



CUSTOMS ACT 1901 - PART XVB

**STATEMENT OF ESSENTIAL FACTS
NO 676**

**REVIEW OF ANTI-DUMPING MEASURES APPLYING TO
STEEL REINFORCING BAR**

**EXPORTED TO AUSTRALIA FROM CHINA BY
BAOWU GROUP ECHENG IRON AND STEEL CO., LTD**

23 December 2025

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ABBREVIATIONS

Abbreviation	Full text
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADRP	Anti-Dumping Review Panel
BF-BOF	blast furnace and basic oxygen furnace
China	the People's Republic of China
commission	the Anti-Dumping Commission
Commissioner	the Commissioner of the Anti-Dumping Commission
CON 669	<i>Continuation Inquiry 669</i>
CTMS	Cost to make and sell
DCR	Dumping Commodity Register
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
Echeng (or the applicant)	Baowu Group Echeng Iron and Steel Co., Ltd
EPR	Electronic public record
EXW	Ex-Works
FOB	Free on board
GFSEC	Global Forum on Excess Steel Capacity
GOC	The Government of China
the goods	The goods the subject of the application (also referred to as the goods under consideration), being steel reinforcing bar
IDD	interim dumping duty
InfraBuild Steel	InfraBuild (Newcastle) Pty Ltd (formerly Liberty OneSteel (Newcastle) Pty Ltd) and The Australian Steel Company (Operations) Pty Ltd, collectively (also referred to as the Australian Industry)
MCC	Model control code
the measures	Anti-dumping measures applying to the goods
Minister	The Minister for Industry and Innovation and Minister for Science
NIP	Non-injurious price
OCOT	Ordinary course of trade
OECD	Organisation for Economic Co-operation and Development
REQ	response to the exporter questionnaire
review period	1 April 2024 to 31 March 2025
RGQ 658	The Government of China's questionnaire response to <i>Investigation 658</i>
SEF	statement of essential facts
SG&A	Selling, general and administrative

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Abbreviation	Full text
USP	unsuppressed selling price
WTO	World Trade Organisation

1 SUMMARY AND RECOMMENDATIONS

1.1 Proposed recommendations

The Commissioner of the Anti-Dumping Commission (the Commissioner) has preliminarily found that the variable factors relevant to the determination of dumping duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act) have changed in respect of the anti-dumping measures (the measures)¹ applying to steel reinforcing bar (rebar, or the goods) exported to Australia from the People’s Republic of China (China) by Baowu Group Echeng Iron and Steel Co., Ltd (Echeng).

The Commissioner proposes to recommend to the Minister for Industry and Innovation and Minister for Science (the Minister) that the dumping duty notice have effect in relation to Echeng as if different variable factors had been ascertained.²

The Commissioner proposes that the rate of interim dumping duties (IDD) and duty methods in Table 1 apply from date of publication of the Minister’s decision.

Country	Exporter	Duty method and rate ³	
		Current	Proposed
China	Baowu Group Echeng Iron and Steel Co., Ltd	19.0% Combination ⁴	Floor Price

Table 1: Proposed measures resulting from this review

1.2 Introduction

This statement of essential facts (SEF) has been prepared in response to an application from Echeng (the applicant). Echeng applied for a review of the measures because it considers one or more of the variable factors relevant to the measures as they currently apply to it have changed.

This SEF sets out the facts on which the Commissioner proposes to base their recommendations to the Minister in relation to this review.

The Commissioner’s final recommendations to the Minister will be contained in a report due by **16 February 2026**.

Interested parties should note that the SEF may not represent the final views of the Commissioner. The Commissioner invites interested parties to make submissions in response to the SEF (see section 1.5).

¹ The measures consist of a dumping duty notice.

² Section 269ZDA(1)(a)(iii).

³ The combination fixed and variable duty method is outlined in sections 2 and 3 of the *Customs Tariff (Anti-Dumping) Regulation 2013*. The *ad valorem* duty method is outlined in section 7 of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

⁴ Echeng is currently subject to the ‘All exporters (China)’ rate of duty.

1.3 Background to the review

1.3.1 Commissioner's consideration of the application

After considering the application, the Commissioner initiated this single-exporter review on 26 May 2025 and established a review period of 1 April 2024 to 31 March 2025 (the review period).⁵

1.3.2 Conduct of the review

The Anti-Dumping Commission (commission) is assisting the Commissioner to conduct the review, pursuant to the commission's function specified in section 269SMD of the *Customs Act 1901*.⁶

The Commissioner notified interested parties of the initiation of this review in Anti-Dumping Notice (ADN) 2025/043, published on 26 May 2025. Echeng was invited to provide information by completing a questionnaire relevant to the review.

The commission conducted a virtual verification of Echeng in relation to its questionnaire response.⁷

Continuation 669

The commission is concurrently undertaking an inquiry into whether the anti-dumping measures in respect of steel reinforcing bar (i.e. the same goods the subject of this Review) exported from China to Australia should continue. *Continuation Inquiry 669* (CON 669) was initiated on 5 May 2025 and is examining the period 1 April 2024 to 31 March 2025, the same period as this review.⁸

Whilst CON 669 is a separate inquiry to this review, as the goods and the relevant periods are the same for each, Echeng has submitted an identical response to the Exporter Questionnaire that is applicable to both.⁹

In preparing this report, the Commissioner has had regard to:

- the application
- the exporter questionnaire response received from Echeng
- further information obtained during the Echeng verification
- other information as referenced in this report.¹⁰

⁵ Anti-Dumping Notice (ADN) 2025/043 on the [electronic public record \(EPR\) for case 676](#).

⁶ All legislative references are to the *Customs Act 1901*, unless otherwise specified.

⁷ [EPR 676](#), no 7.

⁸ ADN [2025/039](#).

⁹ [EPR 669](#), no 4 and [EPR 676](#), no 4.

¹⁰ An extensive list of the information used in the commission's assessment of a particular market situation in China is detailed in **APPENDIX A**.

Further information on the conduct of this review is included in chapter 2 of this report.

1.4 Summary of preliminary findings

The Commissioner's preliminary findings and conclusions in this SEF rely on the information available at this stage of the review, including the application, submissions received (including questionnaire responses) and other information collected (including information collected in the conduct of verification visits). The paragraphs below provide a summary of these findings, and further detail is provided throughout this SEF.

1.4.1 Variable factors – Export price and normal value (chapter 4)

The Commissioner has preliminarily determined that the variable factors of export price and normal value have changed for Echeng.

For the purpose of this review Echeng provided data in the form of a completed exporter questionnaire and participated in a virtual verification. The commission has used the data from this company, in addition to other relevant sources, in assessing the export price and normal value in the review period.

As Echeng did not export the goods to Australia during the review period, the commission has not assessed a dumping margin for Echeng.

The commission notes that Echeng's export price and normal value for this review are the same as CON 669.

1.4.2 Variable factor – Non-injurious price (chapter 5)

Having regard to the available information, the commission has calculated a preliminary non-injurious price (NIP) for the goods exported to Australia, being the minimum price necessary to prevent the injury, or a recurrence of the injury, to the Australian industry caused by the dumping of the goods exported from China.

The Commissioner has preliminarily found that the NIP has changed since it was last ascertained. The NIP is higher than the normal value calculated for Echeng in respect of the goods exported from China, and therefore, the lesser duty will does not apply.

To determine the NIP, the commission deducted the following post-exportation costs from the unsuppressed selling price (USP), including:

- ocean freight and marine insurance from Australian Border Force (ABF) import data
- verified importer costs (port and handling charges, etc) from *Continuation Inquiry 660*
- verified importer selling, general, and administrative expenses (SG&A) from *Continuation Inquiry 660*.

The commission calculated the USP using Australian industry's verified cost to make and sell (CTMS) during the review period plus its most recently audited earnings before interest, tax, depreciation, and amortisation (EBITDA) profit margin from CON 669.

The commission notes that Echeng's NIP for this review is the same as CON 669.

1.4.3 Duty method (chapter 6)

The Commissioner proposes to recommend that the IDD payable on the goods exported by Echeng from China to Australia should be worked out using the floor price method. This represents a change to the current method, as IDD payable on the goods is currently worked out using the combination method.

Country	Exporter	Current measures	Proposed measures
China	Baowu Group Echeng Iron and Steel Co., Ltd	19.0% Combination ¹¹	Floor price

Table 2: Current and proposed duty methods and measures

The commission notes that this is the same recommendation regarding the duty method as CON 669.

1.5 Responding to this SEF

The SEF may not represent the Commissioner’s final views. The commission invites interested parties to make written submissions in response to this SEF for the Commissioner’s consideration.

Interested parties who wish to make written submissions in response to this SEF must do so no later than **12 January 2026**, which is within 20 days after the SEF being placed on the public record.¹²

The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.¹³

Submissions may be lodged by email to investigations3@adcommission.gov.au.

Alternatively, interested parties may post submissions to:

The Director – Investigations 3
Anti-Dumping Commission
GPO Box 2013
CANBERRA ACT 2601
AUSTRALIA

¹¹ Echeng is currently subject to the ‘All other’ rate of duty.

¹² Section 269ZHE(3).

¹³ Section 269ZHE(4).

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Confidential submissions must be clearly marked as 'OFFICIAL: Sensitive'. A non-confidential version of the submission, marked 'PUBLIC RECORD', is required for the public record. A guide for making submissions is available on the commission's website.¹⁴

The electronic public record (EPR) contains non-confidential submissions from interested parties, non-confidential versions of the commission's verification reports and other publicly available documents.

Interested parties should read this SEF in conjunction with other documents on the EPR.

1.6 Final report to the Minister

The Commissioner was originally due to provide the final report and recommendation to the Minister by no later than 28 October 2025.¹⁵

The Commissioner is now due to provide the final report and recommendations to the Minister by no later than **16 February 2026**,¹⁶ unless the Commissioner grants a further extension of time.

¹⁴ A guide for making submissions is available at [How to lodge a submission in response to an anti-dumping or countervailing case](#).

¹⁵ The Commissioner's final report and recommendations must be provided to the Minister within 155 days after the publication of a notice under section 269ZHD(4) or such longer period as allowed.

¹⁶ Refer ADN [2025/121](#).

2 BACKGROUND

2.1 Legislative framework

The procedures to be followed by the Commissioner in conducting a review of the measures are set out in Division 5 of Part XVB of the *Customs Act 1901*.

2.1.1 Statement of essential facts

Section 269ZD(1) requires the Commissioner to publish a statement of the facts on which they propose to base their recommendations to the Minister about the review of the measures. This is referred to as the SEF.

Section 269ZD(2) requires the Commissioner, in formulating the SEF, to have regard to:

- the application
- any submissions relating generally to the review received within 37 days of the initiation of the review
- any other submissions relating generally to the review if, in the Commissioner's opinion, having regard to the submission would not prevent the timely placement of the SEF on the public record.

The Commissioner may also have regard to any other matters they consider relevant.

2.1.2 Final report

Section 269ZDA(1)(a) requires the Commissioner, after conducting a review, to give the Minister a report which recommends that the relevant notice:

- remain unaltered
- be revoked in its application to a particular exporter or to a particular kind of goods or revoked generally, or
- have effect in relation to a particular exporter or to exporters generally as if different variable factors had been ascertained.¹⁷

2.2 Application and initiation

On 24 April 2025, Echeng lodged an application under section 269ZB for a review of the measures.¹⁸

¹⁷ Under section 269ZDA(1A)(a), the Commissioner cannot make a revocation recommendation unless a revocation review notice has been published in relation to the review.

¹⁸ Under section 269ZA. A non-confidential version of the application is available on [EPR 676](#), no 1.

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The Commissioner was satisfied that:

- the application complied with section 269ZB (content and lodgement requirements)¹⁹
- there appeared to be reasonable grounds for asserting that the variable factors relevant to the taking of the measures as they apply to Echeng have changed.²⁰

The Commissioner therefore decided not to reject the application and published ADN 2025/043 initiating the review on 26 May 2025.²¹

2.3 Current anti-dumping measures

2.3.1 Imposition of measures

The anti-dumping measures were initially imposed by public notice on 13 April 2016 by the relevant Minister following the original investigation (*Investigation 300*). The findings of that original investigation are detailed in *Anti-Dumping Commission Report No 300* (REP 300).²²

2.3.2 Current measures

Table 3 summarises the anti-dumping measures currently applying to exports of the goods to Australia from China.²³

Country	Exporter	Dumping notice	
		Method	Effective IDD rate
China	All exporters	Combination	19.0%

Table 3: Measures applying to exports of the goods

Further detail about the measures can be found on the Dumping Commodity Register (DCR) on the commission's website.²⁴

¹⁹ Section 269ZC(2)(a).

²⁰ Section 269ZC(2)(b)(i).

²¹ [EPR 676](#), no 3.

²² [EPR 300](#), no 63.

²³ [EPR 560](#), no 12.

²⁴ The DCR is available at [Current measures in the dumping commodity register](#).

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2.3.3 Previous cases involving China

Table 4 outlines previous cases involving rebar exported to Australia from China.²⁵

Case number	ADN number	Date published	Country of export	Findings
Investigation 300	2016/39	13 April 2016	China	Dumping duties imposed on all Chinese exporters.
Investigation 322	2016/95	19 October 2016	China	No countervailing notice was published.
Reinvestigation 369	Public Notice	13 December 2016	China	Revised normal values for Hunan Valin, Shandong, and Yonggang following Anti-Dumping Review Panel (ADRP) review.
Review 421	2017/109	4 August 2017	China	Review ceased due to withdrawal of application by Zenith Steel Group Co., Ltd.
Review 411, 412 and 423	2018/49	20 April 2018	China	Change to variable factors for certain exporters (single exporter reviews).
	Public Notice – Minister’s Decision	5 October 2018		Revised normal values for Hunan Valin, Shagang, and Yonggang following ADRP review.
Review 467	2018/185	20 December 2018	China	Change to variable factors for all exporters from China.
Exemption 0070, 0071, 0072	2019/089	17 July 2019	China Hellenic Republic (Greece) Republic of Indonesia (Indonesia) Republic of Korea (ROK) Republic of Singapore (Singapore) Kingdom of Spain (Spain) Taiwan Kingdom of Thailand (Thailand)	Certain exemption goods were made exempt from the relevant measures.
Review 563	2020/140	24 December 2020	China	Change to variable factors for all exporters from China.
Continuation 560	2021/030	12 April 2021	China	Continuation of measures for all exporters from China.
Accelerated Review 662	2025/013	6 March 2025	China	Review terminated.

Table 4: Previous cases involving China

²⁵ This table excludes duty assessments.

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2.3.4 Previous cases involving other countries

Table 5 outlines previous cases involving rebar exported to Australia from countries other than China.

Case type and number	ADN number	ADN Date	Country of export	Findings
Investigation 264	2015/133	19 November 2015	ROK Malaysia Singapore Spain Taiwan The Republic of Türkiye (Türkiye)	Dumping duties imposed on ROK, Singapore, Spain and Taiwan (except Power Steel Co. Ltd).
ADRP Review 2016/34	Public Notice	14 July 2016	Spain	Nervacero S.A. excluded from dumping duties imposed from Investigation 264.
Review 380	2017/33	13 April 2017	Spain (single exporter)	Change to variable factors for Compañía Española de Laminación, S.L.
Investigation 418	2018/010	7 March 2018	Greece Indonesia Spain Taiwan Thailand	Dumping duties imposed on all countries (excluding PT Ispat Panca Putera and PT Putra Baja Deli from Indonesia).
Reinvestigation 418	Public Notice - Minister's Decision	4 April 2019	Greece Indonesia Spain Taiwan Thailand	Change to the variable factors for Nervacero S.A. (Spain).
Accelerated Review 471	2018/108	3 August 2018	Thailand	Change to variable factors and duty method for The Siam Construction Steel Co., Ltd.
Accelerated Review 472	2018/109	3 August 2018	Thailand	Change to variable factors and duty method for N.T.S. Steel Group Public Company Limited.
Accelerated Review 481	2018/140	21 September 2018	Indonesia	Change to variable factors and duty method for PT. Toyogiri Iron Steel
Review 486	2019/054	29 May 2019	ROK Taiwan	Change to variable factors for all exporters from ROK and Taiwan (except Power Steel Co. Ltd).
Continuation 546	2020/111	6 November 2020	ROK Singapore Spain Taiwan	Continuation of measures and variable factors were changed for ROK and Spain. Measures expired on Singapore and Taiwan (except Power Steel Co. Ltd).
Review 566	2021/150	15 December 2021	ROK Spain	Changes to variable factors for all exporters from ROK and Spain (except Nervacero S.A.).

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Case type and number	ADN number	ADN Date	Country of export	Findings
Accelerated Review 600	2022/046	4 July 2022	ROK	Change to variable factors and duty method for Dongkuk Steel Mill Co., Ltd.
Continuation 601	2023/004	21 February 2023	Greece Indonesia Spain Taiwan Thailand	Continuation of measures and change to variable factors for all countries except Thailand. Measures expired on Thailand.
Investigation 655	2024/070*	24 September 2025*	Indonesia Malaysia Thailand Türkiye The Socialist Republic of Vietnam (Vietnam)	Investigation initiated into rebar in straight lengths.
Continuation 660	2025/102	10 November 2025	ROK Spain (except Nervacero S.A.)	Continuation of measures and changes to variable factors.

*Initiation ADN and initiation date. *Investigation 655* is ongoing at the time of publication of this report.

Table 5: Previous cases involving countries other than China

2.4 Conduct of the review

The review period for this review is 1 April 2024 to 31 March 2025. The commission invited Echeng and the Government of China (GOC) to provide information relevant to this period.

2.4.1 Continuation 669

The Commissioner initiated the inquiry for CON 669 on 5 May 2025 and established an inquiry period of 1 April 2024 to 31 March 2025 (the inquiry period).²⁶ InfraBuild (Newcastle) Pty Ltd is the applicant seeking to continue the measures.²⁷ InfraBuild (Newcastle) Pty Ltd, together with its related entity The Australian Steel Company (Operations) Pty Ltd (TASCO) (collectively, InfraBuild Steel), is the Australian Industry producing like goods.

The period examined in CON 669 is the same as this review and concerns the same goods exported from China. Therefore, the variable factors determined by this review and the variable factors determined in CON 669 will be the same for Echeng. The exporter questionnaire response for Echeng will be used for both this review and CON 669 (and is identical).

The SEF for CON 669 is due to be published on 23 December 2025. The Final Report for CON 669 is currently due to be provided to the Minister on 9 February 2026.

²⁶ ADN 2025/039.

²⁷ [EPR 669](#), no 1.

2.4.2 Questionnaires and verification

Importers

The commission did not identify any importers from the ABF import database that imported the goods from Echeng during the review period.

Exporters

The commission sent an exporter questionnaire to Echeng directly. The commission received a response to that questionnaire (REQ) on 2 July 2025.²⁸

The commission conducted a virtual verification of the information contained in Echeng's REQ. A copy of the verification report is available on the public record.²⁹ The commission considers that Echeng is a cooperative exporter for the purposes of this review.³⁰

As this is a single-exporter review there are no other relevant exporters.

Government of China

On 26 May 2025, the commission sent a government questionnaire to the GOC seeking information about whether there was a situation in the Chinese steel reinforcing bar market during the review period that would make sales within that market unsuitable for determining normal values.

The commission did not receive a response to this questionnaire from the GOC.

2.4.3 Submissions from interested parties

The commission received the submission listed in Table 6 before publishing this SEF. Non-confidential versions of these submissions are available on the EPR.

The commission did not receive any applications to extend this review to include revocation. Accordingly, the Commissioner cannot recommend to the Minister that the measures as they apply to Echeng be revoked.

EPR number	Interested party and topic of submission	Date received
5	InfraBuild (Newcastle) Pty Ltd - Submission on Echeng exporter briefing	11 August 2025

Table 6: Submissions received prior to this SEF

The Commissioner has had regard to the submission in Table 6 in making their preliminary findings outlined in this SEF. The submission is addressed throughout this report.

²⁸ [EPR 676](#), no 4.

²⁹ [EPR 676](#), no 7.

³⁰ 'Cooperative exporter' is defined in section 269T(1).

3 THE GOODS AND LIKE GOODS

3.1 The goods subject to the measures

ADN 2025/043³¹ defines the goods under consideration as follows:

Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process. The goods include all steel reinforcing bar meeting the above description of the goods regardless of the particular grade or alloy content or coating.

The goods subject to the anti-dumping measures do not include plain round bar, stainless steel, and reinforcing mesh.

3.1.1 Exempt goods

The following categories of rebar are exempt from the measures:

- Hot-rolled steel reinforcing bar with a continuous thread, commonly identified as 'threadbar' or 'threaded-bar', in straight lengths, complying with Australian/New Zealand Standard 4671, grade 500 N, with a 40 mm diameter.³²
- Fully threaded hot-rolled prestressing steel reinforcing bar, in straight lengths, with a minimum yield strength of 885 MPa or greater, with a 26.5 mm, 32 mm, 36 mm, 40 mm or 50 mm diameter.³³

³¹ [EPR 676](#), no 3.

³² Refer to [Ministerial Exemption Instrument No 2 of 2019](#).

³³ Refer to [Ministerial Exemption Instrument No 3 of 2019](#).

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3.1.2 Tariff classification

The goods are generally classified according to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:³⁴

Tariff Subheading	Statistical Code	Description
7213		BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF IRON OR NON-ALLOY STEEL
7213.10.00	42	Containing indentations, ribs, grooves or other deformations produced during the rolling process
7214		OTHER BARS AND RODS OF IRON OR NON-ALLOY STEEL, NOT FURTHER WORKED THAN FORGED, HOT-ROLLED, HOT-DRAWN OR HOT-EXTRUDED, BUT INCLUDING THOSE TWISTED AFTER ROLLING
7214.20.00	47	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
7227		BARS AND RODS, HOT-ROLLED, IN IRREGULARLY WOUND COILS, OF OTHER ALLOY STEEL
7227.90		Other
7227.90.10	69	Goods, as follows: a. of high alloy steel; b. "flattened circles" and "modified rectangles" as defined in Note 1(l) to Chapter 72
7227.90.90	01	Containing indentations, ribs, grooves or other deformations produced during the rolling process
	02	Of circular cross-section measuring less than 14 mm in diameter
	04	Other

³⁴ These tariff classifications and statistical codes may include goods that are both subject and not subject to the measures. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods description. Please refer to the goods description for authoritative detail about goods subject to the measures.

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Tariff subheading	Statistical Code	Description
7228		OTHER BARS AND RODS OF OTHER ALLOY STEEL; ANGLES, SHAPES AND SECTIONS, OF OTHER ALLOY STEEL; HOLLOW DRILL BARS AND RODS, OF ALLOY OR NON-ALLOY STEEL
7228.30		Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded
7228.30.10	70	Goods, as follows: a. of high alloy steel; b. "flattened circles" and "modified rectangles" as defined in Note 1(m) to Chapter 72
7228.30.90	40	<i>Containing indentations, ribs, grooves or other deformations produced during the rolling process</i>
7228.60		Other bars and rods
7228.60.10	72	Goods, as follows: a. of high alloy steel; b. "flattened circles" and "modified rectangles" as defined in Note 1(m) to Chapter 72

Table 7: Tariff classification of the goods

3.2 Model control codes

The proposed model control code (MCC) structure described in ADN 2025/043 (and in Table 8) describes the key characteristics of the goods.

Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Prime	Prime	P	Mandatory	N/A
		Non-Prime	N		
2	Minimum yield strength specified by product standard (Mega Pascals or MPa)	Less than or equal to 300	A	Mandatory	Mandatory
		Greater than 300 but less than or equal to 480	B		
		Greater than 480 but less than 550	C		
		Equal to or greater than 550	D		
3	Finished form	Rebar in length/straight	S	Mandatory	Mandatory
		Rebar in coil	C		
4	Nominal diameter (millimetres or mm)	Less than 12	A	Mandatory	Optional
		Greater than or equal to 12 and less than or equal to 16	B		
		Greater than 16 and less than or equal to 32	C		
		Greater than 32 and less than or equal to 50	D		
5	Length (metres or m)	Less than or equal to 6	1	Mandatory	Optional
		Greater than 6 and less than or equal to 12	2		
		Greater than 12	3		
		Coil product	C		
6	Deformation pattern along Length	Threaded	T	Mandatory	Optional
		Non-Threaded	N		

Table 8: Proposed MCC structure

The commission did not receive any submissions about the proposed MCC structure. Accordingly, the commission has adopted this structure throughout this review.

4 VARIABLE FACTORS – EXPORT PRICE AND NORMAL VALUE

4.1 Preliminary finding

The Commissioner preliminarily finds that the variable factors for export price and normal value applicable to Echeng have changed. The Commissioner proposes to recommend to the Minister that the dumping duty notice have effect as if different export price and normal values had been ascertained in relation to Echeng.

Echeng did not export the goods to Australia during the review period and as such, the Commissioner considers that the export price should be set to the normal value.

4.2 Legislative framework

Export price and normal value are determined as outlined below.

Export price is determined under section 269TAB. Section 269TAB(1)(a) provides that the export price of any goods exported to Australia is the price paid or payable for the goods by the importer where the goods have been exported to Australia otherwise than by the importer, and have been purchased by the importer from the exporter in arms length transactions.

Normal value is determined under section 269TAC. Section 269TAC(1) states that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter, or, if like goods are not so sold by the exporter, by other sellers of like goods.

4.3 Baowu Group Echeng Iron and Steel Co., Ltd

The commission assessed the export price and normal value for Echeng. A dumping margin has not been calculated as the Commissioner considers that the export price should be set to the normal value.

The commission completed a virtual verification of the information Echeng provided in its REQ³⁵. The Commissioner is satisfied that Echeng is a manufacturer of the goods and like goods and that the information provided by Echeng is accurate and reliable for the purpose of ascertaining variable factors applicable to its future exports of the goods.

4.3.1 Export price

The commission has calculated Echeng's export price under section 269TAB(3) having regard to all relevant information.

³⁵ [EPR 676](#), no 7.

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The commission found that Echeng did not export the goods to Australia during the review period. Therefore, sufficient information is not available to determine the export price of the goods using:

- the price paid or payable for the goods by the importer³⁶
- the price at which the goods were sold by the importer in Australia less prescribed deductions³⁷
- the price having regard to all the circumstances of the exportation.³⁸

The commission considers that there is insufficient information available to ascertain the export price under section 269TAB(1).

Low volume provisions

The commission considers that Echeng does not meet the requirements for being a 'low volume exporter'.

Section 269TAB(2A) outlines a situation in a Division 5 review of measures where there is insufficient or unreliable information to ascertain the export price due to an absence or low volume of exports, which is shown to be linked to certain conditions. To assess these conditions, the commission has regard to:

- previous volumes of exports of the goods to Australia by Echeng
- patterns of trade for like goods
- factors affecting patterns of trade for like goods that are not within the control of Echeng.³⁹

The commission has considered each of these conditions separately.

Previous volumes of exports by Echeng

A decrease in imports during the review period may indicate that there is insufficient or unreliable information to ascertain the export price.

In its application for review Echeng confirmed it had not exported the goods to Australia during the review period, or at any time prior to the review period.⁴⁰ Upon review of ABF import data the commission also confirmed the absence of any prior export activity.

³⁶ Section 269TAB(1)(a).

³⁷ Section 269TAB(1)(b).

³⁸ Section 269TAB(1)(c).

³⁹ Section 269TAB(2A)(i), (ii), and (iii).

⁴⁰ Refer [EPR 642](#), no 2.

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Patterns of trade for like goods

In comparing patterns of trade for like goods, the commission does not consider Echeng's absence of exports is unusual in these circumstances. While there is a strong market for both locally produced and imported rebar, exports from China have remained extremely limited since anti-dumping measures were applied 9 years ago. This suggests exporters from China find it difficult to compete with exporters not subject to measures.

In this context, Echeng's lack of exports is consistent with the general patterns of trade for Chinese exporters more broadly, and does not indicate any other intention.

Factors affecting patterns of trade outside of Echeng's control

Factors outside of Echeng's control, such as supply chain disruptions or government intervention, do not appear to explain Echeng's absence of exports during the review period. It is the commission's understanding that Echeng has not exported the goods to any other country, including Australia. The measures applied to any goods exported from China to Australia may be a key influence, with the lack of exports reflecting a commercial trading decision in response to those measures instead. The commission would not expect Echeng to export to Australia at prices which are below cost for the sole purpose of competing with exports from other countries not subject to measures. Therefore, this condition is not satisfied.

On this basis, whilst there is an absence of exports from Echeng during the review period, the absence of exports is not reflective of any intentional change in exporter behaviour resulting in insufficient information, but rather, appears consistent with the broader trade patterns of exporters from China subject to measures.

As the conditions of section 269TAB(2A) are not satisfied, the commission has determined the export price under section 269TAB(3).

Calculation of export price

Calculation of export price under section 269TAB(3)

The Minister can determine an export price under section 269TAB(3) by having regard to all relevant information. As Echeng did not export the goods to Australia during the review period, the commission has had regard to the following relevant information:

- the export price ascertained for uncooperative exporters as part of previous and current inquiries, including CON 669
- Echeng's normal value.

Uncooperative exporters' export price

The commission does not consider it appropriate to determine Echeng's export price using the export price ascertained for uncooperative exporters. This is because the uncooperative export price:

- is based on an uncooperative exporter price from the original investigation
- is determined at Free on Board (FOB) terms.

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The commission considers that as Echeng has cooperated with this review, it is not appropriate to use an export price that is based on uncooperative exporters. As Echeng has not exported the goods to Australia previously, there is no historical export prices relevant to Echeng for the commission to adjust.

Echeng's normal value has also been determined at Ex-Works (EXW) terms. As Echeng has not exported the goods to any country, the commission does not have any information relevant to Echeng to determine an adjustment from EXW to FOB.

Echeng's normal value

The commission considers that Echeng's normal value is the most relevant information to ascertain the export price. Echeng's normal value is:

- contemporary
- specific to Echeng
- representative of an undumped price
- likely to resemble models that may be exported to Australia by Echeng in the future.

The commission considers it appropriate to determine Echeng's ascertained export price to be equal to Echeng's ascertained normal value. The commission has ascertained Echeng's export price at the EXW level.

The commission's export price calculation for Echeng is set out in **Confidential Attachment 1**.

4.3.2 Normal value

The commission considers that, due to a situation in the domestic market for the goods in China, sales in that market are not suitable for use in determining a normal value under section 269TAC(1). The commission has therefore calculated Echeng's normal value pursuant to section 269TAC(2)(a)(ii), using the constructed method under section 269TAC(2)(c).

The commission's assessment of the particular market situation (PMS) in the domestic market for rebar in China is set out in **APPENDIX A**.

The commission's assessment of the effect of the PMS on the comparability of Echeng's domestic and export sales is set out in **APPENDIX B**.

The commission has also found that it is not appropriate to use Echeng's cost of production for steel billet. The commission's assessment of Echeng's cost of production is set out in **APPENDIX C**.

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Constructed normal value under section 269TAC(2)(c)

The commission has calculated Echeng's normal value under section 269TAC(2)(c) using the sum of:

- Echeng's cost to make for rebar, with its steel billet costs adjusted by reference to a benchmark
- Echeng's SG&A for its domestic sales
- Echeng's profit on its domestic sales if they had been sold in the OCOT.

As outlined in **APPENDIX C**, the commission has found that Echeng's cost of production for steel billet does not reflect competitive market costs and is affected by circumstances that are not normal and ordinary. Accordingly, the commission has adjusted Echeng's cost of production for steel billet by reference to a benchmark. The benchmark is based on Hoa Phat Hai Duong Steel Joint Stock Company's (Hoa Phat) verified cost of production of steel billet in Vietnam, adjusted to reflect a cost of production in China. The commission has not adjusted any other cost items in Echeng's cost of production for rebar.

The commission has used Echeng's SG&A as set out in its records, pursuant to section 44(2) of the Regulation.

The commission has used an amount for profit if Echeng's domestic sales had been sold in the OCOT, pursuant to section 45(2) of the Regulation.

The commission's calculation of Echeng's CTMS is set out in **Confidential Attachments 2 and 3**.

The commission's calculation of Echeng's normal value is set out in **Confidential Attachment 4**.

Third country sales under section 269TAC(2)(d)

For completeness, the commission has considered whether it is appropriate to determine normal values under section 269TAC(2)(d) for Echeng having regard to the evidence on the record. As Echeng did not sell like goods to a third country during the review period, the commission cannot determine a normal value under 269TAC(2)(d). Consequently, the commission has constructed normal values under section 269TAC(2)(c) for Echeng.

4.3.3 Dumping margin

As Echeng did not export the goods to Australia during the review period, the commission has not assessed a dumping margin for Echeng.

5 VARIABLE FACTOR – NON-INJURIOUS PRICE

5.1 Preliminary finding

Having regard to the available information, the commission has determined that the NIP has changed for Echeng.

The commission calculated that the NIP is higher than the normal value established for Echeng, and accordingly, the NIP is not operative for Echeng.

The commission's calculation of the NIP is contained in **Confidential Attachment 5**.

5.2 Legislative framework

The NIP is defined in section 269TACA as the minimum price necessary to prevent the injury or a recurrence of the injury caused by the dumping. The NIP is a variable factor relevant to determining duty payable under the Dumping Duty Act.

Where the Minister is required to determine the IDD payable, subsection 8(5B) of the Dumping Duty Act applies. Under section 8(5B) of the Dumping Duty Act, where the NIP of the goods is less than the normal value of the goods, the Minister must have regard to the desirability of specifying a method such that the sum of the export price and the IDD payable does not exceed the NIP ('lesser duty rule'). However, under section 8(5BAA) of the Dumping Duty Act, the Minister is not required to have regard to the lesser duty rule if:

- the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii), or
- there is an Australian industry in respect of like goods that consists of at least 2 small-medium enterprises, whether or not that industry consists of other enterprises.

Where any of the above exceptions apply, the Minister's consideration of the lesser duty rule is not mandatory, but the Minister may still wish to exercise their discretion to do so.

The legislation does not prescribe a calculation method for the NIP. The commission generally derives the NIP by first establishing an USP, being a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping (see below). The commission will then deduct the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia from the USP. The deductions normally include overseas freight, insurance, into store costs and amounts for importer expenses and profit.

5.3 The unsuppressed selling price

The Manual provides a hierarchy of options for establishing a USP:⁴¹

- The Australian industry's price or market approach in a period unaffected by dumping.
- The constructed approach, using the Australian industry's CTMS data and a reasonable amount for profit.
- The price or market approach for undumped imports.

5.4 Commission's approach and findings

The commission has calculated the NIP and found that it is higher than the normal value for Echeng.

The commission calculated the NIP by deducting certain costs from the USP. The USP was calculated using the constructed method, using InfraBuild Steel's CTMS (calculated in CON 669) plus an amount for profit.

5.4.1 Approach in the original investigation and past cases

In the original investigation (*Investigation 300*), the Commissioner did not recommend that the Minister have regard to the lesser duty rule. This was because normal values were not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii).

In the most recent review, *Review 563* (REV 563), the commission determined the NIP by deducting post-exportation costs from the USP. The USP was calculated using the constructed method, as the sum of:

- the Australian industry's CTMS
- an amount for profit based on the Australian industry's rebar pricing policy.

5.4.2 Commissioner's assessment of NIP and USP for this review

For this review the commission has calculated a revised NIP for China by having regard to InfraBuild Steel's CTMS data for the review period and a reasonable amount for profit.

The commission has had regard to the methods detailed in the Manual for calculating an appropriate amount for profit, which draws reference to the application of a target return on investment or profit surveys.⁴² The commission considers that InfraBuild Steel's target return on investment relates broadly to its business and not distinctly to any general category of products. Furthermore, the commission is not aware of any relevant profit surveys and notes that InfraBuild Steel is the only producer of like goods in Australia.

⁴¹ [The Manual](#), pp 106–109.

⁴² [The Manual](#), p 139.

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The commission considers that the most reasonable amount of profit for the construction of the USP is InfraBuild Steel's audited consolidated group earnings before interest, taxes, depreciation and amortisation (EBITDA) profit margin for the 2024 financial year.⁴³ This is a similar amount of profit as that used in REV 563.

The NIP applicable to China was calculated at FOB terms by deducting from the USP a weighted average of the following:

- ocean freight and marine insurance expenses
- other importation costs (port, unpacking, container charges, etc)
- importer selling expenses.

The ocean freight and marine insurance expenses were determined using ABF import data for imports of rebar from China over the review period.

Information for the remaining costs was obtained from verified importer data relied on in *Continuation Inquiry 660* (CON 660). The commission considers that this information is relevant for calculating the NIP as the goods are the same in both cases and it partially overlaps the review period. The commission notes that importer profit was not deducted to calculate the NIP in CON 660 because the commission found either the importer not to be profitable during the period in respect of its sales of rebar or the profit was not relevant to the goods.

5.4.3 Application of the lesser duty rule

The commission has found that the NIP was higher than the normal value for Echeng.

Echeng's normal value was determined at EXW terms. As the NIP was at FOB terms, the commission adjusted Echeng's normal value to be able to compare it directly to the NIP. The commission adjusted Echeng's normal value by adding the verified EXW to FOB costs for cooperating exporters from the original investigation. The commission has adjusted those costs by reference to movements in the Chinese consumer price index to reflect costs in the review period. The commission compared the NIP to Echeng's normal value adjusted to FOB terms and found that the NIP was higher.

⁴³ Equal to EBITDA divided by sales revenue.

6 DUTY METHOD

6.1 Preliminary findings and recommendations

The Commissioner considers the IDD payable on the goods exported from China by Echeng should be worked out using the floor price method. As Echeng has not exported to Australia before, this is a new method for Echeng.

6.2 Legislative framework

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the methods available to the Minister for working out IDD payable. The methods are:

- fixed duty method (\$X per tonne)
- floor price duty method
- combination duty method
- *ad valorem* duty method (a percentage of the export price).

The various forms of dumping duty all have the purpose of removing the injurious effects of dumping. However, in achieving this purpose, certain methods will better suit particular circumstances than others. More detail on the nature and operation of the various methods are contained in the *Guidelines on the Application of Forms of Dumping Duty November 2013*.⁴⁴

6.3 Proposed duty method and effective rate of duty

Table 9 outlines the current and proposed duty method and rate of duty.

Country	Exporter	Duty method and IDD rate	
		Current	Proposed
China	Baowu Group Echeng Iron and Steel Co., Ltd	19.0% Combination ⁴⁵	Floor price

Table 9: Current and proposed duty methods and measures

The commission considers that the floor price duty method is the most appropriate method for Echeng.

The commission determined that Echeng’s export price should be equal to the normal value. Accordingly, any *ad valorem* duty set following this review would be 0%. This means that both the *ad valorem* and the combination duty methods are not appropriate.

⁴⁴ [Anti-Dumping and countervailing system key legislation, directions and policy](#), *Guidelines on forms of dumping duty*.

⁴⁵ Echeng is currently subject to the ‘All exporters’ rate of duty.

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In these circumstances, the commission considers that the floor price method is the most suitable method. Under this method, Echeng's floor price is set to its normal value. If Echeng's export price is above the floor price, it will not incur any interim dumping duty.

7 PROPOSED RECOMMENDATIONS

The Commissioner has preliminarily found that the variable factors relevant to the determination of dumping duty payable under the Dumping Duty Act have changed in respect of the goods exported from China by Echeng.⁴⁶

The Commissioner proposes to recommend that the dumping duty notice have effect in relation to Echeng's exports of the goods from China as if different variable factors had been ascertained⁴⁷

The proposed rate of IDD and duty method in Table 10 would apply from the date of publication of the Minister's decision.

Country	Exporter	Fixed rate of IDD	Duty method
China	Baowu Group Echeng Iron and Steel Co., Ltd	N/A	Floor Price

Table 10: Proposed measures resulting from this review

⁴⁶ The variable factors relevant to the determination of duty are the export price, normal value, and NIP.

⁴⁷ Section 269ZHF(1)(a)(iii).

8 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Echeng export price
Confidential Attachment 2	Echeng CTMS
Confidential Attachment 3	Echeng cost adjustment
Confidential Attachment 4	Echeng normal value
Confidential Attachment 5	USP and NIP calculations
Confidential Attachment 6	China and Vietnam labour rates
Confidential Attachment 7	Comparison of Echeng cost and price
Confidential Attachment 8	Billet cost comparison
Confidential Attachment 9	Chinese billet and slab data
Attachment 10	Chinese excess capacity
Confidential Attachment 11	Chinese rebar price comparison

APPENDIX A PARTICULAR MARKET SITUATION

A.1 Preliminary findings

The Commissioner preliminarily finds that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have led to a PMS in respect of the domestic market for rebar in China for the review period.

The commission considers that the GOC's historic and continued involvement within the Chinese steel industry, through its policies, planning guidelines, plans and directives, materially contributed to the steel industry's overcapacity, oversupply and distorted structure during the review period. It is the commission's view that the prices of rebar would be substantially different in a market not characterised by GOC influence.

The rationale and evidence that underpins this preliminary finding is based on the information currently before the commission and is explained below.

A.1 Introduction

In previous cases, including most recently in *Review 563*, the Commissioner has found that a PMS existed in respect of the domestic market for rebar in China. The Commissioner also found that market situation rendered domestic sales of rebar in China unsuitable for use in determining a normal value under section 269TAC(1).

The commission has examined whether a PMS continues to exist in respect of the domestic market for rebar in China during the review period.

In assessing whether a PMS exists, the commission has relied on:

- Echeng's REQ
- information obtained as part of CON 669
- available contemporary evidence, as referenced in this report
- questionnaire responses received in relation to other cases that involve the Chinese steel market
- the findings of previous relevant cases conducted by the commission.

After considering the available information, the Commissioner's preliminary finding is that a PMS existed in respect of the domestic market for rebar in China during the review period. This appendix sets out the evidence for this finding.

In this appendix:

- the **GOC** refers to all levels of government in China, unless otherwise specified
- **SOE** refers to a Chinese state-owned or state-invested enterprise.

A.2 Australian legislation, policy, and practice

Australia treats China as a market economy for anti-dumping purposes. The commission has conducted this inquiry in the same manner for China as it does for other market economy members of the World Trade Organisation (WTO).

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Irrespective of the country whose goods are the subject of the inquiry, Australia's anti-dumping framework may result in the commission not using domestic selling prices as the basis for normal values where there is a PMS. This is only applicable if the PMS renders sales in the domestic market unsuitable for use. In determining whether sales are unsuitable, the commission will have regard to whether because of the PMS, domestic prices of the goods cannot be properly compared with export prices in determining the margin of dumping.

A.2.1 Legislation

Section 269TAC(2)(a)(ii) implements, in part, Article 2.2 of the ADA. Article 2.2 of the ADA provides:

When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country [footnote omitted], such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country, provided that this price is representative, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.

Where a PMS is found to exist in the domestic market of the exporting country,⁴⁸ the commission must further consider whether, because of that situation, sales in that market are unsuitable for determining a normal value under section 269TAC(1).

As part of this assessment the commission assesses whether, because of the PMS, domestic prices can be properly compared with export prices.⁴⁹ **Appendix B** sets out the commission's consideration of whether sales in the Chinese domestic market are suitable to permit a proper comparison to export prices.

Where the commission determines that, because of the PMS, domestic sales are unsuitable for determining a normal value under section 269TAC(1), normal values may instead be constructed under section 269TAC(2)(c) or determined by reference to prices from a third country under section 269TAC(2)(d).

A.2.2 Policy and practice

The Act does not define or prescribe what is required to reach a finding of a PMS. A PMS will arise when there is some factor or factors affecting the relevant market in the country of export generally. The commission considers certain factors when assessing whether a PMS renders sales unsuitable for use in determining a normal value under section 269TAC(1).

⁴⁸ Pursuant to section 269TAC(2)(a)(ii).

⁴⁹ In accordance with the findings of the [WTO Panel in DS529](#), *Australia – Anti-Dumping Measures on A4 Copy Paper from Indonesia*.

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The factors considered by the commission include:

- whether government intervention in the industry and/or market of the exporting country results in prices that are lower or not substantially the same as they would otherwise be
- whether there are other conditions in the market that render sales in that market unsuitable for use in determining normal values under section 269TAC(1).

The Manual provides further guidance on the circumstances in which the commission will find that a PMS exists.⁵⁰ In particular, with respect to prices of inputs in the manufacture of like goods, the Manual states:

Prices may also be artificially low or lower than they would otherwise be in a competitive market due to government influence and distortion of the costs of inputs. The mere existence of any government influence on the cost of inputs would not be enough to make sales unsuitable. The commission looks at the effect of this influence on market conditions and the extent to which domestic prices can no longer be said to prevail in a normal competitive market.

Further, according to the Manual, ‘market conditions will no longer be said to prevail when ...government owned enterprises, together with any unprofitable sales by those same enterprises, has caused significant distortion to the prices received by private enterprises.’

A.3 Assessing the particular market situation in this review

A.3.1 Questionnaire sent to the Government of China

The commission sent a questionnaire to the GOC requesting information on the steel reinforcing bar and steel markets in China. The GOC did not provide a response to this request for information.

The commission notes that the GOC provided a response to the government questionnaire for the purposes of *Investigation 658* (RGQ 658).⁵¹ RGQ 658 requested information regarding the hot rolled coil market in China. The commission considers that RGQ 658 also contains information on the steel market generally in China, which is relevant for this inquiry. Accordingly, the commission has had regard to the information contained in RGQ 658 where relevant.

⁵⁰ [The Manual](#), p 29.

⁵¹ [EPR 658](#), no 8.

A.3.2 Evidence and information before the commission

The commission's assessment of a PMS in the domestic Chinese rebar market concerns an assessment of whether the government involvement in the Chinese domestic market for rebar has materially altered market conditions. If government influence has materially altered market conditions, then domestic prices may be lower or not substantially the same as they would be in a market free of, or not materially affected by, the government intervention.

Prices for rebar may also be lower or not substantially the same as they would otherwise be due to the influence of the PMS on the costs of inputs. The commission has assessed the effect of any such influence on market conditions and the extent to which domestic prices prevail (or not) in a competitive market, that is, a market unaffected by the PMS.

The PMS assessment for this inquiry considers the following information sources as referenced throughout this report:

1. The GOC's response to the government questionnaire.
2. Stated policies, plans, and notifications of the GOC.
3. Cooperating exporters' REQs.
4. Various WTO panel reports, such as *Australia – A4 Copy Paper* and *Australia – Certain products from China*.
5. Various Organisation for Economic Co-operation and Development (OECD) papers and reports, including the *OECD Steel Outlook 2025*.
6. Various Global Forum on Excess Steel Capacity (GFSEC) reports, including *Steel exports, trade remedy actions and sources of excess capacity*.
7. Various Centre for Research on Energy and Clean Air (CREA) reports, including *China – Steel industry decarbonisation biannual review – H2 2024*.
8. The European Commission's (EC) *Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations* (the EC 2024 Report).
9. The commission's *Analysis of steel and aluminium markets report*.
10. Findings by the commission as part of previous cases, such as *Continuation Inquiry 632*, *Continuation Inquiry 594*, and *Continuation Inquiry 400*.
11. Information relating to various pricing benchmarks from third-party providers.
12. Other desktop research, including news reports and other analysis.

As noted at section A.3.1, the commission did not receive a response to the government questionnaire from the GOC for this inquiry.

A.4 Overview of the Chinese steel industry

The Chinese steel industry is the largest in the world, with China ranked number one in crude steel production in 2024 with an output of 1,005 million tonnes. This accounted for 53% of the world's crude steel production. China also remains the top exporter of steel, with 117 million tonnes exported in 2024 (26% of steel exports in 2024).

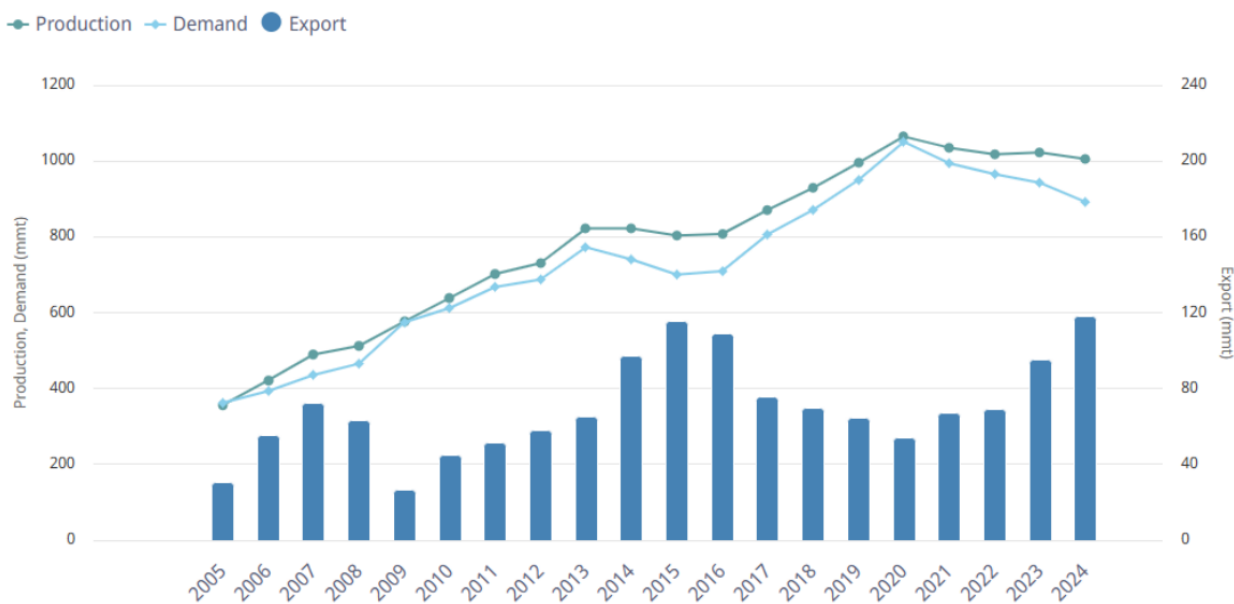
Currently, the Chinese steel industry is characterised by excess capacity, largely caused by high capacity and decreasing demand.

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Historically, the Chinese steel industry has been heavily influenced by the GOC which has led to China's position as the largest steel producer in the world. This influence remains, with SOEs playing a significant role in the Chinese steel industry, as well as numerous GOC plans involving the steel industry.

Figure 1 shows the Organisation for Economic Co-operation and Development's (OECD) estimation of Chinese steel production, demand, and exports since 2005.

Figure 1: China's steel production, demand and exports⁵²



Chinese steel production has experienced a sustained period of growth followed by a slow contraction coinciding with a decrease in demand since 2019. However, exports have conversely increased since 2020. Figure 1 indicates that exports increase when production and demand diverge.

A.5 GOC involvement and influence in the Chinese steel market

The Commission considers the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the rebar market.

The GOC considers that the steel industry is a pillar of the national economy.⁵³

⁵² OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, <https://doi.org/10.1787/28b61a5e-en>.

⁵³ Ministry of Industry and Information Technology of the People's Republic of China (MIIT), '[Work Plan for Stabilising Growth in the Steel Industry \(2025-2026\)](#)', MIIT website (Google translate), 22 September 2025, accessed 25 September 2025.

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The commission considers that the GOC exerts influence over the Chinese steel industry in several ways:

- The GOC's planning systems and its effect on the trends in the steel industry.
- Through the size and prevalence of SOEs in the steel industry.
- The GOC's involvement in the markets for raw materials used in the production of steel.
- Subsidies and other benefits and incentives provided by the GOC to steel producers.

The commission has examined these factors as well as other additional factors throughout this appendix.

A.5.1 GOC questionnaire response

Overall, the GOC claims that 'the prices and costs of steel production, including HRC and other inputs used for the production of the GUC, are determined by the relevant economic factors and conditions in China, and are influenced by international prices.'⁵⁴

The GOC referred to the *Australia – A4 Copy Paper* case, where the WTO panel held that a PMS must be '...distinct, individual, single, specific but that does not necessarily make it unusual or out of the ordinary — i.e. exceptional.'⁵⁵ The GOC went on to submit that the panel 'did not resolve whether any kind or degree of government intervention may be sufficient to render a given market situation "exceptional"'.

The GOC argued that the assessment of PMS must be based on evidential comparison on why the intervention in the market subject to investigation is different from similar kinds and/or degrees of intervention in other markets.

The GOC submitted that if the commission undertakes such a comparative approach, it would be difficult to conclude that the Chinese steel market is 'exceptional' or 'particular'. The GOC noted that Australia's steel market may also be considered as 'particular', claiming that significant subsidies and other preferential treatment are also provided by the Australian Government, and the lack of competition in Australia's steel market.

The commission has addressed the GOC's questionnaire response throughout this appendix. However, as a preliminary point in response to the GOC's reference to *Australia – A4 Copy Paper* the commission notes that, when that reference is read in context, the WTO panel expressly rejected Indonesia's argument that a PMS must be 'exceptional', or 'unusual or out of the ordinary', as opposed to 'distinct, individual, single, specific'. The commission does not accept the suggestion in China's submission that it needs to determine whether a market situation is 'exceptional'.

⁵⁴ The GOC's questionnaire response for *Investigation 658* concerns hot rolled coil steel (HRC), but the commission considers that the GOC's response is relevant for this review.

⁵⁵ Report of the Panel (WTO), [DS529 Australia – Anti-Dumping Measures on A4 Copy Paper](#), WTO website, 4 December 2019.

A.5.2 Excess capacity

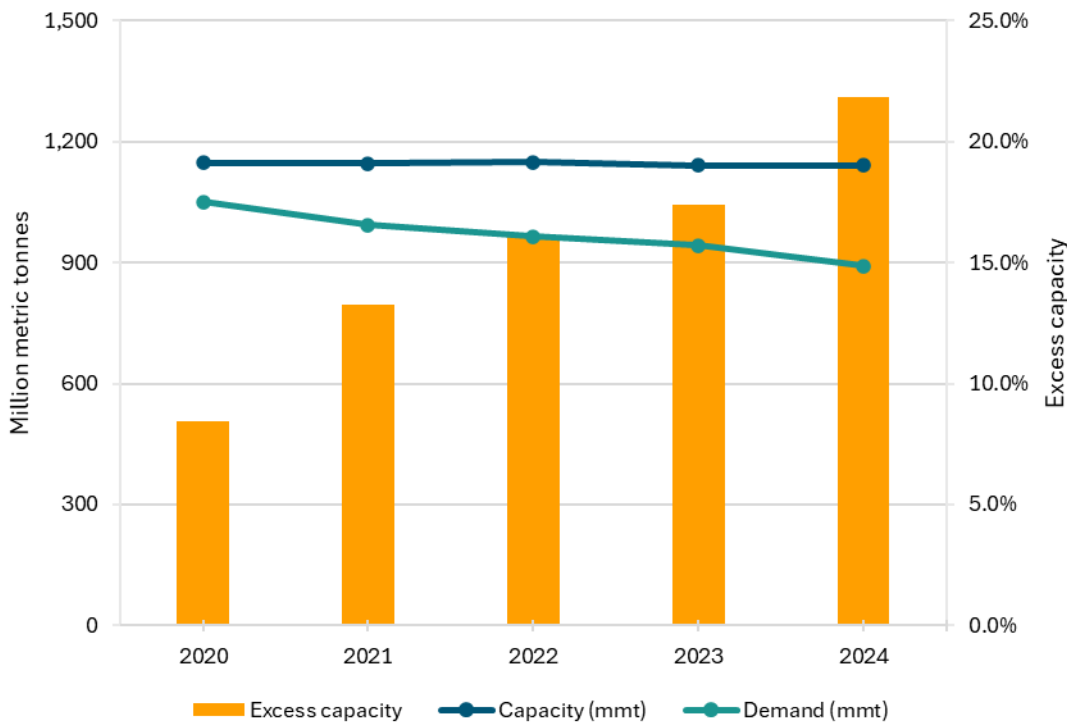
The commission considers that the Chinese steel market continues to maintain excess capacity.⁵⁶ Excess capacity distorts market conditions by creating an oversupply of steel resulting in reduced prices and profitability of steelmakers.

The commission considers that the excess capacity in China is largely influenced by the GOC’s involvement in the Chinese steel industry.

Based on OECD data, Chinese excess capacity represented approximately 87.2% of global excess capacity.⁵⁷

Figure 2 shows the commission’s calculation of excess steel capacity in China from 2020, based on OECD data.

Figure 2: Chinese steel excess capacity⁵⁸



The commission considers that the excess capacity in the Chinese steel market is influenced by historical and current involvement of the GOC, through direct and indirect means.

⁵⁶ The Global Forum on Steel Excess Capacity (GFSEC) defines excess capacity as the ‘gap between demand for steel and the capacity to produce steel.’ GFSEC, ‘[A high-level forum for global action on steel excess capacity \(Key Messages\)](#)’, GFSEC website, n.d.

⁵⁷ Comparison between crude steel demand (Table 4.1) and steelmaking capacity (Table 2.1) in the *OECD Steel Outlook 2025*.

⁵⁸ Attachment 10.

Distortive effects of excess capacity

The commission considers that excess capacity results in several distortive effects to the steel market in China.

The GFSEC notes that where excess capacity exists, it results in a situation where ‘steel is oversupplied and prices and profitability are lower than what normal market conditions would dictate. In other words, the excess capacity is market distorting.’⁵⁹

This is supported by data from CREA which estimates that Chinese steel industry profitability has severely deteriorated since 2021 (Figure 3).

Figure 3: China’s crude steel production, apparent steel use and sector profits, 2011-2024⁶⁰

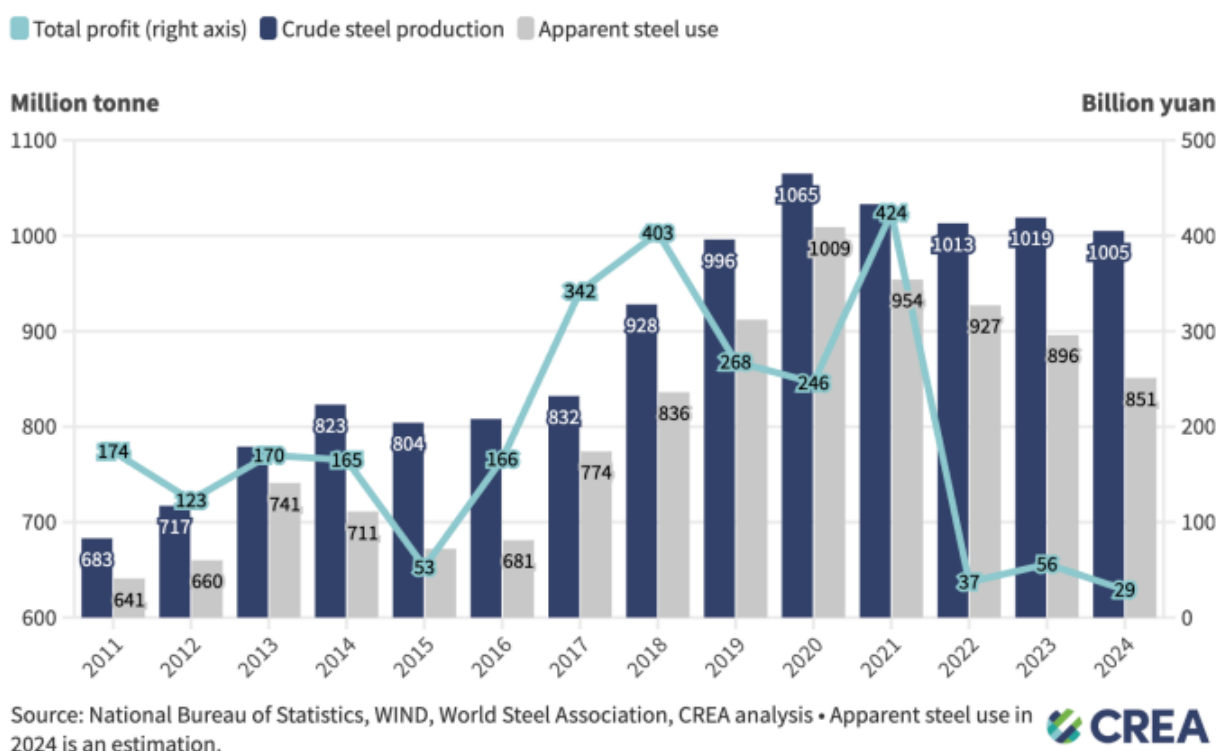


Figure 3 also demonstrates a consistent and increasing oversupply of steel in China.⁶¹

The commission considers that excess capacity has contributed to steel oversupply in China, resulting in depressed prices. This oversupply and depressed pricing would not be as prevalent if excess capacity was not at existing levels.

⁵⁹ GFSEC, [Steel exports, trade remedy actions and sources of excess capacity \[PDF 1,255KB\]](#), GFSEC website, May 2024, p 6.

⁶⁰ X Shen and B Schäpe, [‘China - Steel industry decarbonisation biannual review - H2 2024’](#), Centre for Research on Energy and Clear Air (CREA) website, 26 February 2025.

⁶¹ The difference between crude steel production and apparent steel use.

Factors contributing to excess capacity

Excess capacity is the gap between capacity and demand. The commission has examined factors contributing to these two areas.

Factors contributing to capacity

The commission considers that the high proportion of blast furnace and basic oxygen furnace (BF-BOF) for steel production in China are a contributing factor to excess capacity. Blast furnaces need to operate continuously and have long operational lifespans, contributing to over-production and excess capacity.

BF-BOF accounts for approximately 90% of crude steel production in China.⁶² Due to the nature of blast furnace operation, it is preferable to run them continuously as they are difficult to start and stop. This is highlighted by recent reporting from Shanghai Metal Market (SMM) that the blast furnace operating rate was 86.38%, with capacity utilisation of 88.52%.⁶³ Reductions in blast furnace operation were attributed to maintenance, which is one of the few times that operations are stopped. The high utilisation rates result in an incentive to produce steel even in circumstances where it may not be financially viable (as indicated by falling profits in Figure 3). As examined later in this report, support provided by the GOC allows steel firms to continue operating on non-commercial terms (sections A.5.3 and A.5.4).

Data from the Global Energy Monitor indicates that the average age of blast furnaces in China is about 12 years.⁶⁴ Coupled with operating lifespans of over 40 years, this suggests that China's blast furnace capacity will not reduce in the near future.⁶⁵

The commission also considers that the GOC has directly and indirectly contributed to excess capacity in the Chinese steel market.

The OECD finds:⁶⁶

The rise in China's position in the global steel industry is not a purely market-driven outcome. Instead, it reflects a steel industry expansion driven by market-distorting subsidies and other non-market policies and practices.

⁶² X Shen and L Myllyvirta, '[China's steel sector invests USD 100 Billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments](#)', CREA website, August 2023.

⁶³ Shanghai Metal Market (SMM), '[Increased Blast Furnace Maintenance, Hot Metal Output Growth Falls Short of Expectations](#)', SMM website, 17 September 2025, accessed 23 September 2025.

⁶⁴ Global Energy Monitor (GEM), '[Steel has a fossil fuel problem, and it's called the blast furnace](#)', GEM website, 2025, accessed 23 September 2025.

⁶⁵ GEM reports that the average age of blast furnaces outside of China is 42 years. GEM, '[Steel has a fossil fuel problem, and it's called the blast furnace](#)', accessed 23 September 2025.

⁶⁶ OECD (2025), OECD Steel Outlook 2025.

This is similarly concluded by the GFSEC:⁶⁷

The review process of the GFSEC clearly indicated that China's excess capacity was grounded in market-distorting government interventions and other non-market factors.

The commission has further examined the GOC influence in the Chinese steel market in sections A.5.3 and A.5.4.

Decreasing domestic demand for steel

Research shows that demand for steel in China's building and construction industry has decreased since its peak in 2020.⁶⁸ Although demand has shifted to other sectors, the downturn in the building and construction industries has resulted in a net decrease in steel demand since 2020 (Figure 1). Over the same period, China's steel capacity has remained consistent (Figure 2).

The OECD forecasts that steel demand in China will fall by -0.6% on average per year from 2025 to 2030.⁶⁹ Any decrease in demand without a matching decrease in capacity indicates that excess capacity is likely to continue.

GOC measures aimed at reducing excess capacity

The commission recognises that the GOC has made commitments to reduce excess capacity. However, while there have been numerous initiatives to address excess capacity, it remains an ongoing issue which results in distortive effects on the Chinese steel market.

One of the major initiatives for reducing capacity is through the transition from BF-BOF steel production to the use of EAF. This transition also achieves the GOC's goal of reducing carbon emissions associated with steel making. However, the effectiveness of the transition has been limited.

CREA reporting states that EAF steelmaking has remained at 10%, below the 2025 goal of 15%.⁷⁰ The reasons behind the stagnation in EAF share includes low recycling rates and lack of economic incentives. Further, data from the CREA shows that from 2017 to 2023, blast furnaces accounted for 99% of new ironmaking capacity and BOF accounted for 70% of new steelmaking capacity.⁷¹

⁶⁷ GFSEC, Steel exports, trade remedy actions and sources of excess capacity, p 6.

⁶⁸ BHP, '[Visualised: China's Steel Demand Through Time](#)', BHP website, 18 July 2024, accessed 23 June 2025.

⁶⁹ OECD (2025), *OECD Steel Outlook 2025*, Table 4.3.

⁷⁰ BHP, '[Visualised: China's Steel Demand Through Time](#)'.

⁷¹ X Shen and L Myllyvirta, 'China's steel sector invests USD 100 Billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments', Table 1.

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The replacement of BF-BOF with EAF is also hindered by limitations in steel scrap supply, and the generally higher prices for EAF-produced steel, limiting its competitiveness compared to BF-BOF.⁷² This is also affected by the real estate downturn in China, a major area of demand for EAF-produced steel. If China is to meet its planned goals for EAF transition, the commission considers that further investment and other policy support will be required. This would increase the risk of market distorting effects due to increased GOC involvement in the Chinese steel industry.

In response to the slow transition in steelmaking capacity, the GOC suspended approvals for steel capacity replacement in August 2024 in order to revise its plans.⁷³ This move was made to address issues with the implementation and changing requirements of the steel industry in relation to steel capacity replacement.⁷⁴ Reporting by S&P Global states that ‘the move seems to be too late as the current steel capacity has already exceeded demand, and more brand-new facilities, which have already received approvals, are planned to come on stream from the remainder of 2024 to 2026’.⁷⁵

In addition to the limited effectiveness so far of the transition in steel capacity, these measures can also have the opposite effect. A report by Wiley Law identified instances that resulted in an increase in capacity through investment in EAF facilities.⁷⁶

The commission also considers that the absence of specific targets in the GOC’s plans for reducing capacity may hinder their effectiveness. Outside of a general target for yearly growth (4%), there are limited or no targets for how the reduction in capacity will be achieved – for example, the most recent *Work Plan for Stabilising Growth in the Steel Industry* only states that the GOC will implement precise control of production capacity and output and increase capacity reduction and replacement efforts.⁷⁷

The commission considers the limited effectiveness of the GOC’s measures to reduce capacity mean that the problem of excess capacity remains.

A.5.3 GOC planning system and effect on the Chinese steel industry

The planning system in China is complex and involves many levels of government, each with their own planning documents. The various plans cover almost all areas of the Chinese economy, and many have a direct or indirect effect on the Chinese steel market.

⁷² X Shen and B Schäpe, ‘China - Steel industry decarbonisation biannual review - H2 2024’, p 9.

⁷³ J Zhang, ‘[China’s latest steel capacity swap move not enough to curb industry expansion](#)’, S&P Global website, 29 August 2024, accessed 3 October 2025.

⁷⁴ MIIT, ‘[Notice from the General Office of the Ministry of Industry and Information Technology on Suspending Steel Capacity Replacement Work](#)’, MIIT website (Google translate), 22 August 2024, accessed 6 October 2025.

⁷⁵ J Zhang, ‘China’s latest steel capacity swap move not enough to curb industry expansion’, accessed 3 October 2025.

⁷⁶ A Price, R DeFrancesco, III and A Teslik, ‘[Shell Game: Case Studies in Chinese Steel Subsidies](#)’, Wiley Rein LLP, 2024, pp 26-27.

⁷⁷ MIIT, ‘Work Plan for Stabilising Growth in the Steel Industry (2025-2026)’, accessed 3 October 2025.

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The commission considers that the GOC's plans are more than a high-level guide for the direction of the relevant sectors. Through the creation of the Five-Year Plans to the subsequent guiding opinions and supporting plans, the GOC exercises direct control of areas of the Chinese economy, including the steel market.

The commission notes there is difficulty in sourcing the exact planning documentation due to the fragmented nature of the planning system in China and unavailability of certain websites outside of China. As plans are managed by the various authorities, publication of planning documents may be limited to summaries, or not available at all on the relevant authority's website. The commission has used information provided by the GOC in RGQ 658 and directly from the relevant authority's websites, where available, in summarising the various plans.

The authorities which manage and implement the various plans, include, but are not limited to:

- The State Council of the People's Republic of China (State Council)
- National Development and Reform Commission (NDRC)
- State-owned Assets Supervision and Administration Commission of the State Council (SASAC)
- Ministry of Industry and Information Technology (MIIT)
- Ministry of Ecology and Environment (MOEE)
- Ministry of Natural Resources
- Ministry of Commerce
- State Administration for Market Regulation
- National Energy Administration
- other provincial or local government bodies.

Distortive effects of the GOC planning system

Through its various plans, the GOC can influence specific and broader trends in the steel industry, particularly around capacity and production. The GOC can ensure that these plans are followed through enforcement mechanisms. Accordingly, the commission considers that the GOC's plans have caused distortive effects on the Chinese steel industry. This includes:

- contributing to excess capacity through various means, including directives to increase steel capacity
- plans and directives that lead to underperforming firms continuing to operate
- destabilising effects from short timeframes given for entities to respond to certain plans
- conflicts in the plan's directives and entity's incentives leading to limited effectiveness
- effects on production levels, and by extension, pricing.

GOC questionnaire response

In relation to governmental laws and regulations, ‘The GOC reiterates that there are no special laws or regulations regarding HRC or the input materials as referred to by the Commission.’⁷⁸ The GOC further states that there is a ‘lack of government intervention by way of subsidies at all stages of steel production including the provision of raw materials.’

The commission has found that although there may not be any laws or regulations that relate specifically to rebar, there are many plans that affect the Chinese rebar market. Further, the commission has identified multiple plans which directly influence the Chinese steel market, as well as the raw materials used in steel production.

These plans are examined throughout this section.

The GOC also submits that:

The GOC would like to reiterate that government policies are not legal instruments. They are not enforceable, and are aspirational in nature. No government policies are administered or carried out on behalf of GOC by any enterprises, nor are they expected to be carried out. The Law on State Owned Assets explicitly requires a strict separation of government function from the operation of business.⁷⁹

The GOC also submits that the act of an enterprise following government policies does not mean that the enterprises are carrying out those policies on behalf of the GOC.⁸⁰ The GOC submits that enterprises might make commercial decisions which reflect or are in line with government policies as those policies include a common interest – for example, promoting further economic growth or commercial development.

Commission’s consideration of enforceability of GOC’s plans

The commission notes the GOC’s submission that GOC plans are ‘not enforceable and are aspirational in nature.’ However, the commission does not agree with this statement.

Mechanisms through which the commission considers the GOC is able to enforce GOC plans include the presence and role of SOEs within the broader steel industry, the role of the NDRC, and explicit enforcement mechanisms.

⁷⁸ [EPR 658](#), no 8, response B-2. Investigation 658 concerns HRC, but the commission considers that the GOC’s response is relevant for this review.

⁷⁹ [EPR 658](#), no 8, question D-5.13(b).

⁸⁰ [EPR 658](#), no 8, question D-5.13(b).

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The GOC, where it is also the majority owner of an SOE, can exert its influence through the appointment of board directors and chief executives.⁸¹ As discussed in section A.5.4, SOEs' significant share of total Chinese steel production and propensity to follow government guidance and directives ensures that the GOC can influence broader trends in industry capacity and steel production. Similarly, the NDRC, through its dual role of developing planning guidelines and directives and approving large-scale investment projects, has the capacity to ensure that the broader objectives of the central government are implemented. Examples of enforcement mechanisms are reflected in the *Notice of the State Council on Further Strengthening the Elimination of Backward Production Capabilities and Guidelines*.⁸² Mechanisms to address non-compliance include:

- revoking of pollutant discharge permits
- restrictions on financial institutions providing new credit support
- restrictions on examination and approval of new investment projects
- restrictions on approval of new land for use by the enterprise
- restrictions on issuing of new, and cancelling of existing, production licenses.

Overview of GOC plans relevant to the overall Chinese economy

The following is a summary of the key themes and objectives of major GOC planning guidance and directives that affect the Chinese economy generally.

The commission notes that this summary may not include every plan that may be relevant due to the complexity of the planning structure of the GOC and access to relevant sources. The commission has focused on central government plans, noting that there may be similar plans at the provincial and local government levels.

14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035 (2021-2025)

The 14th Five-Year Plan (FYP) for national economic and social development was released on 12 March 2021. The GOC provided a copy of the 14th FYP as part of RGQ 658.⁸³

This plan outlines China's goals, principles and targets for infrastructure, the environment, financial services, health and social, and economic development for the 5 years to 2025. It has a strong emphasis on the modernisation and decarbonisation of the manufacturing industry through promoting green developments and a focus on capping energy utilisation. Notably, this plan includes mention of 'transforming and upgrading traditional industries', including the iron and steel industries.

⁸¹ D Zhang and O Freestone, '[China's unfinished state-owned enterprise reforms](#)', *Economic roundup issue 2, 2013*, the Treasury, Australian Government, 19 November 2013, accessed 25 March.

⁸² State Council, '[Notice of the State Council on further strengthening the elimination of backward production capacities](#)', State Council website (Google translate), 6 February 2010, accessed 25 March 2024.

⁸³ [EPR 658](#), no 8.

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The commission considers that the 14th FYP affects the Chinese steel market in several ways, including:

- a push to transition away from blast-furnace based steel production to EAF
- financial support for areas of focus, including in the manufacturing sector
- a focus on building supply chains which are not subject to outside interference
- continuing reform of the state-owned sector.

Various ongoing efforts in SOE reform

Since at least 1978, the GOC has pursued reform of the state-owned sector. These reforms have progressed in several stages, with the most recent stage beginning in 2012.⁸⁴

A major milestone in SOE reform was the establishment of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) in 2008.⁸⁵ Since that time, SASAC has governed the management of SOEs.

Reforms have also resulted in the promotion and consolidation of SOEs, including the build-up of the (at the time) Baosteel Group, resulting in its eventual merger with Wuhan Iron and Steel Corporation in 2016 to form China Baowu Steel Group Corporation Ltd (Baowu Group).⁸⁶ Following the merger, Baosteel Group went from the 5th largest steel producer in the world, to the Baowu Group being the 2nd largest in the world from 2015 to 2016. Following further mergers and acquisitions, the Baowu Group is now the largest producer of crude steel in the world.⁸⁷

The significance of SOEs to the broader Chinese economy, including the steel market, is reflected in the State Council of China's *Guiding Opinion on Promoting the Structural Adjustment and Reorganization of Central Enterprises*.⁸⁸ In introducing this guidance, the State Council notes the important role of SOEs in actively promoting structural adjustment, optimisation of structural layout and quality improvement within the Chinese economy. The guidance also indicates that the State Council will deepen reform of SOE policies and arrangements to optimise state owned capacity allocation, promote transformation and upgrading. Details concerning the promotion of central enterprises restructuring and reorganisation include the 'safeguard measures' theme, the strengthening of the organisation and leadership of SOEs, strengthening of industry guidance, increased policy support and improved support measures more generally.

⁸⁴ Gu, T. (2024). The latest round of China's state-owned enterprise reforms: the state advances, the private sector retreats? *Cogent Social Sciences*, 10(1). <https://doi.org/10.1080/23311886.2024.2443033>.

⁸⁵ State-owned Assets Supervision and Administration Commission of the State Council (SASAC), '[What We Do](#)', SASAC website, 17 July 2018, accessed 12 December 2025.

⁸⁶ China Baowu Steel Group Corporation Limited (Baowu Group), '[Company Profile](#)', Baowu Group website, n.d., accessed 6 October 2025.

⁸⁷ Worldsteel Association (WSA), '[World steel in Figures 2025](#)', WSA website, n.d., accessed 20 June 2025.

⁸⁸ SASAC, '[Guiding Opinions of the General Office of the State Council on Promoting the Structural Adjustment and Reorganization of Central Enterprises](#)', SASAC website (Google translate), 29 July 2017, accessed 1 October 2025.

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More recently, the *Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization* was published.⁸⁹ This resolution further reinforces the support to strengthen SOEs, stating reforms will help ‘state capital and SOEs get stronger, do better, and grow bigger, with their core functions and core competitiveness enhanced.’

The commission considers that the strong focus on SOE reform in China supports that SOEs continue to be a key lever for the GOC to exert control over the Chinese economy, and by extension, the Chinese steel market.

The commission has further examined the effect of SOEs on the Chinese steel industry in section A.5.4.

15th Five-Year Plan (under development, 2026-2030)

China’s 15th FYP is currently in the early stages of research and planning and is set to be published in March 2026. Continuing from the 14th FYP, it is expected that the new plan will maintain a focus on environmental sustainability including low-carbon manufacturing.⁹⁰

The commission considers that the continued focus on low-carbon manufacturing will continue the push to transition from blast-furnace based steel production to EAF.

Overview of GOC plans relevant to the Chinese steel market

The following is a summary of the key themes and objectives of major GOC planning guidance and directives that affect the Chinese steel market more specifically. A number of these plans are focused on curbing excess capacity in the steel industry, as well as managing the transition towards a green economy.

The commission notes that this summary may not include every plan that may be relevant due to the complexity of the planning structure of the GOC and access to relevant sources. The commission has focused on central government plans, noting that there may be similar plans at the provincial and local government levels.

⁸⁹ xinhua, ‘[Resolution of CPC Central Committee on further deepening reform comprehensively to advance Chinese modernization](#)’, Theory China website, 21 July 2024, accessed 3 October 2025.

⁹⁰ Dr L Guo, ‘[China’s 15th Five-Year Plan: Implications for Australia’s Economic and Environmental Future](#)’, AustChina Institute (ACI) website, 4 June 2025, accessed 24 June 2025.

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There are a number of plans issued by the GOC which apply to the steel industry directly. These plans include, but are not limited to:

- *Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry (2024-2030)*⁹¹
- *Work Plan for Stabilising Growth in the Steel Industry (2025-2026)*⁹²
- *Work Plan for Stable Growth in the Steel Industry (2023-2024)*⁹³
- *Guiding Opinion on Promoting High-Quality Development of the Iron and Steel Industry (2022)*⁹⁴
- *14th Five-Year Plan for the Development of Raw Materials Industries (2021-2025)*.⁹⁵

These plans reinforce that the steel industry is a key pillar industry for the Chinese national economy.

Although there have been changes over time to the GOC's goals, the broad areas of focus of these plans include:

- setting targets for growth (typically around 4% annually)
- improving capacity regulation and output management
- stabilising raw material supply, including restrictions on exports of some raw materials
- setting energy efficiency benchmarks
- promoting upgrades to steel production to be more efficient
- improved utilisation of surplus energy and by-products
- increasing the proportion of EAF steel production
- promoting corporate mergers and restructures
- promoting the elimination of 'backward' production capacity (production facilities that are below industry standard)
- financial support to promote implementation.

Implementation of these plans involve coordination between multiple areas of government including the NDRC, MIIT, MOEE, the State Administration for Market Regulation, and the National Energy Administration.

⁹¹ GOC, '[Notice from the National Development and Reform Commission and other departments on Issuing the "Special Action Plan for Energy Conservation and Carbon Reduction in the Iron and Steel Industry"](#)', GOC website (Google translate), 27 May 2024, accessed 3 October 2025.

⁹² MIIT, '[Notice from Five Departments on Issuing the "Work Plan for Stabilizing Growth in the Steel Industry \(2025-2026\)"](#)', MIIT website (Google translate), 22 September 2025, accessed 3 October 2025.

⁹³ MIIT, '[Notice from Seven Departments on Issuing the "Work Plan for Stabilizing Growth in the Steel Industry"](#)', MIIT website (Google translate), 25 August 2023, accessed 3 October 2025.

⁹⁴ National Development and Reform Commission (NDRC), '[China issues roadmap for high-quality development of iron and steel industry](#)', NDRC website, 25 March 2022, accessed 3 October 2025.

⁹⁵ [EPR 658](#), no 8.

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There are also several other plans which include the steel industry among other sectors. These include, but are not limited to:

- *Circular Economy Development Plan for the 14th Five-Year Plan (2021-2025)*⁹⁶
- *14th Five-Year Plan on Developing Scrap Steel Industry (2021-2025)*
- *14th Five-Year Plan on Promoting Clean Production (2021-2025)*
- *Action Plan for Continuous Improvement of Air Quality (2023)*⁹⁷

These plans echo many of the GOC's goals within the steel industry specific plans. The focus areas of these plans that are relevant to the Chinese steel industry include:

- development of the green steel industry
- development of the circular economy, where waste is minimised and resource usage is maximised, including a focus on increasing steel scrap usage for steel production
- development of recycling systems in major cities
- tax incentives and other financial support to promote implementation.

The central role of the GOC in the Chinese steel industry is reflected through these planning documents and directives. Through this role, the GOC has materially contributed to the historical and current conditions in the Chinese steel industry.

Effects of the GOC's plans on the Chinese steel market

The commission considers that the GOC's plans have resulted in real effects on the Chinese steel market. This is most evident through the significant excess capacity within the Chinese steel industry. The GOC's plans have resulted in excess capacity in the Chinese steel industry in the following ways:

- A restriction of free-market forces to influence development of the Chinese steel industry.
- A contradiction between the stated aims of the plans, and the actual effect of the plans.

The commission considers that the direction of the GOC's plans restrict the ability of free-market forces to influence the development of the Chinese steel industry. The substantial level of involvement of the GOC has led to a situation in where the Chinese steel industry is dominated by SOEs (Table 11). The commission considers that SOEs are more likely to adhere to the GOC's plans, and the influence of these SOEs due to their size leaves little room for non-SOEs to provide non-state influence.

As examined within this section, many of the GOC's recent plans are aimed at reducing capacity as well as addressing carbon emissions through reduction or closing of BF-BOF and replacing them with EAF. However, as evidenced in Figure 2, there appears to be limited success in reducing capacity.

⁹⁶ NDRC, '[Notice on Issuing the 14th Five-Year Plan for Circular Economy Development](#)', NDRC website (Google translate), 7 July 2021, accessed 6 October 2025.

⁹⁷ State Council, '[Notice from the State Council on Issuing the Action Plan for Continuous Improvement of Air Quality](#)', State Council website (Google translate), 7 December 2023, accessed 9 October 2025.

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The commission considers that this apparent gap between the level of excess capacity and stated goals of the GOC is due in part to the GOC's plans. The GOC has also recognised this contradiction, with all new steelmaking production projects suspended in August 2024 to provide the GOC with time to review its policies aimed at reducing overcapacity.⁹⁸

The commission considers that financial assistance, such as below-market borrowings and grants, allows firms to continue operating even in situations where a free-market driven firm may be forced to close or wind down operations. This is particularly the case for SOEs, which have been found to be the main recipients of below-market borrowings and grants.⁹⁹ Without this assistance, the performance of SOEs is reduced.¹⁰⁰ Firms have also used financial support to phase out aging infrastructure, but this has simply been replaced with the same, or in some cases greater, capacity.¹⁰¹ While this new infrastructure is more environmentally friendly (more efficient and reduced emissions), the problem of excess capacity remains.

The consolidation of SOEs through SOE reform has also led to a maintenance of, or in some cases an increase in, the levels of capacity. The commission would expect that smaller, less-efficient, steel firms would be closed as part of the GOC's push to reduce capacity. However, instead, the GOC has consolidated SOEs, which has instead led to an overall increase in capacity. This is most evidenced by the creation of the Baowu Group, which is now the largest producer of crude steel in the world.

A.5.4 State ownership in the Chinese steel industry

The commission considers that SOEs make up a significant part of the Chinese steel industry.

The commission identified that, for the largest 10 Chinese steel firms by production, 70% of production was by SOEs in 2024. Crude steel production by these 6 SOEs alone accounted for 30% of total crude steel production in China in 2024.

⁹⁸ J Ling, '[Pause on steel projects shows challenges of China's green transition](#)', Dialogue Earth website, 12 November 2024, accessed 9 October 2025.

⁹⁹ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', *OECD Trade Policy Papers*, No. 282, OECD Publishing, Paris, <https://doi.org/10.1787/49f39be1-en>, Figure 2.

¹⁰⁰ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', Figure 8.

¹⁰¹ A Price, et al., 'Shell Game: Case Studies in Chinese Steel Subsidies'.

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Table 11 outlines the 10 largest steel producing companies in China as well as whether they are state-owned.

Company or group	State-owned	Crude steel production (mmt)
China Baowu Group	Yes	130.09
Ansteel Group	Yes	59.55
HBIS Group	Yes	42.28
Shagang Group	No	40.22
Jianlong Group	No	39.37
Shougang Group	Yes	31.57
Delong Steel	No	29.33
Hunan Steel Group	Yes	24.90
Jingye Group	No	22.72
Shandong Steel Group	Yes	19.45
Total SOEs in Chinese top 10		307.84
Total Chinese top 10		439.48
Total China		1,005.10

Table 11: Largest 10 Chinese steel firms by production in 2024¹⁰²

The OECD has found that state enterprises can benefit from certain advantages, including:

- direct and indirect subsidies, which increase with the extent of state ownership
- non-neutral application and enforcement of competition rules
- discriminatory public procurement rules and practices
- forced technology transfers.¹⁰³

The OECD has also found that ‘despite benefitting from these advantages, data indicate that SEs [state enterprises] tend to underperform financially, as assessed by their returns on assets and equity, which often decline with the proportion of company shares held by state entities.’

The commission has examined the effect of state ownership in the Chinese steel market.

¹⁰² WSA, ‘World steel in Figures 2025’, accessed 20 June 2025. The commission has used publicly available information to determine whether entities are SOEs.

¹⁰³ OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’. The OECD uses the term ‘state enterprise’ over ‘state-owned enterprises’.

Distortive effects of state ownership

In addition to the effects of the various GOC policies described in section A.5.3, the commission considers that SOEs can distort conditions in the Chinese steel market in the following ways:

- GOC support allows SOEs to develop production capacity.
- SOEs can operate on non-commercial terms for extended periods, contributing to excess capacity.
- SOEs are insulated from free-market price and profit signals.
- Difficulty of private enterprises to compete and 'level the playing field'

The commission does not consider that the presence of SOEs alone causes market distortions. However, the commission does consider that the presence of SOEs is likely to result in adherence with the GOC's plans and directives. The commission also considers that the support provided to SOEs by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese steel market.

The effect of these various forms of support is described further below.

GOC questionnaire response

As part of the government questionnaire the commission requested information from the GOC regarding SOE involvement in the Chinese steel industry as well as the operation and governance of SOEs in general.¹⁰⁴

The commission notes differences in how 'SOE' is defined. For consistency in this report, the commission has used 'SOE' to refer to a Chinese state-owned or state-invested enterprise. In RGQ 658, the GOC has used various terms, including 'SOE', 'SIE', 'state-owned enterprise', and 'state-owned company'.

In relation to SOE involvement in the steel industry, the commission requested the percentage of total production capacity in the steel industry that SOEs have accounted for over the last 5 years. The GOC states it does not have this information.

The commission also requested information on:

- the process for transferring shares in SOEs in the HRC industry and the involvement of the SASAC
- the governing activities of SOEs
- the operation of the SASAC
- the core features of SOEs in the steel market in China.

The GOC provided responses to these queries which are discussed below.

¹⁰⁴ [EPR 658](#), no 8.

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*Process for transferring shares in SOEs*¹⁰⁵

In its answer, the GOC did not describe the process for transferring shares in SOEs. It did describe the role of the SASAC as that of ‘a shareholder in the normal sense of the term.’

*Governing activities of SOEs*¹⁰⁶

The GOC outlines that the legislation governing the GOC’s role or involvement with respect to SOEs is the *Law of State-Owned Assets in Enterprises* (SOE Law).

The GOC advises that SOEs are ‘entities which are independent of their shareholders.’ The purpose of the SOE Law is to ‘ensure, police and instruct the separation of government functions from those of shareholders.’

In respect of the HRC industry, the GOC states that there are no documents which provide for the existence, guidance, or administration of SOEs within the industry. Instead, the GOC provided a non-exhaustive list of documents which apply to the regulation of SOEs generally. In addition to the SOE Law, these include:

- *Company Law of the People’s Republic of China* (Company Law)¹⁰⁷
- *Interim Regulations on the Board of Supervisors of the State-Owned Enterprises*¹⁰⁸
- *Interim Measures for Administration of Comprehensive Performance Evaluation of Central Enterprises*.¹⁰⁹

The GOC provided copies of these documents.

The relevant documents are communicated to SOEs via publication to the public. The GOC notes that under the *Administrative Permission Law of the People’s Republic of China* ‘no legal document may be taken as the basis for specific administrative permission except for those that are publicly available.’

The GOC states that it ‘does not consider that [SOEs] in the HRC sector in China enjoy any advantages compared with non-State invested enterprises from a regulatory treatment perspective.’ The GOC notes that ‘given that SIEs are generally speaking larger in size and scale, and have stronger reputation, SIEs may be perceived to enjoy commercial advantages generally associated with larger enterprises, such as in terms of pricing powers and credit risks.’

¹⁰⁵ [EPR 658](#), no 8, question C-21.

¹⁰⁶ [EPR 658](#), no 8, questions D-5.1 to D-5.5.

¹⁰⁷ [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D4(d)(1) The new Company Law (current), and Non-Confidential Attachment – Attachment D5.3a Company Law (previous).

¹⁰⁸ [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D5.3c Interim Regulations on the Board of Supervisors of the State-owned.

¹⁰⁹ [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D5.3d Interim Measures for the Administration of Comprehensive Performance Evaluation of Central Enterprises.

*Operation of the SASAC*¹¹⁰

The GOC states that the SASAC undertakes the role of shareholder or capital contributor in relation to SOEs. The SASAC is responsible for the supervision and administration of all SOEs in China. The GOC submits that the SASAC acts as shareholder representative body and does not exercise governmental functions such as directing or regulation. Accordingly, the GOC submits that the SASAC is designed to segregate state-invested enterprises from the political control of the state.

The GOC submits that the operation of the SASAC is in a 'manner as provided by law, and not in a way which is dictated by any GOC party or instrumentality. No other parts of the GOC have any authority to intervene contrary to that legal stipulation.'

As part of its role, the SASAC appoints a representative to attend shareholder's meetings or general assemblies. The specific role of these representatives is to put forward proposals, present opinions and exercise the voting right under the instructions of the appointing body. These representatives are also required to report the performance and results to the SASAC.

The SASAC may evaluate the performance of an SOE in the same way that any shareholder would evaluate the performance of a company in which it has an interest. Evaluation is based on its commercial and financial performance in line with industry averages. The GOC submits that there is no essential difference between the methods which the SASAC adopts to inspect and evaluate enterprise performance, and those adopted by other shareholders to inspect and evaluate business performance of private enterprises. The performance of managers of SOEs is evaluated according to the SOE Law. If the enterprise makes a loss or under-performs, senior members of the management, such as the directors and senior managers of the enterprise may be held liable in terms of remuneration and promotion. The GOC notes that the SASAC will consider commercial, legal, political, and social risks in managing investments. The SASAC is also entitled to gains on assets.

*Core features of SOEs in the steel market*¹¹¹

Throughout its response, the GOC submits that state-ownership does not automatically mean that SOEs perform government functions. The governance and operation of SOEs falls under the Company Law, as it does for all companies in China. The GOC submits that this applies to any SOEs that were identified as having exported HRC to Australia.

The GOC submits that outside of the Company Law, there is no government direction as to how companies are operated. The GOC submits that 'steel suppliers of the type referred to here are not told what to do by the Chinese government and do not exercise governmental authority. Any allegation to the contrary, must be substantiated with positive evidence on a company-by company basis.'

¹¹⁰ [EPR 658](#), no 8, GOC - Response to Government Questionnaire, questions D-5.8 and D-5.9.

¹¹¹ [EPR 658](#), no 8, GOC - Response to Government Questionnaire, questions D-5.10 to D-5.13.

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In relation to representation, the GOC submits that there are no requirements in law or practice to have government representation at any level. However, the GOC notes that 'the GOC will necessarily have some kind of representation in an enterprise in which it holds a substantial number of shares.' For a wholly owned SOE (where SASAC is the only capital contributor and shareholder), the SASAC (or other wholly owned SOE) has the right to appoint some members of the board of directors. However, under legislation, there must also be some other directors that are designated by the congress of employees.

In relation to Chinese Communist Party (CCP) membership, the GOC submits that SOE company executives may or may not be CCP members. There are also no requirements for executives to have party membership. Where CCP members are also members of the board of directors or as shareholders, it is because they meet the criteria to have been appointed by the company.

The GOC submits that in respect of the powers of the SASAC in respect of SOEs, the SASAC decides and approves major matters such as:

- division
- merger
- bankruptcy
- dissolution
- increase or decrease in capital
- issue of corporate bonds.

The SASAC also reports the outcomes of these major matters to the GOC at the relevant level. The SASAC also decides the assignment of state-owned equity in SOEs. The GOC notes that where the assignment of equity would result in the GOC no longer having the controlling interest in the enterprise, it shall be reported to the GOC at the same level for approval.

The GOC submits there is no law or government policy on how SOEs should determine suppliers of raw materials, the price of raw materials, or inputs into production processes. The GOC submits that it does not participate in the setting, controlling or guiding of selling prices for SOEs (unless they are listed in the catalogues of GOC-set prices). The commission notes that certain categories that may contribute to the production and sale of steel and the goods are included in the price catalogue, such as:¹¹²

- electricity
- oil and gas transmission
- freight rate of bulk cargo (including transport of coal)
- port services (where sea freight is involved)

¹¹² [EPR 658](#), no 8, Non-Confidential Attachment – Attachment C-9 Pricing Catalogue Initiated by the Central Government.

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However, the GOC submits that electricity prices are not relevant to controlling or guiding prices of the goods and the raw material inputs. The commission notes that that local pricing is not included in the catalogue. The GOC further submits that there are no controls in place for who SOEs can sell to. The GOC submits that there are no production controls, outside of production restrictions to curb air pollution and in accordance with the carbon emission requirements.

In relation to financing, companies in China are generally financed through various means, including the commercial banking system, capital markets, equity raising, or corporate bond issuance. The GOC advises that it is not in a position to obtain information about the SOE's debts and liabilities held by banks in which it has an interest. The GOC notes that as of 2024 there were 4,425 banking institutions in China.

Involvement of the GOC in the operation of SOEs

In RGQ 658, the GOC states that 'the GOC does not intervene or involve itself in the commercial and operational activities of any SIE in which it may have an investment, such as in its production, selling and pricing of steel.'¹¹³

While the commission notes that GOC ownership of SOEs does not automatically translate into GOC control of these entities, it is the commission's view that these entities are more likely to be responsive to the directives of the GOC. The level of influence and broader role of SOEs within the Chinese steel industry is relevant to this assessment.

Despite the GOC's claims, the commission considers that the GOC has an influence over the operation of SOEs. Despite the provisions in the Company Law, there is a path of control from the GOC (and the CCP) to SOEs:

1. The State Council upholds the leadership of the CCP.¹¹⁴
2. The State Council administers the SASAC.
3. The SASAC administers SOEs, including:
 - appointing board members.
 - approving major matters.

This relationship between the GOC and SOEs is also outlined in the various legislation, including the Company Law and SOE Law.

Article 170 of the Company Law states:

The organization of the Communist Party of China in a state-invested company shall play a leading role in accordance with the Constitution of the Communist Party of China, study and discuss the significant matters concerning the operation and management of the company and support the organization of the company in exercising its functions and powers in accordance with the law.¹¹⁵

¹¹³ [EPR 658](#), no 8, GOC - Response to Government Questionnaire, question D-5.1.

¹¹⁴ C. Wei, '[NPC 2024: Annotated Translation of the Revised State Council Organic Law](#)', NPC Observer, 11 March 2024, accessed 24 October 2025. Refer Article 3 of the 'Organic Law of the State Council of the People's Republic of China'.

¹¹⁵ [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D4(d)(1) The new Company Law.

Article 36 of the SOE Law states:

State-invested enterprises shall make investments *in compliance with the industrial policy of the state* and carry out feasibility studies in accordance with the relevant regulations of the state.¹¹⁶ [emphasis added]

The commission considers that this supports a finding that SOEs operate in accordance with GOC policy, despite the GOC's claims to the contrary.¹¹⁷

The influence of the GOC over SOEs is further supported by research.

The EC Report 2024 found that despite the language in various documents that appears to promote a 'market orientated' approach, the GOC has 'a clear intention to maintain a direct control over SOEs'.¹¹⁸ The EC also identified that the GOC is involved in the operation of SOEs through managerial appointments and integration of the CCP into corporate governance.¹¹⁹ This is supported by other research which found that the 'CCP has actively formalised its role in Chinese business by embedding itself into the corporate governance structure of SOEs'.¹²⁰

Other research goes further to delineate between corporate governance and political governance. A paper on political governance in SOEs found that 'State-owned enterprises ... are both the economic and political bases of the Communist Party of China ... and the Chinese state'.¹²¹ The paper highlights that although SOEs are organised through corporate governance (from the Company Law as submitted by the GOC), SOEs are controlled by the CCP through political governance. This political governance is in the form of state-ownership of SOEs, appointment of managers by the CCP, and involvement of CCP organisations in SOE decision-making.

¹¹⁶ [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D5.3b Law on State-Owned Assets.

¹¹⁷ See section A.5.3.

¹¹⁸ European Commission (EC), '[Commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations](#)', document no SWD(2024)91 final (EC report 2024), EC, European Union Government, 10 April 2024, section 5.4.

¹¹⁹ EC, *EC report 2024*, section 5.5.2.

¹²⁰ Beck, KI & Brødsgaard, KE 2022, 'Corporate Governance with Chinese Characteristics: Party Organization in State-owned Enterprises', *China Quarterly*, vol. 250, pp. 486-508, <https://doi.org/10.1017/S0305741021001351>, accessed 23 October 2025.

¹²¹ Xiankun Jin, Liping Xu, Yu Xin, Ajay Adhikari, 'Political governance in China's state-owned enterprises', *China Journal of Accounting Research*, Volume 15, Issue 2, 2022, 100236, ISSN 1755-3091, <https://doi.org/10.1016/j.cjar.2022.100236>, accessed 23 October 2025.

Finally, an example of the influence of the GOC over SOEs is that of the Baowu Group, which is fully owned by the SASAC. The Baowu Group accounts for around 13% of Chinese crude steel production. Fitch currently rates Baowu Group's state decision-making as 'Strong', and that the GOC 'exerts control over the company's board and senior management, and has strong influence over the group's key operations, strategies and investment decisions.'¹²² Statements from Wangming Hu, secretary of the Party committee and chairman of the board at Baowu Group, reflect this control, including that 'China Baowu resolutely implements the decisions and plans of the CPC Central Committee'¹²³

Support provided to SOEs

The commission has previously found that the support provided to SOEs by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese steel market.¹²⁴

The commission considers that this support is both financial and in other forms.

Financial support

A large degree of the support provided to SOEs is in the form of financial support.

The various ways the GOC financially supports SOEs acts to 'reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations'.¹²⁵

Examples of the financial support mechanisms that enabled SOEs to sustain ongoing operational losses include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks.¹²⁶ A direct example of the support provided to SOEs in the Chinese steel market is that of Baowu Group. Fitch rating agency has found that Baowu Group's precedent of support was 'Very Strong', due to both the significant state-support provided during Baowu Group's creation in 2016 and continued support to boost Baowu Group's operating scale.¹²⁷

¹²² Fitch Ratings, '[Rating report - China Baowu Steel Group Corporation](#)', Fitch Ratings website, 24 February 2025, accessed 25 September 2025.

¹²³ Chinese Communist Party News Agency (cpcnews) '[Forging Steel-like Strength in High-Quality Belt and Road Cooperation](#)', cpcnews website (Google translate), 27 March 2025, accessed 20 November 2025.

¹²⁴ Department of Industry, Innovation and Science (DIIS), '[Analysis of steel and aluminium markets: report to the Commissioner of the Anti-Dumping Commission](#)', Anti-Dumping Commission, DIIS, Australian Government, 2016, p 47, (*Commissioner's steel report*).

¹²⁵ DIIS, '[Commissioner's steel report](#)', p 59.

¹²⁶ Liu, Haimin & Song, Ligang, 'Chapter 14: Issues and Prospects for the Restructuring of China's Steel Industry' in Ligang Song, Ross Garnaut, Cai Fang and Lauren Johnston (eds), '*China's New Sources of Economic Growth: Reform, resources and climate change*:', Vol.1, ANU Press, The ANU, Canberra, July 2016, [doi:10.22459/CNSEG.07.2016.14](#), p 348.

¹²⁷ Fitch Ratings, 'Rating report - China Baowu Steel Group Corporation', accessed 25 September 2025.

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The OECD had found that SOEs in China are larger recipients of subsidies than other China-based firms.¹²⁸ These subsidies were broadly categorised into grants, income-tax concessions, and below-market borrowings. Although this inquiry does not concern subsidisation, the commission considers that it is still relevant context for the assessment of whether a market situation exists. The effects of subsidisation are further examined in section A.5.5.

In relation to loans, the OECD has found that SOEs have better access to borrowing relative to private firms.¹²⁹ Further, a summary of evidence by the EC identified persistent deferred or reduced loans in China, including to SOEs, in spite of GOC plans to reduce such practices.¹³⁰ The lack of enforcement of bankruptcy law is also an indirect form of financial support. The EC found that many instances of defaults or near-defaults of SOEs have been handled in ways which result in restructuring or eventual recover, resulting in a maintenance of capacity.¹³¹ These restructurings or recoveries were ‘achieved without entering into any court-administered bankruptcy proceedings.’ The benefits of these factors for SOEs results in an overall lower risk spread on debt for SOEs, based on implicit guarantees of support by the GOC.¹³²

Other forms of support

As highlighted by the OECD, SOEs can receive other, non-financial, means of support. The OECD found that the application of competition rules varies between SOEs and private enterprises. A comparison found that of the 22 merger and acquisition approvals involving central SOEs, only one was not approved unconditionally.¹³³ This is contrasted to 3 prohibited mergers and 59 approved subject to remedies involving private enterprises.¹³⁴ In the case of the merger of various enterprises in the formation of the Baowu Group, this resulted in the creation of the largest steelmaker in the world, with the ability to have a significant influence over both the Chinese and global steel markets. This is contrasted to the proposed merger between Shougang Corporation and Hesteel Group Co., Ltd, allegedly prohibited on the basis that there was ‘neither an agenda nor a directive for that in the State Council document’.¹³⁵

¹²⁸ OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’, Figure 5.

¹²⁹ OECD (2022), *OECD Economic Surveys: China 2022*, OECD Publishing, Paris, <https://doi.org/10.1787/b0e499cf-en>, p 78.

¹³⁰ EC, *EC Report 2024*, pp 178–179, 308–309.

¹³¹ EC, *EC Report 2024*, p 178.

¹³² OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’, p 15, p 78, and Figure 3.

¹³³ ‘Central SOE’ refers to enterprises in China that are owned and administered by the SASAC at the national level.

¹³⁴ OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’, pp 18-19.

¹³⁵ EC, *EC Report 2024*, p 400.

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A report by Wiley found that SOEs also receive support in the form of bailouts and acquisitions. A case study by Wiley found that struggling firms were brought into state-ownership through a complex restructuring process.¹³⁶ This had the effect of ‘bailing out’ the struggling firm through acquiring it, characterised by frequent use of revised loan terms and debt/equity exchanges.

Outcomes of support

The commission considers that the support provided to SOEs in the Chinese steel industry has, and continues to, contribute to excess capacity. GOC support allows SOEs to operate in non-commercial ways, which results in SOEs continuing when they may otherwise have been shuttered in a more competitive market. This results in the non-commercial capacity remaining, despite the GOC’s plans to reduce capacity.

Examples of the outcomes of the non-commercial terms that SOEs operate under includes findings from the OECD that:

- performance with and without subsidies is poorer for SOEs compared to private enterprises¹³⁷
- SOEs are less profitable per capacity than private enterprises and have higher levels of debt.¹³⁸

Role of the GOC in private firms

The commission found in REP 632 that, while not expressly compulsory under law, private firms engage with the policies and objectives of the GOC by aligning their commercial interests with industry directives. Private firms also appointed party members on supervisory boards where relevant. An example of a private firm engaging in GOC policies is from Shagang Group, stating ‘In the future, Shagang Group will conscientiously implement the State policy concerning the steel industry development.’¹³⁹

The commission also notes that overcapacity arising from GOC influence impacts the overall market in ways that put downward pressure on prices, as do the unprofitable sales of firms (often SOEs) transacting at losses in the Chinese steel market. The high level of government intervention in the steel industry (in part due to the high share of SOEs) means that privately-owned enterprises are prevented from operating under market conditions.

A.5.5 Subsidies

Although this inquiry does not concern subsidisation, the commission considers that it is still relevant context for the assessment of whether a market situation exists.

¹³⁶ A Price, et al., ‘[Shell Game: Case Studies in Chinese Steel Subsidies](#)’, (Chapter I: Bailouts and Acquisitions).

¹³⁷ OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’, Figure 8.

¹³⁸ OECD (2024), ‘Quantifying the role of state enterprises in industrial subsidies’, Figures 6 and 7.

¹³⁹ Shagang Group, [Group Brief Introduction](#), Shagang Group website, n.d., accessed 26 June 2025.

In general, the OECD has found that Chinese steel firms receive five times as much subsidisation as OECD partner countries.¹⁴⁰ The three main forms of subsidisation are below-market borrowings, income-tax concessions, and grants.

Distortive effects of subsidies

The primary effect of subsidisation of the Chinese steel industry is the continuation of excess capacity. Subsidisation allows for steelmakers to invest in capacity or to remain operational even under non-commercial terms. The OECD found that subsidisation may generate a misleading view of firm performance – for example, it can lead to profit levels which would not occur without subsidisation.¹⁴¹

GOC questionnaire response

The GOC provided information relating to subsidies for the HRC industry as part of RGQ 658. The GOC's response primarily related to claims of less than adequate remuneration (LTAR) subsidies for raw materials. As this inquiry does not concern allegations of LTAR, the commission has not examined the GOC's claims in respect of that program. However, the GOC did provide information relation to the preferential tax policy for additional deductions to value-added tax.¹⁴²

Below-market finance

According to OECD research, below-market borrowings are the largest form of subsidisation as a percentage of revenue in China.¹⁴³

Below-market finance can take the form of either below-market borrowings (BMB) where a government provides support through debt financing, or below-market equity (BME) where a government provides equity finance on terms that are inconsistent with market principles. BMB enables companies to obtain debt financing on terms that are more favourable than available on the market – for example, preferential interest rates or government loan guarantees. BME is the provision of equity on non-market terms – for example, government equity infusions or below-market equity returns.¹⁴⁴ Below-market finance has the effect of reducing companies' cost of capital.

The OECD found that movements in steelmaking capacity tracked with below-market borrowings for the steel industry in China.¹⁴⁵ OECD has found examples of financing on non-market terms have been provided to firms that have high debt-to-asset ratios.¹⁴⁶ This has the effect of 'propping up' firms that may otherwise be underperforming, leading to those firms' capacities remaining when they may otherwise have been reduced. Due to the pervasiveness of BMB throughout China, this has the observable effect of perpetuating the issue of excess capacity.

¹⁴⁰ OECD (2025), *OECD Steel Outlook 2025*, Figure 3.4.

¹⁴¹ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', Figure 8.

¹⁴² [EPR 658](#), no 8, GOC - Response to Government Questionnaire, pp 38-43.

¹⁴³ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', Figure 5.

¹⁴⁴ OECD (2021), 'Measuring distortions in international markets: Below-market finance', *OECD Trade Policy Papers*, No. 247, OECD Publishing, Paris, <https://doi.org/10.1787/a1a5aa8a-en>, p 5.

¹⁴⁵ OECD (2021), *Measuring distortions in international markets: Below-market finance*, Figure 21.

¹⁴⁶ OECD (2021), *Measuring distortions in international markets: Below-market finance*, p 36.

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In relation to the Chinese steel industry, BMB is the more relevant factor, as steelmakers typically rely more on debt finance as opposed to equity finance. However, the OECD has found that steel firms had benefited from BME.¹⁴⁷

Grants

As grants are often specific in their focus, the overall effects on firms can be limited.¹⁴⁸ However, the commission considers that grants are a clear indicator of the GOC's incentives to implement the GOC's plans – for example, grants may be provided to reduce emissions.

Income-tax concessions

The OECD found that income-tax concessions appear to benefit SOEs and private firms equally.¹⁴⁹ Income-tax concessions are also the lowest form of subsidisation as a percentage of revenue in China, compared to below-market finance and grants.¹⁵⁰ Further, tax concessions are limited in respect of the Chinese steel industry due to the nature of the steel industry. The steel industry is a heavy industry, characterised by being energy-intensive and reliant upon debt financing which generally leads to receiving more BMB.¹⁵¹

However, tax concessions can still serve as incentives for investment and serve as a method for the GOC to promote action of its plans. As provided by the GOC in RGQ 658, the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises allows for a deduction of 5% of the current deductible input tax amount from the VAT payable (Weighted Deduction Policy).¹⁵² This concession applies to firms which are classified as 'high-tech enterprises', which can be decided by the relevant local government departments. The commission considers that the discretion provided to the government means that the application of these tax concessions can be broad. The MIIT announced 45 advanced manufacturing clusters in 2022 which included 1,700 manufacturers.¹⁵³

The commission also considers that tax concessions have an effect of creating incentives for firms to move to specific locations – for example, the commission has previously found that that preferential tax policies exist for enterprises located in certain zones.¹⁵⁴

¹⁴⁷ OECD (2021), *Measuring distortions in international markets: Below-market finance*, Figure 17.

¹⁴⁸ OECD (2025), 'The Market Implications of Industrial Subsidies', *OECD Trade Policy Papers*, No. 296, OECD Publishing, Paris, <https://doi.org/10.1787/e40b793f-en>, p 22.

¹⁴⁹ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', p 6.

¹⁵⁰ OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', Figure 5.

¹⁵¹ OECD (2025), 'How governments back the largest manufacturing firms: Insights from the OECD MAGIC Database', *OECD Trade Policy Papers*, No. 289, OECD Publishing, Paris, <https://doi.org/10.1787/d93ed7db-en>, p 11 and Figure 1.

¹⁵² [EPR 658](#), no 8, Non-Confidential Attachment – Attachment D-3.2 VAT Deduction Policy.

¹⁵³ Z Yanran, 'China's IT Ministry Publishes List of 45 Advanced Manufacturing Industry Hubs', Yicai Global, 2 December 2022, accessed 28 October 2025.

¹⁵⁴ [EPR 322](#), no 55, *Anti-Dumping Commission Report no 322*, Table 1.

A.5.6 GOC involvement in raw material markets

Based on the information provided by Echeng, the commission considers that the main raw materials involved in the production of rebar are:

- iron ore
- coal (thermal and coking)
- steel scrap
- electricity.¹⁵⁵

Distortive effects of GOC involvement in raw materials markets

The GOC's involvement in the markets for the raw materials used in steel production primarily has the effect of distorting prices for those raw materials. This has the cumulative effect of reducing the cost inputs into steel production, thereby reducing the cost of production for steel. The commission considers that the resulting raw material prices are below what would have prevailed under normal competitive market conditions.

This is supported by findings by the EC, which considers that 'overall, consistent government intervention in the steelmaking raw materials market exists for the benefit of the steel industry and it has market-distortive effects.'¹⁵⁶ The EC has further found 'significant State interference including in relation to the costs of raw materials as these were not the result of free market forces they are affected by substantial government intervention.'¹⁵⁷ The commission's analysis supports this conclusion.

Iron ore

The commission considers that the effectiveness of the GOC's involvement in the iron ore market was limited in the periods preceding the review period. However, more recent developments have shown that the GOC is taking an increasingly larger role in the iron ore market in China.

Historically, mining companies have had greater influence over iron ore prices into China as they negotiated prices with steel companies directly.¹⁵⁸ This meant that steel companies were exposed to increases in iron ore spot pricing, particularly when demand for steel increased.¹⁵⁹

Recently, the GOC has taken measures to increase its control over iron ore pricing in China. The most notable of these measures is the establishment of the China Mineral Resources Group Limited (CMRG).

¹⁵⁵ These are the primary raw materials used in BF-BOF steel production. EAF steel production does not typically use iron ore or coal.

¹⁵⁶ EC, *EC Report 2024*, p 408.

¹⁵⁷ EC, *EC Report 2024*, p 407.

¹⁵⁸ M Y Zhang, '[Is China's reported ban on BHP a bluff, or a glimpse of the future?](#)', ABC, 3 October 2025, accessed 15 October 2025.

¹⁵⁹ SMM, '[Iron Ore Price Evolution: A Historical Journey](#)', SMM, 29 May 2024, accessed 15 October 2025.

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CMRG is a SOE established in 2022 and is 'dedicated to delivering secure, sustainable raw material supply services and tailored solutions for industries like steel.'¹⁶⁰ The commission considers that CMRG was in part created to address China's strategic vulnerability in iron ore sourcing, particularly its reliance on imports directly from global mining giants/traders directly – for example, BHP, Rio Tinto, Vale, and Fortescue. The commission considers that the establishment of CMRG is an example of how the GOC is seeking greater control over iron ore pricing, primarily through a centralised procurement mechanism.¹⁶¹

CMRG's influence in the Chinese iron ore market was not immediate.¹⁶² However, it is now clear that CMRG is influencing iron ore pricing in China.

Reporting from Bloomberg claims that 'CMRG is now the biggest trader of [iron ore] after elbowing out other players...It also represents more than half of China's steelmakers in talks with suppliers'.¹⁶³ Bloomberg also reports that 'One advantage is that CMRG has more tolerance for losses because it's state-run, and as its presence has grown, more established trading houses have retreated'. Bloomberg noted that none of the largest miners had entered longer term contracts with CMRG at the time of reporting (June 2025). This appears to remain the case according to more recent reporting by Bloomberg.¹⁶⁴ However, as noted in that same report, CMRG has now begun selling iron ore at spot prices from Brazilian miner Vale. Even more recently, CMRG has allegedly suspended shipments of iron ore from BHP on the basis of stalled negotiations about currency and long-term contracts.¹⁶⁵

The commission considers that this supports a finding that although the GOC's influence on iron ore prices in the review period was limited, the GOC is seeking to increase its influence over iron ore pricing in China.

Coal

The commission considers that the price of coal within China is influenced by the GOC. This influence has resulted in a situation of oversupply of coal within China leading to decreased pricing.¹⁶⁶

¹⁶⁰ China Minerals, www.cmr-co.com, China Minerals website (Google translate), n.d., accessed 15 October 2025.

¹⁶¹ Baidu, China Mineral Resources Group Co., Ltd, Baidu website (Google translate), n.d., accessed 30 July 2025.

¹⁶² T Parker, '[China iron ore buyer yet to deliver lower prices](#)', *Australian Resources & Investment*, 29 May 2023, accessed 30 July 2025.

¹⁶³ K Gemmill, A Cang, '[Xi's giant iron ore trader is shaking up a \\$130 billion market](#)', *MINING.COM*, 19 June 2025, accessed 30 July 2025.

¹⁶⁴ K Gemmill, A Cang, '[China's giant iron ore trader expands clout selling Vale cargoes](#)', *MINING.COM*, 5 September 2025, accessed 15 October 2025.

¹⁶⁵ J Pao, '[China's cargo ban gives new meaning to BHP's 'Broken Hill' origin](#)', *Asia Times*, 1 October 2025, accessed 15 October 2025.

¹⁶⁶ H Yermolenko, '[Coking coal prices in China fall amid oversupply](#)', *GMK Centre*, 29 May 2025, accessed 16 June 2025.

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Coal is used in two main forms for blast furnace steel production – as fuel for the blast furnace and as an agent to remove oxygen from iron ore. Coal is primarily used in the production of molten iron before it is turned into steel.

Coal has historically been an important industry over which the GOC desires ‘absolute control’.¹⁶⁷

The GOC exercises control over the Chinese coal industry in the following ways:

- Requirements for export licencing for coke and coking coal.
- Limits on the production volume of coal.
- Various forms of subsidisation.
- Significant presence of SOEs.

The commission considers that export licence requirements for coke and coking coal have the effect of limiting exports of those products. By limiting the export of coal, the GOC can ensure that more is available for domestic use, decreasing domestic prices.

The GOC has taken steps to try to reduce the oversupply of coal in the Chinese market, including production caps and closing of mines. Despite these efforts, there have been times where the GOC has reversed its policy and instead moved to increase production. This occurred following increases in coal prices in 2021, when the GOC gave permission to re-open previously closed mines in order to increase production and lower prices.¹⁶⁸ There are also reports that mines have been exceeding production caps, with the National Energy Administration carrying out inspections to address overmining.¹⁶⁹

The GOC provides substantial subsidies to the coal sector in China. The EC found that these subsidies occur in various forms including temporary tax and fee relief, investment in fixed assets, compensation for mines shut down under phase-out plans, VAT rebates, direct subsidies to listed coal companies, methane production subsidies, R&D support, and funding for exploration.¹⁷⁰ The scale of these subsidies was found to have effectively reduced Chinese coal prices by 4.2% in 2020, while increasing production by 7.6%.¹⁷¹

The EC found that SOEs represent 88% of assets in the mining and washing of coal industry.¹⁷² As detailed in section A.5.4, SOEs receive more support from the GOC, and are more likely to implement the GOC’s plans and targets. The commission considers this has the effect of perpetuating the situation of overcapacity.

¹⁶⁷ EC, *EC Report 2024*, p 210.

¹⁶⁸ EC, *EC Report 2024*, p 290.

¹⁶⁹ Bloomberg News, ‘[China launches inspections to halt excessive coal production](#)’, *MINING.COM*, 22 July 2025, accessed 1 August 2025 and DISR REQ – September 2025, section 4.3.

¹⁷⁰ EC, *EC Report 2024*, p 293.

¹⁷¹ S Mcfarlane, ‘[Explainer: Global fossil fuel subsidies on the rise despite calls for phase-out](#)’, *Reuters*, 23 November 2023, accessed 10 November 2025.

¹⁷² EC, *EC Report 2024*, p 354.

Steel scrap

The commission considers that the domestic steel scrap market has been distorted by the influence of the GOC.

The commission considers that the GOC has distorted the steel scrap market in China in the following ways:

- Plans and directives from the GOC to encourage steel scrap utilisation.
- Duties on the export of steel scrap.
- Control over which entities can process steel scrap.
- Participation of SOEs in the steel scrap industry.

Many of the plans and directives discussed in section A.5.3 serve to increase and improve steel scrap resource utilisation. As discussed in that section, as part of the move to green steel, the GOC aims to replace BF-BOF steel production with EAF. As EAF production requires steel scrap as the main raw material, this necessitates high scrap utilisation.

As part of its efforts to support the amounts of steel scrap required, the GOC has implemented a 40% export duty on steel scrap.¹⁷³ The high level of duty serves to discourage exports of steel scrap and instead serve to increase domestic supply. The GOC has also set targets for the amount of steel scrap utilised.¹⁷⁴

The GOC also sets the criteria for entry into the steel scrap processing industry. Qualified enterprises can enjoy preferential policy benefits, including a 30% VAT refund.¹⁷⁵ This serves to reduce the operating costs of steel scrap processors.

China Resources Recycling Group Co., Ltd was created in October 2024 to build a national platform for recycling and reusing resources.¹⁷⁶ Baowu Group holds a 20% share in the group, with other SOEs holding the remaining shares. Although the group has only been recently established, the commission considers that this demonstrates the GOC's ability to influence the steel scrap market in China through centralising control.

Electricity

The commission considers that the Chinese electricity market was distorted during the review period.

¹⁷³ Ministry of Finance of the People's Republic of China (MOFC), [Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025](#), MOFC website (Google translate), 2025, accessed 25 June 2025, Attachment 3: Export Tariff Rate Table.

¹⁷⁴ For example, the 14th FYP for the Development of the Circular Economy sets a steel scrap utilisation target of 320 million tonnes.

¹⁷⁵ A Shi, '[China's MIIT announces 13th bath of qualified ferrous scrap suppliers](#)', *Mysteel*, 5 November 2025, accessed 10 November 2025.

¹⁷⁶ State Council, [A new state-owned enterprise, China Resources Recycling Group Co., Ltd., was established](#), State Council website (Google translate), 18 October 2024, accessed 11 November 2025.

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The electricity market in China is characterised by strong involvement of SOEs in various stages of the supply chain.¹⁷⁷

The commission notes that the strong state presence does not only concern the electricity market but extends to the entire energy sector. The energy market is greatly controlled by both centrally and provincially owned energy SOEs, hence both the national and provincial governments influence the energy market. Out of 96 centrally owned SOEs currently being overseen by SASAC, 18 are in the energy sector.¹⁷⁸ The EC has found that around 50% of power generation capacity in China is state-owned. Further, almost the entire transmission grid is owned and maintained by two SOEs: State Grid Corporation of China and China Southern Power Grid.¹⁷⁹

In its questionnaire the GOC noted the various efforts at reforming the electricity sector in China. The GOC refers to the adoption of benchmarking electricity prices against the price of thermal coal.¹⁸⁰ However, the GOC also notes that the electricity is an 'important public utility' which is regulated under the *Pricing Law of the People's Republic of China*. The commission notes that the electricity-coal price linkage was updated in 2019 with the NDRC's *Deepening the On-grid Tariff for Coal-Fired Power Generation*.¹⁸¹ As evidenced from these documents, it is clear that the GOC still maintains control over the pricing of electricity in China.

A.5.7 Export control measures

The GOC has a number of ways that it exerts control over exports, including duties or refunds for exporting products.

Distortive effects of export control measures

The commission considers that the GOC's export control measures have the dual effect of:

- limiting the export of raw materials, thus increasing domestic supply
- reducing incentives to export finished steel products, also increasing domestic supply.

The result of increased domestic supply is that prices for raw materials are decreased, and the prices of finished steel products are also decreased.

¹⁷⁷ EC, *EC Report 2024*, p 265.

¹⁷⁸ EC, *EC Report 2024*, p 265.

¹⁷⁹ M Walker, '[Electricity Transmission and Distribution in China – Market Research Report \(2015-2030\)](#)', *IbisWorld*, July 2025, accessed 3 November 2025.

¹⁸⁰ [EPR 658](#), no 8, GOC – Response to Government questionnaire, p 22 and Non-Confidential Attachment – Attachment D4(d)(5) NDRC on Completing Price Linkage Mechanism Between Coal and Electricity.

¹⁸¹ NDRC, '[Guiding Opinions of the National Development and Reform Commission on Deepening the Reform of the On-grid Tariff Formation Mechanism for Coal-fired Power Generation](#)', NDRC website (Google translate), 21 October 2019, accessed 3 November 2025.

Summary of export control measures

Restrictions on raw material exports

The GOC maintains export duties on a number of raw materials used in steel production, including pig iron (20%) and steel scrap (40%).¹⁸² The commission considers that the high level of these export duties serve to discourage export of these raw materials. In turn, this increases the supply of raw materials domestically, which can reduce prices. This has the overall effect of reducing production costs for steel within China.

The commission also considers that this is an example of how the GOC promotes compliance with its plans – for example, by discouraging exports of steel scrap and therefore promoting use within China, the GOC incentivises compliance with its plans to promote green steel, as described in section A.5.3.

Removal of VAT refunds for exported finished steel products

In 2025, the GOC announced it would be tightening the rules around steel exports with an aim of strengthening export management and tax compliance.¹⁸³ Key to the new regulations is the requirement for a tax registration check on customs declarations for exports and imposing the same VAT and consumption tax as if goods were sold domestically.

This update was stated to assist with combatting tax evasion and prevent Chinese exporters from exporting steel at low prices. However, the commission considers that by discouraging steel exports, domestic prices within China will decrease due to the increased supply.

A.6 The GOC role in the market for the goods

The Commissioner has found in the preceding section that the GOC exerts significant influence over the Chinese steel sector. The commission considers that many of the distortions discussed above also directly influence rebar producers as members of the Chinese steel industry. These distortions include:

- GOC plans – Influence steel production volumes and priorities.
- SOE involvement – Direct and indirect SOE participation affects decision-making and market behaviour.
- Raw material distortions – Interventions in raw material markets alter availability and pricing.

Both production costs and selling prices of rebar are influenced as a result of these distortions.

¹⁸² MOFC, *Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025*, Attachment 3: Export Tariff Rate Table.

¹⁸³ A Pan, '[China tightens tax regulations on steel exports](#)', *Mysteel*, 1 April 2025, accessed 23 June 2025.

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To demonstrate the effect of the distortions on rebar pricing, the commission has compared the average domestic price of rebar from China to various other countries using third-party pricing data.¹⁸⁴ Chinese rebar has consistently been the lowest out of all countries since mid-2021. Chinese rebar prices have also been trending downwards, when recently pricing in other countries has levelled out or increased.

A further example of specific distortions to the rebar market comes from the revision of manufacturing standards for rebar in China.

On 25 June 2024, new mandatory national standards for hot-rolled plain and ribbed rebar were announced.¹⁸⁵ Following the introduction of the new standards on 25 September 2024, producers of rebar were required to meet stricter tolerances regarding production accuracy, fatigue performance, smelting processes and testing methods. The new standards are also mandatory as opposed to the previous standards which did not mandate compliance.

The limited time between the announcement and implementation of the new standard resulted in panic sell-off of stock produced under the previous standard.¹⁸⁶ This period covered 3 months of the review period and resulted in decreased Chinese prices for rebar.¹⁸⁷ The new standards have also led to an increase in costs for certain raw materials used in alloying, leading to an increase in production costs.¹⁸⁸

The commission considers that the revision to the rebar standards is a demonstration that the GOC can, and has, directly affected the market for rebar. While revising standards is not unusual in and of itself, changing the standards from recommended to mandatory and providing only a 3-month period to comply created distortions in the Chinese rebar market.

A.7 Conclusion

Having considered all the information before it, the commission preliminarily finds that a PMS existed in respect of the domestic market for rebar in China for the review period.

¹⁸⁴ **Confidential Attachment 11.** Prices compared at USD/t. The countries compared are USA, Canada, Japan, ROK, Taiwan, Poland, Czechia, Germany, France, Italy, UK, and Spain. The commission obtained confidential data from MEPS International Ltd (MEPS). MEPS provided this copyright statement about its data 'This information is copyrighted, all rights reserved. *MEPS data is licensed for the exclusive use of the company's direct employees. Any unauthorised copying, forwarding, or sharing by any means will be an infringement of copyright.*'

¹⁸⁵ C Chen, '[Feature: China's new rebar standards hit market sentiment](#)', *Mysteel*, 26 July 2024, accessed 12 June 2025.

¹⁸⁶ Kallanish Asia, '[China's new rebar standards trigger market sell-off](#)', *Kallanish Commodities*, 18 July 2024, accessed 12 June 2025.

¹⁸⁷ Shanghai Metal Market (SMM), '[\[SMM Hot Topic\] 2024 Annual Review of Rebar Market Trends](#)', *SMM website*, 9 January 2025, accessed 12 June 2025.

¹⁸⁸ J Zong, T Tong, J Long, '[China's new rebar standards may deal another blow to domestic steelmakers](#)', *Fastmarkets*, 30 July 2024, accessed 12 June 2025.

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The commission recognises the impact of these GOC influences on supply are extensive, complex, and multifarious, and their impact on the price of rebar is difficult to quantify. However, based on the commission's extensive analysis of the available information before it, the commission is preliminarily satisfied that the GOC's influence on the market for like goods in this inquiry/investigation is not insignificant.

Whether the PMS in respect of the domestic market for rebar in China has resulted in Chinese domestic sales being not suitable for determining normal value under section 269TAC(1) is discussed in **APPENDIX B**.

APPENDIX B PROPER COMPARISON

B.1 Preliminary findings

The Commissioner has preliminarily found that sales of rebar in the domestic Chinese market are not suitable for determining a normal value pursuant to section 269TAC(1). This is because the existence of a market situation does not permit a proper comparison of domestic prices with the export prices of the goods.

B.1 Introduction

For section 269TAC(2)(a)(ii) to apply, the Commissioner must be satisfied that:

1. there is a PMS in the country of export, and
2. because of that situation domestic sales of like goods in that market are not suitable for use in determining a price under section 269TAC(1).

The Commissioner has found at **APPENDIX A** that a PMS exists in respect of the domestic market for rebar in China for the review period. In this Appendix the commission has examined whether domestic sales of like goods in China are suitable for determining the normal value of the cooperating Chinese exporters under section 269TAC(1).

B.2 Proper comparison of domestic and export price

The commission's assessment of whether sales are 'suitable' for the purposes of section 269TAC(1) considers the relative effect of the PMS on both the domestic sales and export sales. If domestic sales and export sales are not equally affected by the PMS, such a finding may render domestic sales not suitable for the purposes of section 269TAC(1).

The relative effect of the PMS on domestic and export prices requires an assessment of the relationship between price and cost of rebar sold in the respective domestic and export markets. In relation to the domestic sales price, the relevant market is the domestic market of the exporting country (for this inquiry, China). For the export price, the relevant market is that in the country into which the goods are being sold (Australia). In assessing the comparability of sales in each market, it is important to note that those sales are defined by the prevailing conditions of competition in each market. It is also important that the relevant factual circumstance of each price is considered within the proper context of the relevant market.

B.3 GOC questionnaire response

In RGQ 658, the GOC notes that 'the Commission is obliged under the WTO law to assess the extent to which the alleged PMS had precluded a "proper comparison" between the export and domestic prices of the GUC.'¹⁸⁹

¹⁸⁹ [EPR 658](#), no 8, pp 15-16.

The GOC also submitted that any effect due to a distortion in the price of raw materials must be assessed against both the export and domestic prices. The GOC further submits that a distortion to the price of raw materials would 'normally [effect] or flows through to both domestic and export sales to the same degree.'¹⁹⁰

B.4 Prevailing conditions of competition are different

The commission considers that the prevailing conditions of competition are different between Australia and China. These differences mean that while the identified market situation affects both domestic and export prices for HRC, the impact of that market situation is different.

In making this finding, the commission has considered a variety of information in assessing the prevailing conditions of competition in China and Australia. Sources of information include:

- data provided by InfraBuild Steel for CON 669
- exporters and importers
- relevant findings from previous cases conducted by the commission
- other sources which have been referenced throughout this section.

In making the relevant findings in this section, the Commissioner has considered the structure of each market, market conditions, raw materials, the level of import penetration in each market, and the nature of any competitive advantage arising from the PMS.

B.4.1 Market structure

The commission considers that the Australian and Chinese rebar markets have a similar structure in that rebar is:

- sold into same markets (mainly construction)
- sold to the same type of customers (mainly end users and distributors).

However, there is a stark difference in the number of rebar producers in each country, with 3 in Australia (InfraBuild Steel) and over 137 in China. Supply in China is also limited to the local or regional area of each producer, while InfraBuild Steel sells throughout Australia.

Australia

The Australian market is supplied InfraBuild Steel and imports from a range of countries, including China. Rebar is sold to several key market segments in Australia, including:

- residential construction
- non-residential construction
- engineering construction.

InfraBuild Steel is the sole producer of rebar in Australia and sells to customers throughout Australia.

¹⁹⁰ [EPR 658](#), no 8, p 16.

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Rebar is supplied through reinforcing processors, steel service centres, and independent distributors. The supply chain includes Australian producers, imports, and exporters, with reinforcing processors and service centres delivering to end users in the construction industry.

Rebar is primarily purchased for cutting, bending, and welding into various shapes for use in concrete reinforcement, such as slabs, beams, columns, cages, and precast products. It is supplied in two forms which are Deformed Bar in Lengths (DBIL) and Deformed Bar in Coil (DBIC). DBIC is preferred for automated and efficient storage while DBIL is used for larger diameters, particularly in mining.

China

Echeng noted in its REQ that the Chinese rebar market includes ‘manufacturers, trading companies, distributors and end users’.¹⁹¹ Echeng also noted that as a manufacturer, its customers are primarily end users and distributors.

In relation to domestic suppliers of rebar in China, Echeng claims that there are ‘too many market participants to list, and each participant has a different degree of relevance in their local or regional market’.¹⁹² Although it is difficult to determine an exact number of rebar producers in China, steel price tracking website, MySteel, surveys 137 steel mills.¹⁹³

The commission considers that the Chinese rebar market is characterised by a large volume of producers with a local-area focus.

B.4.2 Market conditions

Although construction is the primary demand driver for rebar in Australia and China, the movements in demand differ between markets. Australian construction demand has seen consistent increases, while Chinese construction demand has instead decreased.

Price drivers also differ between markets, with Australian prices influenced primarily by import prices, while Chinese prices are primarily influenced by raw materials.

Chinese market conditions have been influenced by a market situation. A combination of oversupply and lower raw material prices have led to depressed prices.

¹⁹¹ [EPR 669](#), no 4, section J-1.

¹⁹² [EPR 669](#), no 4, section J-1.

¹⁹³ Mysteel, [‘WEEKLY: China’s rebar output dips to 7.5-month low’](#), *Mysteel website*, 10 October 2025, accessed 14 October 2025.

Australia

Primary demand for rebar in Australia is through the construction industry. Data from the Australian Bureau of Statistics (ABS) indicates that the value of building work has steadily increased since 2014, reflecting growth in demand. Other key factors influencing demand include government and private investment, monetary and fiscal conditions, and population growth. Market size estimates, based on InfraBuild Steel's sales and ABF import data indicates that the Australian rebar market has expanded overall between April 2016 to March 2025. InfraBuild Steel's sales are focused on the domestic Australian market, with only a small volume of export sales.

Pricing for rebar in Australia is influenced by the price of imported rebar as well as the price of scrap metal (the main raw material in EAF steel production). InfraBuild Steel is able to include a small premium in its sales price, based on local supply and customer service.

China

Demand for rebar in China is heavily linked to construction. DISR's *Resources and Energy Quarterly* (the DISR REQ) has found that there has been a 'structural downshift in demand for new residential and infrastructure-related construction.'¹⁹⁴ This trend has been accelerated by the four-year downturn in the Chinese property sector. However, Chinese steel mills have been able to support themselves through increasing exports. The DISR REQ notes that an increase in trade restrictions on Chinese steel exports may worsen domestic Chinese oversupply, leading to depressed prices.

In its REQ, Echeng stated that the primary influences on price are the cost to make and sell the goods (raw materials), customer relationship management, and volume of the order.¹⁹⁵ Echeng also stated it was not aware of the pricing activities of other participants in the Chinese market.

In **APPENDIX A**, the commission found that there was a PMS in the Chinese rebar market. This market situation has led to decreased domestic prices for rebar in China.

B.4.3 Raw materials

The commission considers that there are differences between the Australian and Chinese rebar markets in respect of the raw materials used and the prices for those materials. These differences affect the nature of competition in each market.

The commission considers that Chinese exporters of the goods to Australia can take advantage of lower raw material costs to compete with both the Australian industry and exporters from other countries which do not benefit from lower priced raw materials. This benefit does not extend to the domestic Chinese market, where producers benefit relatively equally from the distorted raw material prices.

¹⁹⁴ Department of Industry, Science and Resources (DISR), [Commonwealth of Australia Resources and Energy Quarterly March 2025](#), Office of the Chief Economist, DISR, Australian Government, 31 March 2025.

¹⁹⁵ [EPR 669](#), no 4, section J-3.

Australia

InfraBuild Steel's rebar production in Australia uses steel billets primarily sourced from EAF production. Steel scrap is the primary raw material used in EAF steel billet production. InfraBuild Steel sources steel billet from its EAF facilities, which produce steel billet from steel scrap sourced from various sources. The commission verified InfraBuild Steel's purchases of steel scrap and found that they were made in accordance with an external, market-based benchmark for scrap.¹⁹⁶

Additional steel billets are supplied by BOF facilities within Australia. However, this makes up a smaller proportion of the cost of production of rebar in Australia. The commission found that InfraBuild Steel's purchase of steel billet produced via BOF were arms length.¹⁹⁷

The commission's information regarding the raw materials used in the production of rebar in other countries that import into Australia is limited to information received in other cases involving rebar. The commission notes that there have been no findings in relation to the existence of a PMS in those cases.¹⁹⁸ Accordingly, the commission considers that international producers of rebar who export the goods to Australia do not obtain raw materials at the same distorted prices as Chinese producers.

China

The majority of steel production in China is from BF-BOF. The major raw materials used in BF-BOF steel production are iron ore, coal, and steel scrap.

As discussed in section A.5.6 in **APPENDIX A**, the commission has found that the GOC has influenced the prices of these raw materials. The commission considers that the resulting raw material prices are lower than they would otherwise be under normal competitive market conditions.

While these distorted raw material prices may affect domestic Chinese rebar producers relatively equally (notwithstanding other benefits such as state-ownership), the commission considers that they have an uneven effect on the export of rebar to Australia. Chinese exporters of the goods to Australia can take advantage of the lower raw material costs to compete with both the Australian industry and exporters from other countries which do not benefit from lower priced raw materials.

B.4.4 Import penetration

The degree of import penetration can affect how prices are set in the domestic market. A high level of import penetration may indicate that prices are influenced by reference to import prices. Alternatively, a low level of import penetration indicates that domestic prices are predominantly influenced by domestic sales.

¹⁹⁶ [EPR 655](#), no 42, section 7.2.

¹⁹⁷ [EPR 669](#), no 7, section 7.2.

¹⁹⁸ Refer to *Anti-Dumping Continuation Report no 601* ([EPR 601](#)), *Anti-Dumping Commission Report no 660* ([EPR 660](#)), and *Statement of Essential Facts no 655*. Note that *Statement of Essential Facts no 655* ([EPR 655](#)) is in relation to straight rebar only.

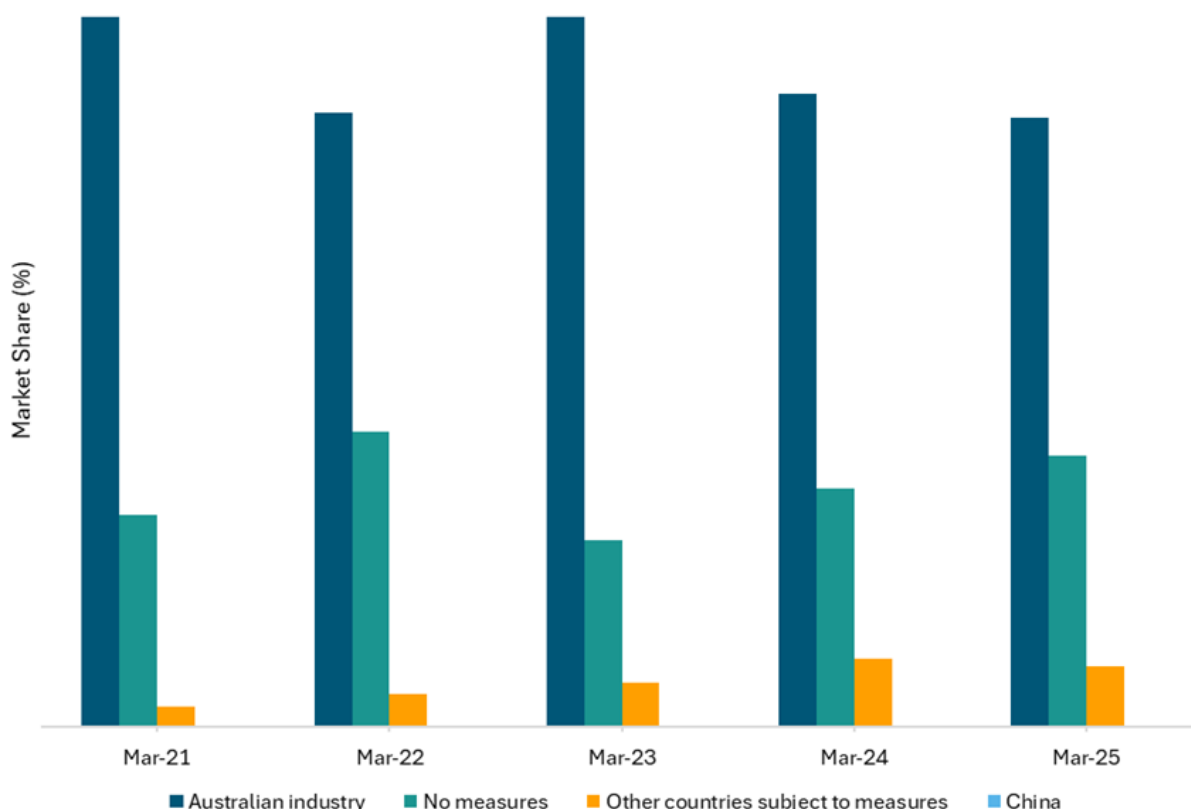
The commission is satisfied that import penetration in the Chinese rebar market is low compared to the Australian rebar market. Accordingly, the commission is satisfied that the conditions of competition in respect of imports is different between China and Australia.

Australia

The commission considers that import penetration of rebar into Australia is high.

Figure 4 illustrates the commission’s estimate of the Australian market share for various participants since year ending March 2021. This is based on InfraBuild Steel’s verified sales data from CON 669 and ABF import data.

Figure 4: Australian market share



The commission has found that imports of rebar into Australia are supplied by several countries. Imports make up a significant proportion of the Australian market and have done so for the last 5 years. Over the past 5 years, major sources of rebar imports include Türkiye, Singapore, Indonesia, and more recently Vietnam.

Imports from China have remained at relatively low levels following the imposition of the original measures in 2016. As discussed in section X (continuation of imports/dumping chapter), the commission considers that imports of rebar from China into Australia are affected by the duties.

China

The commission considers that, based on the available information, import penetration in the Chinese rebar market was low during the review period.

In its exporter questionnaire response, Echeng notes that it is not aware of:

- any competition between domestic produced goods and imported goods
- the details of any importers of rebar
- any market entry restrictions for importers of goods into China.¹⁹⁹

As the commission did not receive a response to the government questionnaire for this review, the commission does not have access to specific GOC information to determine the level of import penetration in the Chinese rebar market.

The commission has used other information sources to estimate the degree of import penetration in the Chinese rebar market. Data from CEIC estimates that the monthly average volume of rebar imports into China is 4,120 tonnes, with a yearly average of 49,440 tonnes.²⁰⁰ SEAISI estimates that demand for rebar in 2025 to be 199 million tonnes.²⁰¹ Based on this data, the commission estimates import penetration for the Chinese rebar market of approximately 0.025%. This highlights China's high degree of self-sufficiency and the marginal role imports play in its steel market.

B.4.5 Relationship between price and cost

The commission considers that there is a difference in the relationship between price and cost between exporters' sales of rebar to Australia and their domestic sales in China.

The conditions of competition in Australia are influenced more so by the price of other imports than costs. Export behaviour of Chinese exporters of rebar indicate that they have increased exports in order to maintain profitable sales.

Conversely, the conditions of competition in China are influenced more so by the cost of production. This has resulted in domestic unprofitable sales for domestic rebar producers as prices have not been able to increase prices due to the decrease in demand.

Australia

As detailed in section B.4.4, import competition within Australia is high. The commission considers that rebar pricing in Australia is influenced by relative import pricing, more so than the price of raw materials.

In the absence of verified information relating to Chinese exporter's exports to Australia, the commission has examined other information relating to Chinese exports of rebar and steel products generally.

¹⁹⁹ [EPR 669](#), no 4, questions J-1.1, J-1.4, and J-1.6.

²⁰⁰ CEIC, '[China Steel: Import: Bar: Hot Rolled: Rebar](#)' *CEIC website*, n.d., accessed 20 October 2025.

²⁰¹ South East Asia Iron and Steel Institute (SEAISI), '[China's rebar output, demand to decline further in '25](#)', *SEAISI website*, 8 January 2025, accessed 20 October 2025.

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Research indicates that Chinese exports of rebar have increased substantially, with an increase of 112% from Q1 2024 to Q1 2025.²⁰² This increase is in part due to the challenges facing the domestic Chinese market in the form of high supply and low demand. As discussed in **APPENDIX A**, the commission considers that the influence of the GOC in the Chinese steel and rebar markets have resulted in the current situation of domestic oversupply and decreased prices. Chinese exporters appear to have increased exports as a solution to the domestic market situation. Further, Chinese exports of rebar are priced lower than other competitive markets, including Türkiye. The low price of Chinese exports fosters stronger demand, leading to the ability to further increase profits. The research indicates that Chinese exporters still have a large margin to be able to increase prices while still undercutting other sources.

The commission further considers that the export behaviour by Chinese exporters of rebar indicates that exports are more profitable than domestic sales. This is supported by reporting that strong export demand is supporting domestic prices.²⁰³

The commission considers that Chinese exporters are able to achieve a higher level of profit on export sales compared to domestic sales. This is due to the competitiveness afforded to Chinese exporters of rebar due to the situation in the domestic Chinese rebar market.

China

The commission considers that domestic pricing for rebar in China is influenced by cost. This is based on the information provided by Echeng and the commission's assessment of the situation in the domestic rebar market in China.

In its REQ, Echeng stated that pricing is determined by raw materials and cost to make.²⁰⁴ The commission's assessment of Echeng's domestic sales over the review period indicated that its sales were not profitable overall. However, the commission notes that sales within the ordinary course of trade were profitable. A comparison of Echeng's cost and price also indicated that domestic prices tracked with domestic costs over the review period, although not to the same rate.

The commission's comparison of Echeng's cost and price is at **Confidential Attachment 7**.

As discussed in section B.4.2, the commission considers that demand for rebar in China has decreased. From the assessment of Echeng's domestic sales, the commission considers that Chinese rebar producers have not been able to increase domestic prices to remain profitable in the face of decreasing demand.

²⁰² J Zadeh, '[China's Long Steel Exports Surge to Record Levels in Q1 2025](#)', *Discovery Alert website*, 4 May 2025, accessed 7 November 2025.

²⁰³ J Zong, '[China's long steel exports surge in Q1, boosting prices](#)', *Fastmarkets website*, 2 May 2025, accessed 7 November 2025.

²⁰⁴ [EPR 669](#), no 4, section J-3.

B.5 The market structure affects the comparability of domestic and export prices

The commission considers that the market situation identified in **APPENDIX A** affects the comparability of domestic and export prices for rebar. This is because the conditions of competition are different between the two markets and are affected by the market situation differently.

The commission makes the following observations between the Chinese domestic market and Australian export market:

- Rebar is sold to similar types of customers in China and Australia.
- The market structure differs primarily in the number of domestic producers in China (over 137) and Australia (3).
- The market conditions differ as demand in Australia is increasing, compared to reduced demand within China.
- The raw materials used in the production of rebar are different between China (iron ore, coal, and steel scrap) and Australia (steel scrap).
- The raw materials used in the production of rebar in China have been affected by the market situation.
- Import penetration into China is very low, compared to the high import penetration into Australia.
- Chinese domestic prices are influenced by costs, as opposed to export sales which are more strongly influenced by import prices.

The commission considers that the above assessment indicates that the market situation in China affects all Chinese producers within China relatively equally with respect to domestic sales within China. This is characterised by competition influenced by the cost to make and demand factors. Both of these characteristics have been influenced by the market situation. The conditions of competition within China have had the effect of reducing import penetration to very low levels.

In Australia, competition is primarily in the form of imports and with the Australian industry. This competition results in a competitive advantage for Chinese exporters. Chinese exporters have access to cost inputs which have been distorted by the market situation and have depressed prices due to systemic decreases in demand. This leads to a situation where Chinese exporters are able to export to other countries at a more competitive price, while still enjoying increased profitability.

APPENDIX C COST OF PRODUCTION IN CHINA

C.1 Preliminary findings

The Commissioner preliminarily recommends establishing a cost of production for the goods in China (as the country of export) under section 269TAC(2)(c)(i) based on Echeng's recorded costs, with an adjustment calculated by reference to a benchmark.

The benchmark is based on the Hoa Phat's verified cost of production for steel billet in Vietnam, adjusted to reflect a cost of production in China.

C.2 Applicable legislation, policy, and practice

Where the Minister is satisfied that normal value cannot be determined under section 269TAC(1), section 269TAC(2)(c) provides that the normal value is:

... the sum of:

- (i) such amount as the [Minister] determines to be the cost of production or manufacture of the goods in the country of export; and
- (ii) on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export—such amounts as the [Minister] determines would be the administrative, selling and general costs associated with the sale and the profit on that sale.

Sections 269TAC(5A) and 269TAC(5B) provide that the construction of normal values under section 269TAC(2)(c) is to be worked out in such a manner, and taking account of such factors, as the Regulation provides in respect of those purposes.

Cost of production

Section 43(2) of the Regulation requires that the Minister must work out the cost of production or manufacture using the information set out in the exporter or producer's records if:

- an exporter or producer of the goods keeps records relating to the goods that are in accordance with generally accepted accounting principles (GAAP) in the country of export (section 43(2)(b)(i) of the Regulation), and
- those records reasonably reflect competitive market costs associated with the production or manufacture of like goods (section 43(2)(b)(ii) of the Regulation).

Section 43(2) of the Regulation imposes an obligation on the Minister to use an exporter's records, where the prescribed criteria are met. Neither the Act nor the Regulation prescribe a particular method for the Minister to determine the cost of production or manufacture under section 269TAC(2)(c)(i) in circumstances where the exporter or producer's records do not satisfy section 43(2) of the Regulation. Additionally, neither the Act nor the Regulation limit the data that the Minister may use in this regard.

In respect of the ADA, the relevant obligations for determining normal values are set out in Article 2. The determination of whether an exporter's recorded costs are to be used in determining the cost of production in the country of origin are set out in Article 2.2.1.1.

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The commission notes that the Minister's determination of the 'cost of production in the country of export' under section 269TAC(2)(c)(i) may be informed by some of the same factual findings that also informed:

- the conclusions reached as part of the commission's assessment under section 43(2) of the Regulation
- the commission's assessment of the existence of a PMS.

Where the commission has had regard to the same factual matters for multiple purposes it has done so mindful that the legal tests being considered are distinct.

C.3 Does the exporter keep records relating to the like goods in accordance with GAAP?

The commission conducted a verification of the information provided by Echeng in its REQ. As part of the verification process, the commission verified that Echeng kept records relating to the cost of production of like goods and that those records were in accordance with Chinese GAAP.²⁰⁵ The commission also verified that Echeng's cost to make and sell data was complete, relevant, and accurate.²⁰⁶

Accordingly, the commission is satisfied that Echeng kept records relating to the cost of production of like goods, and that those costs were in accordance with GAAP in China and reasonably reflected the actual cost of production.

C.4 Do the records reasonably reflect competitive market costs?

Section 43(2)(b)(ii) requires the Minister to use an exporter's records where those costs reasonably reflect *competitive* market costs.

As outlined in **APPENDIX A**, the commission considers that the significant influence of the GOC has materially altered prices in the steel industry and rebar market in China. The commission also considers that the GOC's influence has also materially altered the prices of production inputs including (but not limited to) raw materials used to make steel in China. In particular, the GOC's influence has resulted in artificially low prices for the key raw materials, as well as the other inputs associated with the production of the steel billets. The commission considers that direct and indirect influences of the GOC affect Chinese manufacturers' costs to produce steel billet and therefore that Chinese exporters' recorded costs do not reflect competitive market costs. Echeng's records indicate that steel billet costs comprise over 90% of Echeng's cost to make for rebar.

²⁰⁵ [EPR 669](#), no 8, section 3.3.3.

²⁰⁶ [EPR 669](#), no 8, Chapter 2.

C.5 Should the information in the exporter's records be used?

Where the criteria in section 43(2)(b)(ii) are not met, the commission will calculate the cost of production under section 269TAC(2)(c)(i) having regard to all relevant information. The Minister is neither required to, nor prohibited from, using an exporter's records to determine normal values under section 269TAC(2)(c)(i). However, the Minister is to exercise their discretion in section 269TAC(2)(c)(i) in accordance with the requirements of the ADA.²⁰⁷

Article 2.2.1.1 of the ADA provides a presumption in favour of using the information in the exporter's records where an exporter keeps information relating to the production of like goods, and:

- the records are kept in accordance with GAAP of the exporting country, and
- the records reasonably reflect the costs associated with production of the like goods.

The commission finds that Echeng's records are kept in accordance with GAAP of China and reasonably reflect the costs associated with the production of rebar. However, Article 2.2.1.1 does not mandate the use of the information in an exporter's records where those conditions are met in all circumstances. It only provides that where those conditions are met costs 'shall normally' be calculated on the basis of the exporter's records.

The commission's consideration of the domestic market for rebar in China, including the factual findings set out in **APPENDIX A**, suggest the commission should examine whether circumstances are normal and ordinary such that the presumption in Article 2.2.1.1 should apply. Consequently, the commission has further considered Echeng's recorded steel billet costs to assess whether the circumstances in which those costs were formed were normal and ordinary, such that they should be used as the costs of production pursuant to section 269TAC(2)(c)(i).

C.6 Are circumstances 'normal and ordinary'?

The commission considers there are compelling reasons for determining that circumstances in which Echeng's costs were formed are not 'normal and ordinary' such that using Echeng's cost records to construct a normal value is not appropriate. This is despite the commission's finding that Echeng's records comply with Chinese GAAP and reasonably reflect actual costs incurred in the production of the goods.

It is the commission's view that the circumstances in which the cost of steel billet has been formed are not normal and ordinary, resulting in Echeng's recorded production costs of steel billet reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use Echeng's recorded cost of production of steel billet.

²⁰⁷ See *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* [2018] FCAFC 20; 259 FCR 478, [108], Pagone and Bromwich JJ agreeing at [128] and [137] respectively. Cited affirmatively by Griffith J in *Changshu Longte Grinding Ball Co., Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* (No 2) [2018] FCA 1135, [50].

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The commission's assessment of the circumstances in which steel billet raw material input costs were formed and the impact this had on Echeng's recorded costs is informed by two key factors.

Firstly, the GOC has intervened extensively in the markets for key raw materials used in steel production. This has resulted in lower prices of critical inputs such as iron ore, coal, steel scrap, and electricity than what would have otherwise prevailed in the absence of GOC intervention.

Secondly, as these raw materials represent the majority of the cost to produce steel billet (the primary input for rebar) the effects on raw material pricing have also flowed through to Echeng's recorded cost of production.²⁰⁸

The cumulative effect of these factors is that the circumstances in which Echeng's costs were incurred or formed cannot be considered normal and ordinary.

The commission's assessment of these circumstances, and their impact on Echeng's recorded costs, is supported by the following findings.

C.6.1 Circumstances are not normal and ordinary

The commission considers that the circumstances involving the cost of production for steel billet in Echeng's records are not normal and ordinary. This has subsequently affected Echeng's cost of production records for rebar.

The commission's assessment of the circumstances involving the cost of production for steel billet is informed by the following factual findings set out in section C.5 and **APPENDIX A**.

The evidence before the commission shows that steel billet is a key cost component in producing rebar, representing over 90% of Echeng's cost to make for rebar. As this component reflects the cost of upstream raw materials and other inputs – for example, iron ore, coal, steel scrap, and electricity – any effect due to the GOC's influence on those input prices directly affects the cost of production for rebar.

For the reasons summarised in section A.5.6 of **APPENDIX A**, the commission considers that the GOC has significant involvement in the raw material markets specific to the production of steel. A summary of these findings is repeated here:

- The GOC established the CMRG in 2022 as a SOE to centralise iron ore procurement and increase control over iron ore pricing. This measure increases the GOC's control over iron ore pricing in China and allows tolerance for losses due to state backing, materially altering iron ore prices.
- The GOC influences coal prices through production caps, export licencing requirements, and subsidies. These measures have led to oversupply and reduced coal prices, lowering steel making costs.

²⁰⁸ Refer section A.1A.6.

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- The GOC maintains high export duties on steel scrap (40%) and pig iron (20%), discouraging exports and increasing domestic supply, which reduces raw material prices and lowers steel production costs.
- Electricity is regulated under the *Pricing Law of the People's Republic of China*, and the GOC maintains control over pricing through mechanisms such as coal-electricity price linkage, resulting in electricity prices that differ from those that would prevail in the absence of that price regulation and control.
- The support afforded SOEs contributes to excess capacity and depresses prices for raw materials as SOEs can absorb losses and maintain demand for inputs, creating material alterations in input pricing.

C.6.2 Circumstances not being normal and ordinary leading to materially altered production costs

The commission considers that the not normal and ordinary circumstances (the circumstances) materially affect Echeng's cost of production of rebar.

The commission examined Echeng's cost of production for steel billet to assess the materiality of the effect of the circumstances on Echeng's cost of production for rebar.

Comparison at the steel billet level

The commission considers that the most appropriate level to undertake its assessment of the effect of the circumstances on Echeng's records is at the steel billet level, treating the 'raw material input' as steel billet entered into production at the hot rolling mill. Steel billet represents on average more than 90% of Echeng's cost to make the finished goods.

As Echeng is an integrated producer, its cost of production for rebar ultimately includes a variety of raw materials used in the production of steel billet, including but not limited to:

- iron ore
- coke and/or coal
- steel scrap
- electricity
- natural gas
- other gasses (e.g. oxygen and nitrogen)
- alloying elements.

Echeng's reported cost to make information does not include a breakdown of these materials and is instead reported at the steel billet level. Further, each of these raw materials are used in different quantities and at different stages in the production of steel billet. Based on Echeng's data, the commission identified over 40 sub-types of iron ore and steel scrap, comprising the largest of the 'raw material' subtotals. The commission considers that each of these sub-types may have their own costs which cannot always be compared directly to other sub-types – for example, iron ore may be sold in fines, lumps, or pellets, with further complexity found in varieties of each sub-type because of differing size and chemical composition. Echeng provided information relating to its purchases of some major raw materials, including iron ore, coal, and steel scrap. However, the commission could not link the actual percentage of these materials to the final cost of production for steel billet and, by extension, rebar.

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The commission was able to obtain external information relating to some components – for example, Chinese and third-country data for iron ore fines. However, this did not extend to every sub-type. The commission considers that comparing the cost for one sub-type to a different sub-type – for example, iron ore fines to iron ore pellets, would introduce inaccuracies and would not reflect the actual effect of the circumstances on Echeng’s records. The commission also considers that the overall effect of these inaccuracies increases the more individual input costs the commission adds to its comparison. For rebar produced by integrated steelmakers, the total cost to make is relatively diffused across several different cost inputs. The costs are diffused to the extent it is impracticable to accurately compare the bulk of Echeng’s cost to make at the original raw material stage, even putting aside the commission did not find suitable information for all major raw material subtypes.

The commission considers that using Echeng’s steel billet cost is the most reasonable and meaningful approach to assess the effect of the circumstances on Echeng’s records. The assessment of steel billet cost also comprehensively captures any effect of the circumstances on the raw material inputs that may not otherwise be accounted for if assessing each raw material individually.

To assess the effect of the circumstances on Echeng’s records, the commission has compared Echeng’s recorded cost to make for steel billet to a benchmark.

Selection of appropriate benchmark

The commission considers that a benchmark is an appropriate measure of the effect of the circumstances on Echeng’s cost of production for steel billet. An appropriate benchmark represents a cost of production in China that is free from the effects of the circumstances.

The commission considered whether there is an appropriate alternative to using a benchmark for the purposes of assessing the effect of the circumstances on the cooperating exporters’ recorded costs. The purpose of the benchmark is to be able to compare the cooperating exporters’ recorded costs to a cost that is free from the effects of the circumstances. Instead of a benchmark, the commission considered whether it could have quantified the effect of the GOC’s influence on the raw material markets and steel slab costs. However, the commission considers that the broad ranging and multifactorial nature of the GOC’s influence over raw material markets and resulting steel slab costs mean that such a quantification is likely to have a high risk of containing inaccuracies or not fully accounting for the whole of the effect. The use of a benchmark provides a wholistic comparison of the cooperating exporters’ recorded costs to a cost that is free from the effects of the circumstances.

For the purposes of selecting an appropriate benchmark to compare to Echeng’s recorded steel billet cost, the commission has considered:

1. private domestic prices or costs for steel billet in China
2. import prices for steel billet into China
3. prices or costs for steel billet from countries other than China.

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The commission identified the following information relating to steel billet cost and price:

- third-party financial data obtained from Bloomberg LP and MEPS International Ltd
- information InfraBuild Steel provided in its application and during verification for CON 669
- third-country production cost information verified by the commission in other cases involving rebar.

The commission considers the most appropriate information to use is to compare Echeng's cost of production for steel billet to the verified cost of production for steel billet from Hoa Phat. Hoa Phat is an exporter of rebar (in straight form only) from Vietnam and was verified as part of *Investigation 655*.

The commission's assessment is outlined in this appendix.

Private domestic prices or costs in China

The commission considers that it does not have sufficient information to be able to determine a reliable cost of production in China based solely on private domestic prices or costs for steel billet in China. The commission considers that any private domestic prices or costs for steel billet within China would not be reliable. This is because the effects of the circumstances on the raw material markets, which alter the availability and pricing of raw materials and the conversion costs of those materials into intermediary, semi-finished products (as identified in **APPENDIX A**), would also affect private domestic prices or costs for steel billet in China.

In the government questionnaire, the commission sought information from the GOC relating to imports of steel billet. As noted in section 2.4.2, the commission did not receive a response to the government questionnaire.

As Echeng is an integrated producer, the majority of the cost to make of rebar comes from self-produced steel billet. Echeng confirmed that it had purchased a small amount of steel billet during the review period, but this was not material to the overall cost to make. Accordingly, Echeng did not provide a purchase listing of this external steel billet. The commission considers that the volume of steel billet purchased by Echeng would not be a representative sample for the purposes of establishing a benchmark price. Further, Echeng did not confirm whether the steel billet was purchased from SOEs or private entities.

In its application for CON 669, InfraBuild Steel provided a proprietary cost benchmarking index for private Chinese producers of hot rolled reinforcing long products as part of its application.²⁰⁹ The commission examined this information and found that it included costs for steel billet. However, as noted above, the commission considers that the effect of the circumstances on the raw materials markets in China would affect private domestic costs for steel billet.

²⁰⁹ [EPR 669](#), no 1, Confidential Attachment 1.2.1.

Import prices into China

In the government questionnaire, the commission sought information from the GOC relating to imports of steel billet. As noted in section 2.4.2, the commission did not receive a response to the government questionnaire. Although the GOC provided a response for the purposes of *Investigation 658*, that information relates only to imports of steel slab and not steel billet.

The commission attempted to source information relating to imports of steel billet into China. The information available to the commission related to imports of steel billets into China for both volume (tonnes) and value (USD).²¹⁰ However, the level of information available did not provide the delivery terms (FOB, CIF, etc) or any details about the grade or specification of the billet.

As Echeng is an integrated producer, it does not incur additional costs in its cost of production of steel billet such as SG&A, profit or delivery expenses. The information before the commission does not provide a suitable basis for the commission to be able to adjust it to reflect an appropriate cost of production of steel billet for Echeng.

Prices and costs from countries other than China

The commission has prices and costs from countries other than China from two sources:

- third-party financial data obtained from Bloomberg LP and MEPS International Ltd
- verified cost of production information from other cases involving rebar.

Third-party financial data

The commission first considered whether third-party financial data could be used as the basis for a benchmark. Third-party financial data included steel billet prices for China and third countries, meaning the commission could account for differences between the steel billet consumed by Echeng and the range of steel billet recorded in the market index.

Of the available information sources, the commission considers that, in the absence of other information, using the third-party financial data could be an appropriate basis for a benchmark. However, for the reasons outlined below, the commission considers that using verified cost information for steel billet from other cases involving rebar is preferable.

Verified costs for steel billet from other rebar cases

The commission considers that verified costs for steel billet from other rebar cases is the most appropriate basis for a benchmark. This is because these costs relate to steel billet produced:

- through an integrated production process
- for the purpose of manufacturing rebar
- over a similar time period to the review period.

²¹⁰ Confidential Attachment 21.

PUBLIC RECORD

The commission examined relevant data from existing cases involving rebar in assessing whether there is an appropriate steel billet benchmark from another country.

Table 12 outlines sources of verified data for the cost of production for steel billet before the commission.

Case number	Country	Exporter	Steel billet production
Investigation 655	Indonesia	Pt Putra Baja Deli	Purchased billet
	Malaysia	Ann Joo Steel Berhad	EAF
		Southern Steel Berhad	EAF and purchased billet
	Thailand	Tata Steel Manufacturing (Thailand) Public Company Limited	EAF
	Türkiye	Çolakoğlu Metalurji A.S.	EAF
		Kaptan Demir Celik Endustrisi ve Ticaret A.S.	EAF
	Vietnam	Vina Kyoei Steel Company Ltd	Purchased billet
		Hoa Phat Hai Duong Steel Joint Stock Company	BF-BOF
Continuation 660	ROK	Daehan Steel Co., Ltd	EAF
		Dongkuk Steel Mill Co., Ltd	EAF
	Spain	Compañía Española de Laminación, S.L.	EAF

Table 12: Alternative costs of production of steel billet

Of the available information sources, the commission considers that Hoa Phat from Vietnam is the most appropriate basis to establish a benchmark for steel billet input costs. This is because:

- the data relates to a period which overlaps the review period
- Hoa Phat produces its own steel billet through an integrated process
- Hoa Phat produces steel billet using the same process as Echeng (BF-BOF)
- Hoa Phat's production records reasonably reflect competitive market costs.

PUBLIC RECORD

The commission verified the information provided by Hoa Phat as part of *Investigation 655*.²¹¹

Exporters using EAF for steel billet production

The commission considers that exporters that produce steel billet using EAF are not appropriate as EAF predominantly uses only steel scrap only as the raw material input for steel production. As outlined earlier in this section, BF-BOF steel production uses a combination of iron ore, coal, and steel scrap.

Exporters purchasing steel billet

The commission considers that other exporters' purchases of steel billet are not appropriate. This is because purchased steel billet includes components of profit and selling expenses, which are not incurred by integrated producers such as Echeng and Hoa Phat.

Adjustments to benchmark

While Hoa Phat's steel billet prices represent a suitable basis for a benchmark, the commission considers that further adjustments are necessary for this to reflect a cost of production for steel billet in China.

The purpose of these adjustments is to ensure that the resulting benchmark is reflective of a cost of production in the country of export. However, the commission may not make adjustments where the adjustment is related to the factors that have caused this examination in the first place – that is, adjustments related to raw material costs affected by the circumstances. The commission will also consider whether the adjustments materially affect the cost of production.

The commission has considered the following items which may need to be adjusted to reflect a cost of production in China:

- material inputs, including iron ore, coal, and steel scrap
- labour costs
- overhead costs
- economies of scale
- differences in timing.

²¹¹ [EPR 655](#), no 53.

PUBLIC RECORD

Table 13 outlines the commission’s consideration of the various items relating to the cost of production for steel billet and the rationale for making or not making an adjustment to Hoa Phat’s cost of production for steel billet.

Adjustment item	Adjustment required?	Rationale
Material inputs	No	The commission considers that China’s input costs are affected by the situation in the Chinese market. In addition, the commission could not identify a method to compare Echeng’s costs or purchase prices to Chinese market indices. The commission could not find market index information on some types of material inputs and noted some general input types, like iron ore, have many subtypes.
Labour cost	Yes	Labour rates differ between China and Vietnam.
Overhead cost	No	Contains electricity costs which the commission considers are affected by the situation in the Chinese market. Contains depreciation expenses which are similar between China and Vietnam (Table 14).
Economies of scale	No	Vietnam has a similar manufacturing index compared to China. Echeng does not appear to have a production efficiency for steel billet compared to Hoa Phat.
Timing	Yes	The relevant data overlaps by a period of one quarter. An adjustment is warranted to ensure the data covers the review period.

Table 13: Adjustments to out of country benchmark

The commission’s assessment of each cost item, excluding material inputs, is outlined below.

Adjustment for labour

The commission has found that labour rates in Vietnam are lower than those in China. The commission has used information to determine an equivalent amount for wages per month (in AUD) for Vietnam and China.

The commission has only adjusted Hoa Phat’s cost of labour for the production of steel billet. The commission compared the equivalent labour cost in Vietnam and China and has adjusted Hoa Phat’s labour costs for steel billet by the difference. Following the adjustments, labour costs made up a larger proportion of the cost of production for steel billet of the benchmark.

The commission’s calculation of Chinese and Vietnam labour rates are set out in **Confidential Attachment 6**.

PUBLIC RECORD

Adjustment for depreciation (overheads)

Table 14 outlines the respective depreciation useful life for Echeng and Hoa Phat, based on the financial reports of each company. The commission considers that there is no meaningful difference in the useful life between the respective assets. Although Hoa Phat's depreciation has a lower bound than Echeng, the commission considers that the useful life of the similar assets used in steel billet production (e.g. blast furnace) would be comparable.

Fixed asset	Echeng	Hoa Phat
Buildings	20-40	5-50
Machinery and equipment	5-20	1-25
Vehicles	5-12	1-30
Office equipment	5-15	2-12

Table 14: Depreciation comparison

Adjustment for economies of scale

The commission considers that an adjustment for economies of scale is not required. The *2025 Asia Manufacturing Index* published by Dezan Shira & Associates, has found that Vietnam ranks #2 overall, compared to China at #1.²¹² The commission considers that the similarity in rankings for Vietnam and China indicates that, overall, the manufacturing capabilities are similar. The commission considers that in respect of the production of steel billet, any differences in economies of scale would not be material.

The commission also assessed the 'production efficiency' for steel billet for Echeng and Hoa Phat. This was performed by comparing the quarterly unit cost of production for steel billet to the production quantity. The commission did not observe that Echeng was more efficient at producing steel billet when compared to Hoa Phat – that is, Echeng's unit costs did not substantially decrease with increasing production when compared to Hoa Phat.

The commission's assessment of production efficiency is set out in **Confidential Attachment 8**.

Adjustment for timing

The available data from *Investigation 655* covers only one quarter of the review period (Jun-24). To have the data cover the full review period, the commission has applied a timing adjustment to Hoa Phat's cost of production data for steel billet. To ensure that the data reflects the cost of production in China, the commission has adjusted Hoa Phat's data by the movements in Echeng's cost to make for steel billet.

²¹² Dezan Shira & Associates, [Asia Manufacturing Index](#), Dezan Shira & Associates, 2025, accessed 17 November 2025.

Effect of the circumstances on Echeng's cost of production for steel billet

The commission has calculated that adjusted Hoa Phat benchmark for steel billet was on average 15% higher than Echeng's cost of production for steel billet in the review period. The commission considers that the effect of the circumstances is significant given steel billet represents the largest portion of the cost of production for rebar.

The commission considers that this finding reflects persistent material effects of the GOC's influence over the review period, rather than normal market variation. This is because:

- the GOC's influence has resulted in material alterations specific to the steel market in China, including specifically the raw materials used in steel production (including steel billet)
- the adjusted Hoa Phat benchmark represents a cost of production for steel billet in China not affected by the GOC's influence and resulting effects.

The commission considers that the impact of the GOC's influence over the steel markets in China results in a material decrease in the cost of production for steel billet. Accordingly, the commission considers that the difference between the adjusted Hoa Phat benchmark and Echeng's cost of production for steel billet reflects the impact of the GOC's influence over the steel markets in the form of lower costs. The commission considers this same impact, as a proportion of the Chinese steel billet cost of production, applies to Echeng's recorded steel billet costs. This means that those costs are not a reliable indication of the cost of production of rebar in China.

The Commissioner considers that relying on Echeng's recorded cost of production for steel billet to construct the normal value would undermine the very basis for having recourse to a constructed normal value in the first place. That is, to utilise Echeng's recorded steel billet costs would reintroduce the very factors that warranted, in the first instance, recourse to constructing the normal value.

C.6.3 How to determine the cost of production in China

The commission considers that the most appropriate method to determine the cost of production for steel billet in China is to use Echeng's recorded cost of production for steel billet, adjusted to remove the effects of the circumstances.

In section C.6, the commission has explained why it considers there are compelling reasons for determining that circumstances in which Echeng's costs were formed are not 'normal and ordinary' such that using Echeng's cost records to construct a normal value is not appropriate. More specifically, the commission considers that Echeng's production records of steel billet costs are not suitable for use to establish the cost of production of rebar in China. The commission considers that the specific facts and evidence in this case, in respect of Echeng's records, provide compelling reasons to deviate from using its recorded cost of production for steel billet.

PUBLIC RECORD

To make an adjustment to Echeng's records, the commission has used the same method as was used to estimate the effect of the circumstances on Echeng's cost of production for steel billet. That is, the commission has relied on the proportional difference between the adjusted Hoa Phat benchmark and Echeng's cost to produce steel billet. The commission considers the adjusted Hoa Phat benchmark accounts for differences in the Vietnamese and Chinese steel industries, as set out in section C.6.2, Adjustments to benchmark.

The commission's calculation of the cost of production for steel billet in China is set out in **Confidential Attachment 3**.

The commission is satisfied that this methodology is a reliable means of determining the cost of production in China.

The GOC's influence on the Chinese market involves a wide variety of measures that interact with each other, which makes precise quantification of the combined effect of that influence on a particular exporter challenging. The commission is satisfied that the method it has used is a sufficiently reliable means of approximating the combined effect of the GOC's influence. The commission recognises the possibility that there may be other differences between Echeng and Hoa Phat that have not been captured in its assessment but is satisfied that these would not be material to its overall assessment.