investigation.

Associated Persons and/or Companies

Persons shall be deemed to be associates of each other if:

(a) both being natural persons:
   (i) they are connected by a blood relationship or by marriage or adoption; or
   (ii) one of them is an officer of director of a body corporate controlled, directly or indirectly, by the other;

(b) both being bodies corporate:
   (i) both of them are controlled, directly or indirectly, by a third person (whether or not a body corporate); or
   (ii) both of them together control, directly or indirectly, a third body corporate; or
   (iii) the same person (whether or not a body corporate) is in a position to cast, or control the casting of, 5% or more of the maximum number of votes that might be cast at a general meeting of each of them; or

(c) one of them, being a body corporate, is, directly or indirectly, controlled by the other (whether or not a body corporate); or

(d) one of them, being a natural person, is an employee, officer or director of the other (whether or not a body corporate); or

(e) they are members of the same partnership.

Benefit

As further defined in relation to the definition of the term ‘subsidy’ below, ‘benefit’ may include:

- a direct transfer of funds;
- the acceptance of liabilities (e.g. debts or other liabilities), whether actual or potential, of your enterprise;
- the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) that was otherwise due (e.g. reduced rate of income tax, waiving certain other taxes);
- the provision of goods or services otherwise than in the course of providing normal infrastructure; or
- the purchase of goods
by any the GOC (at any level), a public body of the GOC, or a private body entrusted by the GOC to carry out the GOC functions.

**Enterprise**

“Enterprise" includes a group of enterprises, an industry and a group of industries.

**Financial Contribution**

There is a "financial contribution" by a government where:

(a) a government practice involves a direct transfer of funds (grants, loans, and equity infusion), potential direct transfer of funds or liabilities (e.g. loan guarantees);

(b) government revenue that is otherwise foregone or not collected (e.g. fiscal incentives such as tax credits);

(c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or

(d) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (a) to (c) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by the government.

**Foreign Invested Enterprise (FIE)**

An FIE may be:

1. Chinese-foreign equity joint venture:

   Joint venture between a Chinese company, enterprise, or other business organisation and a foreign company, enterprise, business organisation or individual set up in the form of a Chinese limited liability company.

   The characteristics of a Chinese-foreign equity joint venture are joint investment, joint operation, and the participants share profits, risks and losses in proportion to their respective contributions to the registered capital of the joint venture.

   The proportion of the investment by the foreign party is no less than 25% in the registered capital of equity joint venture.

2. Chinese-foreign contractual joint venture:

   A joint venture established between foreign enterprises and other economic organisations or individuals, and Chinese enterprises or
other economic organisations within the territory of China. The rights and obligations of each party are determined in accordance with the agreement specified in the contractual joint venture contract. The investment or conditions for cooperation contributed by the Chinese and foreign parties may be provided in cash or in kind, or may include the right to the use of land, industrial property rights, non-patent technology or other property rights.

3. Wholly foreign owned enterprises:

A wholly foreign owned enterprise is established by foreign enterprises and other economic organisations or by individuals pursuant to the Chinese laws within the territory of China. All of the wholly foreign owned enterprise’s capital is invested by foreign investors. It may also be referred to as a Foreign Enterprise (FE).

**Government of China (GOC)**

For the purposes of this questionnaire, GOC refers to all levels of government, i.e., central, provincial, regional, city, special economic zone, municipal, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed.

It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

**Program(s)**

The term “program”, as used throughout this questionnaire in reference to alleged subsidies, refers to broad categories of subsidies that Customs and Border Protection has reason to believe may be available to exporters of the goods.

In this regard, the term “program” as used in this questionnaire should not be taken to necessarily refer to formal programs maintained by the GOC, nor should it be taken to refer to one specific subsidy. Rather, “program” as used in this questionnaire can refer to informal subsidies provided by the GOC, and can also refer to multiple individual, albeit similar, subsidies.
Special Economic Zone (SEZ)

Refers to a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, or any other designated area where benefits from the GOC (including central, provincial, municipal or county government) accrue to a company because of being located in such an area.

State Invested Enterprises (SIE)

For the purposes of this questionnaire, SIE refers to any company or enterprise that is wholly or partially owned by the GOC as defined above (either through direct ownership or through association).

In previous investigations and correspondence, the GOC has advised that the use of the term ‘SOE’ is declining in China, and that these enterprises are now referred to with terms such as:

- ‘enterprises with state investment’
- ‘state-owned assets’
- ‘state-invested enterprises’
- ‘enterprises under the supervision of SASAC’

of which there are several types.

For the purposes of this questionnaire, SIE refers to any and all of the above types of enterprises.

Subsidy

In relation to goods that are exported to Australia, means:

(a) a financial contribution:

   (i) by a government of the country or export or country of origin of those goods; or
   (ii) by a public body of that country or of which government is a member; or
   (iii) by a private body entrusted or directed by that government or public body to carry out a government function;

that is made in connection with the production, manufacture or export of those goods and that involves:

   (iv) a direct transfer of funds from that government or body to the enterprise by whom the goods are produced, manufactured or exported; or
   (v) a direct transfer of funds from that government or body to that enterprise contingent upon particular circumstances occurring; or
(vi) the acceptance of liabilities, whether actual or potential, of
that enterprise by that government body; or
(vii) the forgoing, or non-collection, of revenue (other than an
allowable exemption or remission) due to that government or
body by that enterprise; or
(viii) the provision by that government or body of goods or
services to that enterprise otherwise than in the course of
providing normal infrastructure; or
(ix) the purchase by that government or body of goods provided
by that enterprise; or

(b) any form of income or price support as referred to in Article XVI of
the General Agreement Tariffs and Trade 1994, that is received
from such a government or body;

if that financial contribution or income or price support confers a benefit
in relation to those goods.