FOLIO NO. 187



# International Trade Remedies Branch

# SUPPLEMENTARY GOVERNMENT QUESTIONNAIRE - CHINA

PRODUCT CONCERNED: HOT ROLLED PLATE STEEL FROM THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA, JAPAN, INDONESIA AND TAIWAN

INVESTIGATION PERIOD: 1 JANUARY TO 31 DECEMBER 2012

RESPONSE DUE BY: 12 JULY 2013

ADDRESS FOR RESPONSE: Anti-Dumping Commission 5 Constitution Avenue Canberra Act 2601 Australia Attention: Director Operations 2

CASE MANAGER: TELEPHONE: FAX: EMAIL: Mr Sanjay Sharma +61-2-6275-8008 +61-2-6275-6990 itrops2@customs.gov.au

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

# ABBREVIATIONS

| the Act                  | the Customs Act 1901                                |  |
|--------------------------|---|--|
| China                    | the People's Republic of China                      |  |
| CISA                     | China Iron and Steel Association                    |  |
| ACBPS                    | 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 hot rolled |  |
| -                        | plate steel   |  |
| HRC                      | hot-rolled coil                                     |  |
| the investigation period | 1 January 2012 to 31 December 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                           |  |

## A. MARKET SITUATION – ALLEGED IN APPLICATION

The following questions relate to the allegations that 'a particular market situation' exists in China in hot rolled plate steel industries. It has also been noted that in some parts of the questions where the GOC made certain claims it <u>did not</u> provide adequate <u>supporting evidence and data</u>. The following questions highlight these deficiencies seeking additional information.

The GOC notes that the above paragraph appears to emphasise that the GOC made "certain claims" without providing "adequate supporting evidence and data". The GOC takes issue with such comments.

In relation to the particular market situation issue, in this and in all other recent investigations concerning steel products from China, the GOC has made two claims:

- The first is simply to state the fact that there is no particular market situation in the Chinese steel markets, whether it is the market for HSS, aluminium zinc coated steel, galvanized steel, or plate steel. This "claim" is supported by all of the GQ, SGQ, SSGQ responses from the GOC in each of these investigations, as well as in the EQ responses from the Chinese exporters.
- The second is to point out that there is no evidence to support a finding that a particular market situation exists in the relevant Chinese steel markets. This "claim" does not need any supporting evidence and data, because there is no such evidence. This view has been fully supported by the Trade Measures Review Officer ("TMRO") in its review of the Customs findings in Report 177 in the investigation concerning hollow structural sections from China.

With respect, in order to make a positive finding of a particular market situation, the Australian investigating authority is instructed by Australian law and by the WTO Anti-Dumping Agreement to seek adequate evidence and data which can be taken to support the allegation that a particular market situation exists. The burden cannot be shifted to the GOC to disprove such an allegation.

The GOC is extremely concerned to note that Australian Customs has defied the view of the TMRO that the circumstances of a "particular market situation" have not been present in any of the investigations of China's "iron and steel industry" that have taken place to date.

The GOC notes that the Australian Government has now established a new investigating authority – the Anti-Dumping Commission - to conduct trade remedy measures investigations. The GOC respectfully urges the Anti-Dumping Commission and its Commissioner to properly conduct these types of investigations, in an objective and unbiased manner. The GOC believes that the Anti-Dumping Commission will find -

if it properly considers the available information - that there is no evidence to support the allegation that a particular market situation exist in the Chinese plate steel market.

 In its response to the GQ A-1 (item k), the GOC stated that ".... the GOC has been encouraging a more "eco-friendly" steel industry <u>through</u> <u>policies</u> that encourage the dismantling of heavy-polluting or energyinefficient production facilities and discourage the new building of such facilities".

Provide a copy of all such policies (translated and original copies) that the GOC used to achieve its objectives stated above.

The relevant policy is the *Decision of the State Council on Promulgating the Interim Provisions on Promoting Industrial Structure Adjustment* ("Interim Provisions"), which is provided at **Attachment 62**. The GOC has provided this document in previous investigations.

The Interim Provisions record macroeconomic policies. They set out the GOC's directions and long-term vision for upgrading the Chinese economy. The Interim Provisions are aspirational and exhortatory in nature. They state the intentions of the government to support, encourage and urge industrial outcomes which are considered to be beneficial in social terms, in terms of environmental sustainability, and in terms of economic efficiency. They do not regulate the operation of enterprises situated in China, nor do they compel enterprises to behave in accordance with them. They are not specific to SIEs, and certainly are not specific to SIEs involved in the manufacture or export of hot rolled plate steel.

2. In response to GQ A-1(d) (item b), the GOC stated that "The Law of the People's Republic of China on Promotion of Cleaner Production came into effect on 1 July 2012". Furthermore, the GOC stated that the law clarifies that the legal basis of some industry guidance catalogues that require the prohibition on investment in, or elimination of, particular types of 'equipment' and/or 'processes'.

Provide a copy of "*The Law of the People's Republic of China on Promotion of Cleaner Production*" including industry guidance catalogues.

The Law of the People's Republic of China on Promotion of Cleaner Production ("PCP") is provided as **Attachment 63**. Please also refer to the *Catalogue for Some Industries* to Eliminate Backward Production, provided as **Attachment 48** to the response to the original questionnaire ("the GQ").

The GOC emphasises that there is nothing unusual or untoward about a government passing laws to protect the environment. It is a matter that is entirely within a government's mandate. Where production processes involve unsustainable practices or are environmentally damaging, it would be negligent not to do so. The concept that rational environmental regulation can be creative of a particular market situation is absolutely rejected by the GOC.

**3.** In response to GQ A-1(d) (item c), the GOC stated that "... an environment-friendly policy cannot be effective without curtailing more exports of polluting goods. By <u>qualifying the level of exports or additional costs on those exports</u>, the GOC attempts to limit the environment damage such production causes..."

Provide details of all forms of measures to 'qualify exports' and all forms of 'additional costs' on exports imposed by the GOC.

The GOC was referring to export quotas and tariffs. Also please refer to Administrative Measures for Examination and Approval of the Export of Hazardous Wastes at Attachment 64 as an example of the requirements imposed on certain exports.

- 4. 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 January 2008 and December 2009. 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.
  - Response to GQ A- 2(a) refers. No data has been provided in attachments 12, 14 and 15 for the period January 2008 to December 2008 and in attachment 16 from January 2008 to December 2009.
  - QA- 2(b) refers. No data has been provided in attachments 17, 18, 19, 20, and 21 for the periods January 2007 to December 2008 and in attachment 22 January 2008 to December 2009.

These and other questions regarding data prior to the period of dumping investigation are irrelevant to the investigation. The GOC assumes that the data is sought for the purpose of determining whether a "particular market situation" existed in the hot rolled plate steel market in China during the POI. This involves an evaluation of whether the sales in the Chinese market concerned "permit a proper comparison" with the Chinese exports of the goods during the POI. For this purpose, whether or not sales of the goods in the Chinese domestic market or markets can be properly compared to the export sales

of the goods by Chinese exporters during 2007 to 2008 is considered by the GOC to be an irrelevant consideration.

In the interests of full cooperation the GOC also now provides 2009 data for plate steel imports and exports – see **Attachment 65 [CONFIDENTIAL ATTACHMENT]**.

(iii) QA-3(b) refers. Attachment 24 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.

No import quotas were applicable to these goods.

- 5. GQ A-2 Attachments 14, 20, 21 and 22 refers. Analysis of the data provided by the GOC shows abnormal trends (large variance compared to the previous three quarters) in the unit prices in the last quarter of 2012 (October to December 2012) for the following raw materials and hot rolled plate steel:
  - a) export price per tonne of HRC ([CONFIDENTIAL TEXT DELETED]%);
  - b) export price per tonne of scrap metal ([CONFIDENTIAL TEXT DELETED]%): and
  - c) export price per tonne of hot rolled plate steel ([CONFIDENTIAL TEXT DELETED]%).

If the data is correct for this period, can the GOC explain why the unit prices have such variances? If the data is incorrect, the GOC is requested to provide revised attachments 14, 20, 21 and 22.

The GOC confirms that the data it provided at **Attachments 14, 20, 21 and 22** was obtained directly from Chinese Customs. It accurately reflects the data advised by exporters to Chinese Customs.

It is not within the responsibility or capacity of the GOC to explain "such variances". The GOC considers that the increase and decrease of the HRC price as mentioned above reflects the normal ebb and flow in the price of the commodity, and is a reflection of the competitive market for HRC. The table set out below maps the HRC data to which Customs refers, and shows a consistency in overall trends in the price movements of HRC imported into China and HRC exported from China over the periods concerned. The variance of **[CONFIDENTIAL TEXT DELETED]**% which Customs highlights is not a

variance worthy of any special concern or comment, given those consistent trends.

#### [CONFIDENTIAL TEXT DELETED - graph]

In relation to the **[CONFIDENTIAL TEXT DELETED]%** price variance for the plate steel and the **[CONFIDENTIAL TEXT DELETED]%** price variance for the scrap metal export, the GOC again believes that these would be driven by the operation of the market. Further, the GOC understands that the grades or types of the product, as well as the quantity of sales will have a significant impact on the price, especially where low volumes are involved, as is the case in this instance.

The data provided related to a range of HS codes, which each relate to products with different qualities, different uses and which, resultantly, have prices derived in different markets. An increase in the purchase of a certain kind of product could lead to a variance in comparisons of the overall data.

- 6. In its response to GQ A-3 (Attachment 26 refers), the GOC stated that coke was subject to export quotas from 2008 to 2012 but did not quantify. However, in its response to the SGQ for the galvanised steel and aluminium zinc coated steel cases, the GOC provided attachment 80 which stated that in 2012 export quota for coke was 8.5 million tonnes for general trade and 9 million tonnes for general and border trade. Please provide the following additional information:
  - a. Has there been any change to the export quotas for coke in the second half of 2012? If so please provide updated export quotas for coke in 2012.

No

b. It is noted form the data provided in response to SGQ for INV 190a and INV 190b (attachment 80 refers), that the export quota for coke in 2012 was higher than that in 2011. Please explain why the GOC increased the export quota for coke in 2012.

The export quota is based on the evaluation of the export volume in previous years.

c. Provide value and volume of coke export quotas and for each year from 2008 to 2010 and provide explanations for any variations in the export quotas during this period.

The export quota is based on the evaluation of the export volume in previous years.

Again, for the purposes of any "particular market situation, the GOC maintains that data relating to periods outside the POI is not relevant. However in the interests of cooperation and consistent with the periods for which the GOC has chosen to provide some other information, please refer to **Attachment 66** for the coke export quota volumes for the period since 2009.

d. The GOC in the initial response to the GQ for INV190a and INV190b (attachment 31 refers) stated that coking coal was subject to export quotas from July 2007 to June 2012. However, in its response to SGQ for INV190a and INV190b (SGQ 3-(iv) refers) the GOC stated that coking coal was not subject to any form of export quotas in 2011 and 2012.

Furthermore, in response to GQ A-3(c) for this investigation, the GOC provided attachment 26 (export quotas for the raw material and the goods). In that attachment, it is stated that <u>coking coal was not subject to any export quotas</u> from 2008 to 2012. Please provide the following additional information:

(i) clearly identify which information (attachment) is correct;

The GOC would like to provide the following clarification.

In China, coal products, which include coking coal, are subject to a total export quota. Therefore the GOC in the initial response to the GQ for INV190a and INV190b (**Attachment 31** refers) stated that coking coal was subject to export quotas from July 2007 to June 2012.

However, there is no specific export quota assigned to coking coal. For this reason, the more accurate response should be that there is no specifically quantified export quota for coking coal from 2008 to 2012.

- (ii) if the export quotas for coking coal were abolished in 2010, identify all factors that the GOC considered in abolishing the export quotas; and
- (iii) if coking coal was subject to export quotas prior to 2011,provide the value and volume of the export quota applicable in each year from 2008 to 2010 and explain the reasons for any variations in the export quotas during this period.

Not applicable. Please refer to the answer to question (i).

 In response to GQ A-4, the GOC provided attachment 32 identifying the top 50 manufacturers of the goods. Please clarify what is meant by "collective enterprise" used for control status code 2 in this attachment.

The GOC advises that the term "collective enterprises" (also referred to as "collective owned enterprise" or "collective controlled enterprise") has a different meaning to the term "collective controlled company" (also referred to as "collective-owned enterprise").

The term "collective enterprise" includes "urban collective-owned enterprise" and "rural collective-owned enterprise". An urban collective-owned enterprise is an economic organization, the property of which is collectively owned by the workers working together therein, with the income or profits distributed on the basis of working contribution. A rural collective-owned enterprise is an enterprise collectively organized by the farmers of that enterprise, excluding agricultural cooperatives, rural supply and marketing cooperatives and rural credit cooperatives. The assets of these two kinds of collective-owned enterprises are owned collectively. Collective ownership and State ownership are two independent definitions and do not overlap. In this regard please refer to Article 5 of the *Property Law* in **Attachment 67**. Collective-owned enterprises are not owned by the GOC.

A "collective controlled company" is a mixed investment enterprise controlled by two kinds of collective-owned enterprises abovementioned. The kinds of capital contribution in a collective controlled company can include any mix of individual capital, private enterprise capital, foreign invested capital, State capital and other diversified asset forms.

# B. SUBSIDY PROGRAMS – ALLEGED IN APPLICATION

# The following questions relate to alleged 'countervailable subsidy programs' provided to hot rolled plate steel exporters by the GOC

Table 1 below lists the alleged countervailable subsidy programs that have been initially identified in the HSS investigation (INV 177) and again investigated during the galvanised steel and aluminium zinc coated steel investigations (INV193a and INV193b). These are also being investigated in relation to hot rolled plate steel.

Note: the titles of programs are to the best of ACBPS's knowledge and in some cases may simply be descriptions of the program. Consequently, the below titles may not exactly reflect any official titles that the GOC has in place.

| Program<br>Number <sup>1</sup> | Program Name   | Program Type | Case 193 <sup>2</sup><br>Program<br>Number | Case 177<br>Program<br>Number |
|--------------------------------|--|--------------|--|-------------------------------|
| 1                              | Hot rolled coil provided by government at less than adequate remuneration  | Remuneration | 1  | 20                            |
| 2                              | Steel slab provided by government at less than adequate remuneration   | Remuneration | NA   | N/A                           |
| 3                              | Coking coal provided by government at less than adequate remuneration  | Remuneration | 2  | N/A                           |
| 4                              | Coke provided by government at less than adequate remuneration   | Remuneration | 3  | N/A                           |
| 5                              | Preferential Tax Policies for<br>Enterprises with Foreign Investment<br>Established in the Coastal Economic<br>Open Areas and Economic and<br>Technological Development Zones                    | Income Tax   | 4  | 1                             |
| 6                              | Preferential Tax Policies for Foreign<br>Invested Enterprises– Reduced Tax<br>Rate for Productive Foreign Invested<br>Enterprises scheduled to operate for<br>a period of not less than 10 years | Income Tax   | 5  | 10                            |

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

<sup>&</sup>lt;sup>1</sup> Refers to the program number that is used in this investigation

<sup>&</sup>lt;sup>2</sup> Refers to galvanised steel (INV 193a) and aluminium zinc coated steel investigations (INV 193b)

FOLIO NO. 177

| 7  | Preferential Tax Policies for<br>Enterprises with Foreign Investment<br>Established in Special Economic<br>Zones (excluding Shanghai Pudong<br>area) | Income Tax   | 6  | 11 |
|----|--|--------------|----|----|
| 8  | Preferential Tax Policies for<br>Enterprises with Foreign Investment<br>Established in Pudong area of<br>Shanghai                                    | Income Tax   | 7  | 12 |
| 9  | Preferential Tax Policies in the Western Regions   | Income Tax   | 8  | 13 |
| 10 | Land Use Tax Deduction   | Income Tax   | 9  | 29 |
| 11 | Preferential Tax Policies for High and New Technology Enterprises  | Income Tax   | 10 | 35 |
| 12 | Tariff and value-added tax (VAT)<br>Exemptions on Imported Materials<br>and Equipments   | Tariff & VAT | 11 | 14 |
| 13 | One-time Awards to Enterprises<br>Whose Products Qualify for 'Well-<br>Known Trademarks of China' and<br>'Famous Brands of China'                    | Grant        | 14 | 2  |
| 14 | Matching Funds for International<br>Market Development for Small and<br>Medium Enterprises   | Grant        | 13 | 5  |
| 15 | Superstar Enterprise Grant   | Grant        | 14 | 6  |
| 16 | Research & Development (R&D)<br>Assistance Grant   | Grant        | 15 | 7  |
| 17 | Patent Award of Guangdong Province   | Grant        | 16 | 8  |
| 18 | Innovative Experimental Enterprise<br>Grant  | Grant        | 17 | 15 |
| 19 | Special Support Fund for Non State-<br>Owned Enterprises   | Grant        | 18 | 16 |
| 20 | Venture Investment Fund of Hi-Tech<br>Industry   | Grant        | 19 | 17 |
| 21 | Grants for Encouraging the<br>Establishment of Headquarters and<br>Regional Headquarters with Foreign<br>Investment.                                 | Grant        | 20 | 18 |

| 22 | Grant for key enterprises in<br>equipment manufacturing industry of<br>Zhongshan | Grant | 21 | 19 |
|----|--|-------|----|----|
| 23 | Water Conservancy Fund Deduction   | Grant | 22 | 21 |
| 24 | Wuxing District Freight Assistance   | Grant | 23 | 22 |
| 25 | Huzhou City Public Listing Grant   | Grant | 24 | 23 |
| 26 | Huzhou City Quality Award  | Grant | 25 | 27 |
| 27 | Huzhou Industry Enterprise<br>Transformation & Upgrade<br>Development Fund       | Grant | 26 | 28 |
| 28 | Wuxing District Public List Grant  | Grant | 27 | 30 |
| 29 | Anti-dumping Respondent Assistance   | Grant | 28 | 31 |
| 30 | Technology Project Assistance  | Grant | 29 | 32 |

1. Reference is made to GQ B-1. The GOC stated that it will answer the questions in Section B with regards to Jinan Iron and Steel International Trade Co., Ltd and its responding related company Shandong Steel and collectively referred to as '*respondents*'.

The GOC is required to provide the details of all <u>Chinese exporters</u> of hot rolled plate steel in this section. In response to GQ A-4, the GOC provided a list of the top 50 manufacturers of hot rolled plate steel (attachment 32 refers) and further stated that there are 77 large scale producers of medium plate steel and 53 large scale produces of thick plate steel.

Please provide the answers to <u>all questions</u> in section B of the GQ with respect to <u>all Chinese exporters</u> of hot rolled plate steel.

The GOC considers that it has already provided comprehensive, sufficient and relevant responses to all questions under section B of the GQ. The GOC provided updated responses regarding the information about the status of the programs identified at B-2 to B-5 (the questions under Section B start from B-2) and B-10 to B-13.<sup>3</sup> In relation to

<sup>&</sup>lt;sup>3</sup> The GOC notes that in providing its response to question B-12, it confirmed that the respondents did not receive or accrue benefits under Programs 5 to 30. Further, the GOC would like to clarify that it does not keep such data as required at question B-12.

questions B-7 to B-9, which request specific information about company operations or financial policies, the GOC advised in its response that it is not in the best position to advise Australian Customs about any of these matters as they are issues closely related to the business activities and operations of individual enterprises. The GOC indicated that Australian Customs should contact the relevant enterprises for further and more detailed information. Despite this, for the purpose of assisting Australian Customs in this investigation and to provide its full cooperation, the GOC provided extensive responses to the questions at B-7 to B-9 from factual and legal perspectives, and provided specific examples where possible. The GOC's response to these questions is applicable to all Chinese plate steel exporters and is not limited to the responding companies.

In relation to question B-6, the GOC is unable to provide the requested answers for all Chinese exporters of hot rolled plate steel. The GOC notes that there are a great many manufacturers, traders and exporters of hot rolled plate steel products in China. The GOC does not have the reasonable ability, or the reasonable capacity, to identify who they are; to contact relevant authorities in a three-tiered and sometimes four-tiered government hierarchy; to precisely work out what alleged subsidy programs (described in the English language and according to Western terms) might relate to (in Chinese terms); to receive information back from those other administrations; to then check that information with the manufacturers, traders and exporters to whom the alleged subsidy programs might relate; and to report those details to Australian Customs. This ability or capacity is further diminished by the fact that the GOC's responses are requested to be provided within the constraints of the Australian investigation timelines, which in the GOC's experience are the shortest amongst all WTO Members.

The GOC further notes that Australian Customs has the ability to "sample" exporters where "the number of exporters from a particular country of export who provide information in relation to an application for a countervailing duty notice is so large that it is not practicable to work out whether a benefit has been conferred and the amount of subsidy received by them". This recognises the difficulties which can be faced in multiple-exporter cases, in that an investigating authority may not be able to work out the amount of benefits that might have been conferred. As a matter of comity and of fairness, the GOC believes that this same recognition of difficulty ought to be extended to the GOC itself.

Lastly, the GOC notes that Australia's implementation of the WTO *Subsidies and Countervailing Measures Agreement* does not implement Article 12.7 of that Agreement. In any event, whether or not it had been implemented would not alter the evidentiary treatment required on the part of Australian Customs.

This is an administrative investigation, the outcomes of which must be based on evidence and without a burden or a bias on the GOC to either prove or disprove any

elements. Australian Customs must base its decisions on the facts, and on reasonable interpretations and applications of those facts. The GOC maintains that there is no leeway for "adverse" findings against the GOC or Chinese exporters to be made or preferred simply on the basis of an inability of the GOC to respond, and would reject any findings made on that basis.

In all respects, the GOC has acted to the best of its ability in the time available, and provided information in relation to the Chinese exporters cooperating with the investigation. The GOC further notes that the difficulties to gather information and the sufficiency of providing responses in relation to cooperative exporters has been acknowledged and accepted by Australian Customs in the previous investigations.<sup>4</sup>

#### POTENTIAL NEW SUBSIDY PROGRAMS

ACBPS identified the following potential additional countervailable subsidy programs during verification of data pertaining to Shandong Iron and Steel Jinan Company.

| Program<br>Number | Program Name (New)   | Program<br>Type | Provider  | Date of<br>Grant |
|-------------------|--|-----------------|---|------------------|
| 31                | Technique transformation grant for rolling machine   | Grant           | Jinan Development and Reform Commission   | Nov 2009         |
| 32                | Grant for Industrial enterprise<br>energy management center<br>construction demonstration project<br>Year 2009 | Grant           | Ministry of Finance   | Dec 2009         |
| 33                | Key industry revitalization<br>infrastructure spending in budget<br>Year 2010                                  | Grant           | Shandong Provincial<br>Department of Finance  | Dec 2009         |
| 34                | Provincial emerging industry and<br>key industry development special<br>fund                                   | Grant           | Shandong Provincial<br>Department of Finance<br>and Shandong<br>Economic and<br>Information Committee | Nov 2010         |

#### Table 2: potential new countervailable subsidies

<sup>&</sup>lt;sup>4</sup> For example, in the anti-dumping investigation concerning aluminium extrusions from China, Australian Customs agreed (letter from Australian Customs to Moulis Legal dated 7 August 2009) that the GOC's response to GQ questions can be limited to only the companies selected by Customs for verification.

| 35 | Environmental protection fund   | Grant             | Jinan Municipal Bureau<br>of Finance and Jinan<br>Municipal<br>Environmental<br>Protection Bureau    | Dec 2011 |
|----|---|-------------------|--|----------|
| 36 | 400 sintering desulfuration transformation fund   | Grant             | Jinan Municipal<br>Economic and<br>Information Committee<br>and Jinan Municipal<br>Bureau of Finance | Dec 2011 |
| 37 | Intellectual property licensing   | Grant             | Intellectual Property<br>Office of Shandong<br>Province  | Jun 2012 |
| 38 | Financial resources construction special fund   | Grant             | Jinan Finance Bureau   | Dec 2012 |
| 39 | Reducing pollution discharging and<br>environment improvement<br>assessment award   | Grant             | Jinan Municipal Finance<br>Bureau  | Dec 2012 |
| 40 | Comprehensive utilization of resources - VAT refund upon collection   | Tariff and<br>VAT | Shandong provincial<br>economic and<br>information commission  | Dec 2012 |
| 41 | Grant of elimination of outdated capacity (350 blast furnace)   | Grant             | Shandong Province<br>Finance Bureau  | May 2012 |
| 42 | Grant from Technology Bureau<br>(development and application of<br>coke oven gas waste heat<br>efficiency reuse technology) | Grant             | Jinan Licheng District<br>Finance Bureau   | Jun 2012 |

For <u>each of the programs</u> 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 hot rolled plate steel during the investigation period.

The GOC notes that no timely allegations have been filed by the applicant in relation to these alleged subsidies, and that the GOC was not initially notified of them at the time it was asked to respond to the GQ. The applicant has not specified any basis for finding that the alleged grants were specific or that the programs otherwise meet the *prime facie* standards for initiation of such an investigation.

Also, sooner notification of these alleged subsidies could have been helpful. The GOC understands that these additional subsidies were advised to Australian Customs at the verification of the responding exporter concerned. This SGQ was provided to the GOC for response more than five weeks after that.

Without prejudice to the above objections, and in order to provide its cooperation to the extent practicable in the time available, the GOC asked the respondents concerned to advise the GOC of the amounts of the alleged subsidies, so that the GOC could at least then contact the government agencies involved in an effort to conform that the amounts advised by the responding companies were accurate.

The following information regarding the other subsidies reports on the outcome of those inquiries.

| No. | Program   | Grant value<br>(RMB)  | Date of Grant         |
|-----|---|-----------------------|-----------------------|
| 31  | Technique transformation grant for rolling machine  |                       |                       |
| 32  | Grant for Industrial enterprise energy<br>management center construction<br>demonstration project Year 2009 |                       |                       |
| 33  | Key industry revitalization infrastructure spending in budget Year 2010                                     |                       |                       |
| 34  | Provincial emerging industry and key industry development special fund                                      |                       |                       |
| 35  | Environmental protection fund   | [CONFIDENTIAL<br>TEXT | [CONFIDENTIAL<br>TEXT |
| 36  | 400 sintering desulfuration transformation fund   | DELETED]              | DELETED]              |
| 37  | Intellectual property licensing   |                       |                       |
| 38  | Financial resources construction special fund   |                       |                       |
| 39  | Reducing pollution discharging and<br>environment improvement assessment<br>award                           |                       |                       |
| 40  | Comprehensive utilization of resources -<br>VAT refund upon collection                                      |                       |                       |

| 41 | Grant of elimination of outdated capacity (350 blast furnace)   | See Note 1                        |
|----|---|-----------------------------------|
| 42 | Grant from Technology Bureau<br>(development and application of coke<br>oven gas waste heat efficiency reuse<br>technology) | [CONFIDENTIAL<br>TEXT<br>DELETED] |

Note 1: The availability of a "program" in this regard is confirmed by the relevant local tax authority. However, consistent with previous practice, please refer to the responding exporters for details of the amounts of any benefits from such alleged programs.

- 2. 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.
- **3.** 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.
- **4.** Identify the GOC department or agency administering the program.
- 5. 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.
- Identify all Chinese hot rolled plate steel producers and/or exporters that have produced and/or exported hot rolled plate steel destined for Australia during the investigation period that accrued or received benefits under the program during the period 1 January 2003 31 December 2012.

Provide, on an annual basis by <u>calendar year</u> the amount(s) and/or nature of the benefit or concession granted (monetary and/or nonmonetary) under the program.

- 7. 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.
- **8.** 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.
- **9.** 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.).
- 10. 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 January 2008 to 31 December 2012.

- **11.** 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 January 2008 to 31 December 2012.
- **12.** 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 January 2008 to 31 December 2012?
- **13.** 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 January 2008 to 31 December 2012? Provide the main reasons why applicants have been rejected.
- 14. 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?

#### 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.

10/07/2013

Date

Tan Shuguang

Signature of authorised official

TIAN Shuguang Name of authorised official

Deputy Pivision Director, BOFT Title of authorised official