



CUSTOMS ACT 1901 – PART XVB

FINAL REPORT

NO 658

**ALLEGED DUMPING OF HOT ROLLED COIL STEEL
EXPORTED FROM THE PEOPLE’S REPUBLIC OF CHINA**

AND

**ALLEGED SUBSIDISATION OF HOT ROLLED COIL STEEL
EXPORTED FROM THE PEOPLE’S REPUBLIC OF CHINA**

2 April 2026

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ABBREVIATIONS

\$	Australian dollars
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADA	<i>WTO Anti-Dumping Agreement</i>
AEP	Ascertained export price
AIS	BlueScope Steel (AIS) Pty Ltd
ASCM	<i>WTO Agreement on Subsidies and Countervailing Measures</i>
ASEAN	Association of Southeast Asian Nations
Baoshan ¹	Baoshan Iron & Steel Co Ltd
Baosteel	Baoshan Iron & Steel Co Ltd (Baoshan) and its subsidiaries that participated in this investigation, including representatives for these companies.
Baosteel group	The group of companies operating under the name 'Baosteel' or owned by companies operating under the name 'Baosteel'. Based on available information, companies in the Baosteel group are all predominantly state-owned enterprises via ownership by the China Baowu Steel Group Corp Ltd and other state-owned companies.
the 3 Baosteel manufacturers	The 3 related manufacturers in the Baosteel Group that participated in this investigation when referred to as a group, being: <ul style="list-style-type: none"> • Baoshan Iron & Steel Co Ltd (Baoshan) • Baosteel Zhanjiang Iron & Steel Co Ltd (Zhanjiang) • Shanghai Meishan Iron & Steel Co Ltd (Meishan).
Bisalloy	Bisalloy Steels Pty Ltd
BlueScope or the applicant	Collectively refers to the 2 BlueScope manufacturers of HRC: <ul style="list-style-type: none"> • BlueScope Steel Ltd (BSL) based in Port Kembla, New South Wales • BlueScope Steel (AIS) Pty Ltd (AIS) based in Western Port, Victoria. BSL is the parent company of AIS.
BF-BOF	Blast furnace and basic oxygen furnace
Brazil	the Federative Republic of Brazil
BSL	BlueScope Steel Ltd (BSL)
China	the People's Republic of China
China Baowu Group	China Baowu Steel Group Corp Ltd
CIS	Commonwealth of Independent States
CNY	Chinese yuan (also known as Renminbi or RMB)
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CPC	Chinese Communist Party
CTM	Cost to make or cost of production

¹The commission notes that Baoshan Iron & Steel Co Ltd is known as 'Baosteel' in some commercial contexts. The commission refers to Baoshan Iron & Steel Co Ltd as 'Baoshan' in this report to avoid confusion when this report discusses the other Baosteel group companies.

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CTMS	Cost to make and sell
DDP	Delivered duty paid
the Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EAF	Electric arc furnace/s
EPR	Electronic public record
FOB	Free on board
GAAP	Generally accepted accounting principles
GFSEC	Global Forum on Steel Excess Capacity
GOC	Government of China
the goods	Hot rolled coil steel (also referred to as HRC)
GUC	The goods under consideration, being hot rolled coil steel exported to Australia
HRC	Hot rolled coil sheet (also referred to as the goods)
ICD	Interim countervailing duty
IDD	Interim dumping duty
Identifier	The letter code used to identify different sub-categories of the goods in the MCC structure and MCC codes
India	Republic of India
INV 188	Investigation 188
INV 658 or this investigation	This investigation into HRC exported from China.
The investigation period or POI	The period of investigation examined in Investigation 658: 1 October 2023 to 30 September 2024.
Korea	The Republic of Korea
LDR	Lesser duty rule
LTAR	Less than adequate remuneration
LY Steel	Hunan Valin Lianyuan Iron & Steel Co Ltd
MCC	Model control code
Meishan	Shanghai Meishan Iron & Steel
MEPS	MEPS International Ltd
the Minister	the Minister for Industry and Innovation and Minister for Science
MT	Metric tonnes
NIP	Non-injurious price
OCOT	Ordinary course of trade
PAD	Preliminary affirmative determination
Pakistan	Islamic Republic of Pakistan
Phoenix	Phoenix Metal Group
PMS	Particular market situation
REP 658 or this report	<i>Anti-Dumping Commission Report No 658</i>
REQ	Response to the exporter questionnaire

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RGQ	Response to the government questionnaire
RIQ	Response to the importer questionnaire
RMB	Renminbi (also known as Chinese yuan or CNY)
Russia	Russian Federation
SASAC of the State Council	State-owned Assets Supervision and Administration Commission of the State Council
SASAC of Hunan	State-Owned Assets Supervision and Administration Commission of Hunan Provincial People's Government
SEF	Statement of essential facts
SEF 658	<i>Statement of Essential Facts No 658</i> ; the SEF in this investigation (Inv 658)
SIE	State invested enterprise
SOE	State owned enterprise
TER 658	<i>Termination Report No 658</i>
This report	<i>Final Report No 658</i> , also referred to as REP 658
US or USA	United States of America
USP	Unsuppressed selling price
WTO	World Trade Organization
YE	Year ending
Zhanjiang	Baosteel Zhanjiang Iron & Steel Co Ltd

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This report sets out the facts upon which the Commissioner of the Anti-Dumping Commission (the Commissioner) has based their recommendations to the Minister for Industry and Innovation and Minister for Science (the Minister) concerning Investigation 658 (INV 658 or this investigation). This investigation is into the alleged dumping and subsidisation of hot rolled coil steel (HRC or the goods) exported to Australia from the People's Republic of China (China). The investigation period is from 1 October 2023 to 30 September 2024 (the investigation period).

The Commissioner initiated this investigation on 15 November 2024 following an application from BlueScope Steel Limited (BlueScope or the applicant). BlueScope is the sole Australian manufacturer of HRC and represents the Australian industry for like goods. *Statement of Essential Facts No 658*² (SEF 658) was published on 23 December 2025, concurrently with a Preliminary Affirmative Determination (PAD) in Anti-Dumping Notice (ADN) 2025/133.³

On 2 April 2026, the Commissioner published *Termination Report No 658* (TER 658)⁴ and ADN 2026/041.⁵ In TER 658, the Commissioner terminated the subsidy investigation in relation to the 4 selected exporters:

- Baoshan Iron and Steel Co Ltd (Baoshan)
- Baosteel Zhanjiang Iron & Steel Co Ltd (Zhanjiang)
- Shanghai Meishan Iron & Steel (Meishan)
- Hunan Valin Lianyuan Iron & Steel Co Ltd (LY Steel).

The Commissioner terminated the subsidy investigation into these 4 selected exporters because the amount of subsidisation received by them during the investigation period was less than 2% and therefore negligible in accordance with section 269TDA(2) of the *Customs Act 1901* (the Act).⁶

The Commissioner also amended the PAD to reflect the partial termination of the subsidy investigation. See chapter 1.2.1.2 for further details.

1.2 Findings

In this report, the Commissioner has found:

- exports of the goods from China in relation to all exporters from that country were dumped during the investigation period and that the volume of dumped goods and the margin of dumping was not negligible
- exports of the goods from China in relation to all exporters from that country, except Baoshan, Zhanjiang, Meishan and LY Steel, were subsidised during the

² EPR 658, document number 27.

³ EPR 658, document number 28.

⁴ EPR 658, document number 41.

⁵ EPR 658, document number 42.

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

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investigation period and that the volume of subsidised goods and the margin of subsidisation was not negligible

- dumped and subsidised exports of the goods from China have caused material injury to the Australian industry producing like goods.

Based on these findings, the Commissioner recommends that the Minister publish both:

- a dumping duty notice in relation to all exporters of the goods from China
- a countervailing duty notice in relation to all other exporters of the goods from China.

Table 1 contains a summary of the measures, including the interim countervailing duties (ICD) and interim dumping duties (IDD), proposed as a result of this investigation.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	59.1%		
Zhanjiang		38.1%		
Meishan		54.9%		
LY Steel	<i>Ad valorem</i>	41.6%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	3.4%	79.0%	82.4%

Table 1: Effective rates of ICD and IDD

The Commissioner also recommends granting exemptions for certain goods, as described in chapters 3.7, 12 and 13. In chapter 3.6, the Commissioner also concludes that it is necessary to seek further information, through separate exemption inquiries after the conclusion of this investigation, in relation to some of the exemptions requested by interested parties in submissions to the SEF.

1.2.1.1 Changes since the SEF

In relation to the dumping investigation, the Commissioner has made findings in this report that differ from the preliminary findings in SEF 658, listed below.

- For the 3 Baosteel manufacturers, the Commissioner considered submissions to the SEF and used line-by-line sales information to calculate exporter-specific amounts for importer profit, trader mark-up, ocean freight, and marine insurance, resulting in changes to the export price for each exporter. Further details are contained in chapter 6.4.5.
- For the 3 Baosteel manufacturers, the Commissioner accepted (with revisions) the additional cost to make (CTM) data submitted by the exporters on 17 December 2025 shortly before the publication of SEF 658. As noted in the Baosteel verification report⁷ and chapter 3.5.5.3 of SEF 658,⁸ the Commissioner considered that the CTM data available at that time lacked sufficient detail to calculate CTM by destination market or by grade which led to poor comparability between the normal

⁷ EPR 658, document number 25.

⁸ EPR 658, document number 27.

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value using all-market costs and the export price. Further details are contained in chapter 6.4.6.1.

- For LY Steel, the Commissioner identified a spreadsheet formula error affecting the profit margin in the normal value which resulted in a slightly increased dumping margin. Further details are contained in chapter 6.5.5.1.

In relation to the subsidy investigation, the Commissioner has made findings in TER 658 and in this report that differ from the preliminary findings in SEF 658, listed below. These changes relate to the subsidy findings for the 4 selected exporters that form the basis of the findings used to determine the subsidy margin for all other exporters.

- For the 4 selected exporters the Commissioner has found that there is insufficient evidence available to determine a benefit under the program 'raw materials and utilities at less than adequate remuneration (LTAR)' (Program 178) and therefore there is insufficient evidence to find the program is a subsidy under section 269T(1). The Commissioner has found this after considering several submissions. Further details are in Appendix D, chapter D.8.4.
- For the 4 selected exporters, the Commissioner has assessed that hot rolled steel provided at LTAR (Program 179) is not a subsidy under section 269T(1). This program was not assessed in SEF 658 as it would have double counted the subsidisation already attributed to Program 178 in that report. Further details are in Appendix D, chapter D.8.9.
- For the 3 Baosteel manufacturers, the Commissioner has made the same changes to the export price as applied in the dumping margin calculation as summarised above. Further details are contained in chapter 6.4.5.
- For the 3 Baosteel manufacturers, the Commissioner has made a minor change to the approach to calculating long term borrowings (relevant to Program 177 – Preferential loans), in response to a submission. Further details are in Appendix D, chapter D.7.

1.2.1.2 PAD and amendment of securities

On 23 December 2025, the Commissioner made a PAD (ADN 2025/133⁹) concurrently with the publication of SEF 658.¹⁰ See chapter 2.5 for further details. Following the partial termination of the subsidy investigation by public notice¹¹ after TER 658,¹² it was no longer necessary for the Commonwealth to require and take securities in relation to interim countervailing duty that may become payable on the goods exported by Baoshan, Zhanjiang, Meishan and LY Steel. The Commissioner amended the securities applying from 3 April 2026 by public notice¹³ according to Table 2 below.

⁹ EPR 658, document number 28.

¹⁰ EPR 658, document number 27.

¹¹ EPR 658, document numbers 42.

¹² EPR 658, document numbers 41.

¹³ EPR 658, document numbers 43

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Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	104.1%		
Zhanjiang		36.0%		
Meishan		64.6%		
LY Steel	<i>Ad valorem</i>	38.9%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	4.1%	112.8%	116.9%

Table 2: Revised securities following TER 658

1.2.2 Background and conduct of the investigation (Chapter 2)

Investigation 658 is the first investigation by the commission into alleged dumping and subsidisation of HRC imported from China. The Commissioner initiated this investigation on 15 November 2024 following an application from BlueScope, the sole Australian manufacturer of HRC.¹⁴ As specified in the initiation notice, the Commissioner set an investigation period of 1 October 2023 to 30 September 2024. The Commissioner also set an injury period from 1 October 2020 to assess the economic condition of the Australia industry and assess potential injury factors.

The commission held a verification visit at BlueScope’s steel mill in Port Kembla in New South Wales, verifying both BlueScope manufacturers, BlueScope Steel Ltd (BSL) and BlueScope Steel (AIS) Pty Ltd (AIS), during the visit.¹⁵

The investigation received cooperation from 4 entities exporting from China: LY Steel, Baoshan, Zhanjiang and Meishan.

Baoshan, Zhanjiang and Meishan are manufacturers related by common ownership and are all part of the Baosteel group of companies. Baoshan, Zhanjiang and Meishan are collectively referred to as ‘the 3 Baosteel manufacturers’ in this report. The commission undertook 2 verification visits in China with LY Steel and Baosteel, which included a combined verification visit to the 3 Baosteel manufacturers and incorporated verification of a related export trader within that group. The commission also undertook additional truncated virtual verifications for LY Steel after receiving revised costs, and of a sampled domestic trader of goods produced by the 3 Baosteel manufacturers.

The commission received complete responses to the importer questionnaire from 2 Australian importers of the goods. The commission verified both importers.

The commission received submissions from several parties, including BlueScope, the importers, end-users of the goods and the Government of China (GOC) as outlined in chapter 2.4 of this report. Full details on the submission process and submissions received are provided in chapter 2.1.

¹⁴ References to BlueScope refer to all BlueScope entities involved in the manufacture and sale of HRC.

¹⁵ BSL is the parent company of AIS.

1.2.2.1 Measures applying to similar goods

Anti-dumping measures currently apply to a similar range of HRC imported to Australia from Taiwan. See Table 3 for a summary of measures on Taiwanese HRC. Investigation 658 includes models of HRC that are excluded from the Taiwanese measures. The different models included in this investigation are steel in patterns of relief (also known as checker plate or pattern plate) and alloy steel. These are the only measures applying to HRC imports to Australia.

Origin	Exporters	IDD	Method	ADN	Expiry date	Next inquiry
Taiwan	Chung Hung Steel Corporation	5.1%	<i>Ad valorem</i>	2022/109 Effective from 21/12/2022	20/12/2027	Expiry notice expected in October 26 for application by December 26
	China Steel Corporation	3.2%				
	Shang Chen Steel Co Ltd	2.0%				
	All other exporters	5.5%				

Table 3: Summary of current measures on a similar range of goods

1.2.3 The goods, like goods and the Australian industry (Chapters 3 and 4)

The Commissioner finds locally produced goods are ‘like’ to the goods the subject of the application. The Commissioner is satisfied that there is an Australian industry producing like goods, and that the goods are wholly manufactured in Australia. The Commissioner identified BlueScope as the largest producer of like goods in Australia. For this reason, the Commissioner considers that data submitted by BlueScope is a key indicator of the performance of the entire Australian industry.

1.2.3.1 Exemption applications received

The Commissioner has also received applications for exemptions relating to certain models of the goods. The Commissioner recommends granting exemptions for some of the models for which exemptions were requested, noting that BlueScope confirmed it does not produce and sell those models of the goods in Australia. For the other exemption requests, the Commissioner has concluded that it is necessary to seek further information from BlueScope, Baosteel, Duraquip and other interested parties because the Commissioner does not yet have sufficient information to make a recommendation.

Table 4, below, contains a summary of the exemptions requested.

Submitting party	Summary description	Further information needed?	Status in this report	Chapter reference
Bisalloy ¹⁶	Certain Q690MD grade steel	No	Recommend granting exemption with revised scope.	3.7.2.1
Baosteel ¹⁷	Certain BS700MCK2 or BS700MCK4 grade steel	No	Recommend granting exemption with revised scope.	3.7.2.2

¹⁶ EPR 658, document number 29.

¹⁷ EPR 658, document number 36 and 39.

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Submitting party	Summary description	Further information needed?	Status in this report	Chapter reference
Baosteel ¹⁸	Goods produced with reduced carbon emissions	Yes	Unresolved, further information required.	3.7.3.1
Baosteel ¹⁹	Certain thin or wide goods	Yes	Unresolved, further information required.	3.7.3.2
Duraquip ²⁰	Certain dimensions, typically used in semi-trailer production	Yes	Unresolved, further information required.	3.7.3.3

Table 4: Summary of exemption applications received

1.2.4 Australian market (Chapter 5)

The Commissioner finds that the Australian industry and imports from China supply most of the Australian market for HRC. A small volume of the market is supplied by imports from other countries, including Taiwan which is the only export market currently subject to anti-dumping measures. Figure 1 shows the size of the Australian market year-on-year from 1 October 2020 to 30 September 2024, including all imports of the goods and like goods produced in Australia.

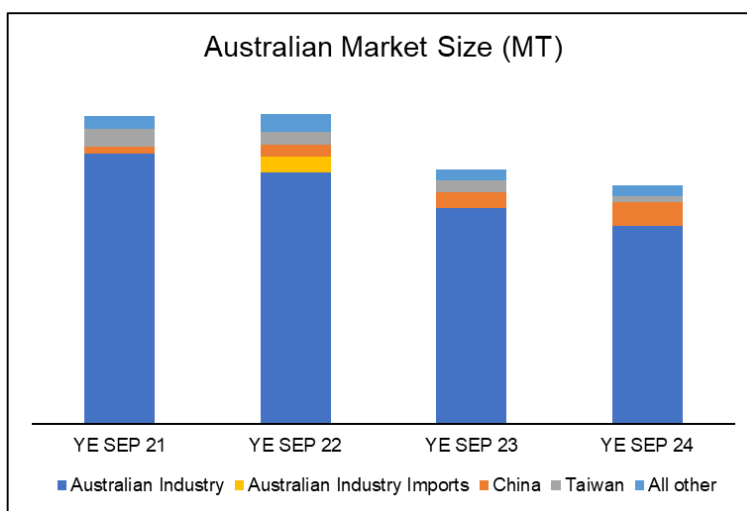


Figure 1: Australian Market size by volume (MT)

1.2.5 Dumping Investigation (Chapter 6)

The Commissioner has found that exporters from China exported the goods to Australia at dumped prices during the investigation period. The Commissioner has also found that dumped exports of the goods from China have caused material injury to the Australian industry producing like goods. The dumping margins are set out in Table 5.

Exporter	Dumping margins
Baoshan	59.1%
Zhanjiang	38.1%
Meishan	54.9%

¹⁸ EPR 658, document number 36 and 39.

¹⁹ EPR 658, document number 36 and 39.

²⁰ EPR 658, document number 32.

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Exporter	Dumping margins
LY Steel	41.6%
Uncooperative and all other exporters	79.0%

Table 5: Summary of dumping margins

1.2.6 Subsidy Investigation (Chapter 7)

The Commissioner is satisfied that for the 4 selected exporters, Baoshan, Meishan, Zhanjiang and LY Steel, the amount of subsidisation received by them during the investigation period was less than 2% and therefore negligible in accordance with section 269TDA(2).

The Commissioner is also satisfied that, for all other exporters from that country during the investigation period:

- exports of the goods were subsidised
- the amount of subsidisation received was more than 2% and not negligible²¹ and
- the volume of subsidised goods was more than 4% and not negligible.²²

The Commissioner's assessment of subsidy margins is set out in Table 6. For ease of reference, this table includes the subsidy margins for the selected exporters terminated in TER 658.

Exporter	Subsidy margins	Negligible? ²³
Baoshan	1.7%	Yes
Zhanjiang	0.3%	Yes
Meishan	1.4%	Yes
LY Steel	1.4%	Yes
All other exporters	3.4%	No

Table 6: Summary of subsidy margins

1.2.7 Economic condition of the Australian industry (Chapter 8)

The Commissioner finds that the Australian industry has experienced injury during the investigation period in the form of:

- loss of sales volume
- reduced market share
- price depression
- price suppression
- loss of profit and reduced profitability
- reduced revenue
- reduced return on investment

²¹ Section 269TDA(16)(b).

²² Section 269TDA(8)(b).

²³ Section 269TDA(16)(b): the negligible level of subsidisation for China is 2%.

- reduced capacity utilisation

1.2.8 Material injury from dumping and subsidisation (Chapter 9)

The Commissioner is satisfied that the injury experienced by the Australian industry over the investigation period has been caused by dumped and subsidised exports of the goods by Chinese exporters and that injury is material.

In investigating the cause of injury to the Australian industry, the Commissioner had regard to the economic condition of the Australian industry, the size of dumping and subsidy margins, the prices of exports from China, the importance of price in the market, evidence of import prices impacting pricing negotiations in the market and changes in the volume and market share of imports and of the Australian industry.

1.2.9 Whether dumping and subsidisation may continue (Chapter 10)

The Commissioner is satisfied that exports of the goods to Australia from China may continue at dumped and subsidised prices in the future, as outlined below.

- **Competition:** The goods imported from China and the Australian produced goods will continue to be substitutable and Chinese exporters and Australian industry will continue to compete on price.
- **Volume trends:** Dumped and subsidised imports from China have gained market share over the injury analysis period and exporters will continue to have an incentive to import at low prices to increase market share.
- **Distribution links:** Importers that have existing supply arrangements with Chinese exporters are established distributors of imported HRC that will likely continue to supply the Australian market.
- **Production capacity:** Excess global capacity of steel, driven heavily by Chinese production, continues to grow at unsustainably high levels, so Australia will likely continue to be a destination market for Chinese HRC.

1.2.10 Non-injurious price (Chapter 11)

The Commissioner finds that the Minister is not required to have regard to the desirability of applying the lesser duty rule (LDR). The LDR is specifying a method of calculating ICD and IDD such that the sum of the export price, the IDD and ICD, where relevant, do not exceed the non-injurious price (the NIP) in accordance with sections 8(5B), 8(5BA) and 10(3D) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act). Due to the operation of sections 8(5BAA), 8(5BAAA) and 10(3DA) of the Dumping Duty Act, the Minister is not required to have regard to the LDR where the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii): chapter 6 of this report refers. Although not required to have regard to the LDR, the Minister maintains discretion to do so.

The Commissioner considers that, in relation to all exporters from China, it is not desirable for the Minister to specify a method of calculating IDD or ICD and IDD in accordance with the LDR. Notwithstanding the Commissioner's consideration, the Minister retains this discretion. Therefore, the commission has calculated a NIP.

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1.2.11 Form of proposed measures (Chapter 12)

The Commissioner recommends to the Minister that anti-dumping and countervailing measures, using the *ad valorem* duty method for LY Steel and all other exporters, and the combination duty method for the 3 Baosteel manufacturers, be imposed in the form of dumping and countervailing duty notices that may become payable by importers of the goods from China. The Commissioner has decided to impose the combination duty method on the 3 Baosteel manufacturers due to complex company structures, with consideration of the fact that the 3 Baosteel manufacturers, the importer and the trader involved in the importations are all related parties by common ownership.

The effective rates of ICD and IDD payable on the goods exported from China to Australia are summarised in Table 7.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	59.1%		
Zhanjiang		38.1%		
Meishan		54.9%		
LY Steel	<i>Ad valorem</i>	41.6%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	3.4%	79.0%	82.4%

Table 7: Effective rates of ICD & IDD

2 BACKGROUND

2.1 Legislative framework

2.1.1 Legislative test

Division 2 of Part XVB sets out, among other things, the procedures to be followed and matters to be considered by the Commissioner in conducting investigations in relation to goods covered by applications for the publication of dumping and countervailing duty notices, for the purpose of making a report to the Minister.

Under section 269TEA(1), in the report to the Minister, the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice and/or countervailing duty notice under sections 269TG, 269TJ or 269TJA.²⁴

Under sections 269TG, 269TJ and 269TJA, to publish a dumping duty and/or countervailing duty notice, the Minister must be satisfied that, because of dumping and/or subsidisation, the Australian industry has experienced material injury.

2.1.2 Preliminary affirmative determination

Under section 269TD(1), the Commissioner may make a PAD if satisfied that:

- there appears to be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice, or
- it appears that there will be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice subsequent to the importation of the goods into Australia.

A PAD may be made no earlier than day 60 of the investigation (in relation to this investigation, a date no earlier than 14 January 2025) and the Commonwealth may require and take securities at the time a PAD is made or at any time during the investigation after a PAD has been made, if the Commissioner is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

2.1.3 Statement of essential facts (SEF)

As required by section 269TDAA(1) of the Act, the Commissioner must, within 110 days after the initiation of an investigation or such longer period as is allowed under section 269ZHI(3) of the Act place on the public record a SEF on which the Commissioner proposes to base a recommendation to the Minister in relation to the application.

²⁴ Section 269TJA relates to concurrent dumping and countervailable subsidisation. The provision provides that, where goods are both dumped and subsidised, and because of the combined effects of the dumping and the amount of countervailable subsidy received in respect of the goods, material injury to an Australian industry producing like goods has been or is being caused, the Minister may publish a notice under either sections 269TG(1), 269TG(2), 269TJ(1) or 269TJ(2) or notices under such sections at the same time. Section 269TJA is relevant in this investigation due to the combined dumping and subsidisation in relation to goods exported to Australia from China by certain exporters.

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The SEF was originally due to be published on or before 5 March 2025. The Commissioner granted extensions of time for the due date for the SEF and final report.²⁵ The Commissioner published SEF 658 on 23 December 2025.

2.1.4 Termination of part of the subsidy investigation

Section 269TDA sets out the circumstances in which the Commissioner must terminate an investigation. Section 269TDA(2) sets out that the Commissioner must terminate an investigation relating to an application for a countervailing duty notice if satisfied that:

- no countervailable subsidy has been received in respect of any of the goods the subject of the application for a countervailing duty notice; or
- a countervailable subsidy has been received in respect of some or all of those goods but it never, at any time during the investigation period, exceeded the negligible level of countervailable subsidy (in this case, the negligible level of countervailable subsidy is 2%).

2.1.5 Final report

Section 269TEA(1) requires the Commissioner, after conducting an investigation in respect of the application, to give the Minister a report which recommends (among other things) whether a dumping duty notice, or countervailing duty notice (as relevant), should be published and the extent of any duties that are, or should be, payable because of that notice.

Section 269TEA(3) requires the Commissioner, in deciding on the recommendations to be made to the Minister in the report, to have regard to:

- the application
- any submissions to which the Commissioner had regard to in formulating the SEF
- the SEF
- any submission made in response to the SEF received within 20 days of the publication of the SEF
- any other matters the Commissioner considers relevant.

Under section 269TEA(4), the Commissioner is not obliged to have regard to a submission received by the Commissioner after the 20 days, if to do so would, in the Commissioner's opinion, prevent the timely placement of the report to the Minister.

The Commissioner's report and recommendations in relation to this investigation were initially due to be provided to the Minister by 22 April 2025, however this due date was extended. The Commissioner provided the report and recommendations in relation to this investigation to the Minister on 2 April 2026.

2.2 Application and Initiation

On 23 September 2024, BlueScope lodged an application with the Commissioner under section 269TB(1), with further information lodged in support of the application on 2, 8, 9, 10 and 14 October 2024, alleging that the Australian industry for the goods has

²⁵ EPR 658, document numbers 6, 16, 24 and 40.

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experienced material injury caused by the goods being exported to Australia from China at dumped and subsidised prices. A non-confidential version of the application is available on the EPR.²⁶

Having considered the application, the Commissioner decided not to reject the application and initiated the investigation on 15 November 2024. ADN 2024/093 (the initiation notice) and *Consideration Report No 658* (CON 658) provide further details on Commissioner's consideration of the application and the initiation of the investigation.²⁷

2.3 Previous cases

There have been no prior investigations relating to HRC from China. The commission has conducted cases in relation to HRC exported to Australia from Japan, the Republic of Korea (Korea), Malaysia and Taiwan. Refer to the commission's website for a comprehensive list of cases and related documentation and Table 8 below.

Aside from measures stemming from the current investigation, anti-dumping measures currently apply to certain HRC from Taiwan.²⁸ The Taiwanese goods currently subject to measures have a similar goods description to the goods description covered in this investigation. The differences between the goods descriptions are that this investigation includes alloy steel and HRC with patterns in relief (known as checker plate). Alloy steel and HRC with patterns in relief are excluded from measures applying to HRC from Taiwan.

Table 8 summarises the previous major cases that concerned the examination of HRC from Japan, the Republic of Korea (Korea), Malaysia and Taiwan.

Case and ADN number	Country or export market	Outcome	Duty method
Investigation 188 (Inv 188) ADN 2012/66	Japan, Korea, Malaysia and Taiwan	Dumping measures imposed on cooperative and non-cooperating exporters from Japan, Korea, Malaysia and Taiwan, except for pickled and oiled HRC from Japan.	Combination duty method
Reinvestigation 209 (of Inv 188) ADN 2013/49	Japan, Korea, Malaysia and Taiwan	Upheld the findings of Inv 188 with only minor changes to the outcome.	Combination duty method
Continuation 400 ADN 2017/166	Japan, Korea, Malaysia and Taiwan	The dumping measures were continued for goods exported from Taiwan and allowed to expire for exporters from Japan, Korea and Malaysia.	Floor price duty method
Review 454 ADN 2018/126	Taiwan	The variable factors were changed for all exporters from Taiwan.	Floor price duty method
Review 528 ADN 2020/92	Taiwan	The variable factors were changed for all exporters from Taiwan.	Floor price duty method

²⁶ EPR 658, document number 1.

²⁷ EPR 658, document numbers 2 and 3.

²⁸ See the dumping commodity register for further details of current measures relating hot rolled coil steel exported from Taiwan: Anti-Dumping Commission, [Current measures in the dumping commodity register \(DCR\)](#), Department of Industry, Science and Resources website, n.d., accessed 2 April 2026.

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Case and ADN number	Country or export market	Outcome	Duty method
Continuation 594 ADN 2022/109	Taiwan	Measures continued on cooperative and all other exporters from Taiwan	<i>Ad Valorem</i> duty method

Table 8: Summary of previous major cases

2.4 Conduct of the investigation

2.4.1 Investigation period and injury period

As specified in the initiation notice, the Commissioner set an investigation period of 1 October 2023 to 30 September 2024. The Commissioner also set an injury analysis period from 1 October 2020 to assess the economic condition of the Australian industry and assess potential injury factors.

2.4.2 Australian industry

The Commissioner used information provided by BlueScope in its application to assess the Australian industry for like goods. The commission held a verification visit at BlueScope's steel factory and offices in Port Kembla, New South Wales, in March 2025. The commission verified records for both BlueScope manufacturers, BlueScope Steel Ltd (BSL) and BlueScope Steel (AIS) Pty Ltd (AIS), during the visit. Chapter 4 discusses the composition of the Australian industry further.

The Commissioner is satisfied that BlueScope represents a sufficient part of the Australian industry producing like goods to the goods the subject of the application. BlueScope's production of like goods accounts for:

- more than 50% of the total production of like goods by that proportion of the Australian industry that has expressed either support for, or opposition to, the application, and
- not less than 25% of the total production of like goods in Australia.²⁹

The resulting verification report is available on the EPR.³⁰

2.4.3 Australian industry submissions

2.4.3.1 Pre-SEF submission on GOC questionnaire response

On 12 March 2025, the commission received a submission from BlueScope regarding the GOC questionnaire response. BlueScope submitted that the GOC questionnaire response was substantially inadequate. BlueScope submitted that the GOC's response to many of the questionnaire questions were generic and did not contain sufficient detail. The examples provided include these claims:

- The GOC did not provide any details of debt or equity instruments issued by the government associated with the HRC or steel industries. BlueScope submitted that

²⁹ Section 269TB(6).

³⁰ EPR 658, document number 20.

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the GOC would have maintained these records and could have provided them in the questionnaire.

- BlueScope submitted that the GOC did not provide a detailed response to identify GOC initiatives and/or policies that apply to the HRC and steel industries, including the supply of raw materials.
- BlueScope argued that the GOC made no effort to address or respond to BlueScope's contention that the 72 subsidy programs found in previous commission cases apply to HRC. These programs were listed in Table D-1 of the government questionnaire.

BlueScope also referred to trade measures imposed by other jurisdictions on HRC from China. BlueScope provided further case studies claiming material injury from Chinese HRC imports and requested the commission to impose provisional measures.

2.4.3.2 Pre-SEF submission on model control code (MCC) structure and goods description exclusion

On 22 November 2024, the commission received a submission from BlueScope regarding the Model Control Code (MCC) structure and goods description exclusion. In the submission BlueScope has requested amendments to the MCC to ensure accurate classification of goods under the T4 category. Specifically, BlueScope proposes that the T4 designation be updated to '≥ 4.75 mm (coil only)', consistent with previous HRC inquiries.

Additionally, BlueScope clarifies that the goods subject to this investigation exclude hot rolled sheet products with a thickness of 4.75 mm or greater, as these are classified as plate steel. However, HRC in coil form with a thickness of 4.75 mm or more remains within the scope of the investigation.

2.4.3.3 Pre-SEF submission on provisional measures

On 1 July 2025, the commission received a submission from BlueScope regarding imposition of provisional measures. In the submission, BlueScope requested provisional measures be put in place to prevent further material injury while the case is being investigated. BlueScope claimed that since the investigation began in November 2024, it has faced significant losses in market share, pricing, and profitability due to dumped and subsidised Chinese HRC imports. BlueScope noted that CON 658 confirmed reasonable grounds to find of dumping, subsidisation, and injury, with causation linked to Chinese exports. Including the nine months ending March 2025, BlueScope's economic condition has been impacted by global steel overcapacity with China accounting for 46% of capacity and exporting 118.2 million tonnes in 2024 according to the OECD. Excess capacity and heavy subsidisation continue to depress prices worldwide.

2.4.3.4 Post-SEF submission on SEF findings

BlueScope responded to the SEF with support for the commission's preliminary findings that Chinese HRC was dumped and subsidised and caused material injury to the Australian industry. However, BlueScope requested clarification on whether the commission's LTAR assessment fully captures potential subsidies across both the upstream slab production stage and the downstream hot strip mill processing stage. BlueScope's submission on LTAR is addressed in Appendix D, chapter D.8.6.4.

2.4.4 Exporters

2.4.4.1 Selected exporters

Following the initiation of this investigation, the commission forwarded questionnaires to multiple interested parties, including entities or persons that have exported the goods to Australia from China during the investigation period. The commission also placed the exporter questionnaire, including associated spreadsheets, on the commission's website for exporters to complete.

The commission received responses to exporter questionnaires (REQ) from four exporters: Baoshan, Zhanjiang, and Meishan (all part of the Baosteel group of companies) and LY Steel. The commission did not receive an REQ from any other entities.

The commission conducted verification of the information and data provided by LY Steel³¹ and the 3 Baosteel manufacturers (Baoshan, Zhanjiang and Meishan)³² in their REQs. Records of the findings of the verifications are available on the EPR.

2.4.4.2 Baosteel

2.4.4.2.1 Corporate structure of selected exporters

Of the 3 Baosteel manufacturers, Baoshan is the parent company and Zhanjiang and Meishan are its subsidiaries. Baoshan is also the parent company of the sole Japanese trader – Howa Trading Co Ltd (Howa Trading) – and Australian importer – Bao Australia Pty Ltd (Bao Australia) – involved in exporting the goods to Australia.

Baoshan and, by extension, all 3 Baosteel manufacturers are majority owned by China Baowu Steel Group Corp Ltd (China Baowu Group), both directly and indirectly (through subsidiaries of China Baowu Group with shareholdings in Baoshan). The China Baowu Group is ultimately owned by the GOC's State-Owned Assets Supervision and Administration Commission of the State Council (SASAC of the State Council). The 3 Baosteel manufacturers and other companies in the Baosteel group are therefore state-owned enterprises (SOEs).

2.4.4.2.2 Baosteel submissions

During the investigation, Baosteel (on behalf of all 3 of the Baosteel manufacturers) made a total of 6 submissions to the investigation. One submission was received on 17 December 2025, 6 days before the publication of the SEF and was not considered in the SEF but has been considered in this Report. Baosteel made an additional 5 submissions after the publication of the SEF.

In Baosteel's post-SEF submissions, Baosteel expressed opposition to the commission's findings. The commission has addressed Baosteel submissions in the relevant chapters of the report related to each submission. In summary, Baosteel submitted that:

³¹ EPR 658, document number 22.

³² EPR 658, document number 25.

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- The commission wrongly disregarded Baosteel's verified cost records, rely on unsuitable third country- benchmarks, applied methods that distort the constructed normal value and do not meet required transparency and procedural standards. These submissions have been addressed in Appendix C, chapters C.7.2.3.4, C.7.2.3.5 and C.7.2.4.
- The commission's LTAR findings breach the SCM Agreement because they rely on unsupported assumptions about suppliers and proxy benchmarks that misrepresent Baosteel's actual input costs. These submissions have been addressed in Appendix D, chapters D.8.5 and D.8.6.

2.4.4.3 LY Steel

2.4.4.3.1 Corporate structure of selected exporter

LY Steel is ultimately majority owned by the State-Owned Assets Supervision and Administration Commission of Hunan Provincial People's Government (SASAC of Hunan). The SASAC of Hunan owns LY Steel indirectly through LY Steel's parent companies. LY Steel is therefore an SOE.

2.4.4.3.2 LY Steel submissions

During the investigation, LY Steel made two submissions, one before and one after the SEF. In its post-SEF submission, LY Steel disagreed with aspects of the Commissioner's preliminary findings. The Commissioner has addressed these submissions in the relevant chapters of the report. In summary, LY Steel submitted that:

- The commission's dumping calculations are flawed because they replace LY Steel's verified cost records with inadequately adjusted third country benchmarks, apply PMS-based cost adjustments that LY Steel argues are inconsistent with WTO rules, and rely on data and processes that are insufficiently reliable or transparent. These submissions are addressed in Appendix C, chapters C.7.2.3.4, C.7.2.3.5 and C.7.2.4.
- The commission's countervailing findings rely on broad-based market findings rather than exporter-specific evidence, which LY Steel argues is inconsistent with the WTO SCM Agreement. These submissions are addressed in Appendix D, chapter D.8.5 and D.8.6.

2.4.4.4 Uncooperative exporters and non-cooperative entities

Where an exporter or entity did not provide information, the Commissioner considered to be relevant to this investigation, within a period the Commissioner considered to be reasonable, or the Commissioner is satisfied that the exporter or entity significantly impeded the case:

- section 269T(1) provides that, in relation to a dumping duty notice, such an exporter is an 'uncooperative exporter';
- section 269TAACA(1) provides that, in determining whether a countervailable subsidy has been received in respect of particular goods, the Commissioner may act on the basis of all the facts available and may make such assumptions as they find reasonable. Such an entity is a 'non-cooperative entity'.

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The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (**the Customs Direction**) states respectively at sections 8 and 9 that the Commissioner must determine an exporter to be an uncooperative exporter, or an entity to be a non-cooperative entity, on the basis that no relevant information was provided in a reasonable period, if that exporter or entity:

- fails to provide a response, or
- fails to request a longer period to provide a response within the legislated period, or
- provides a response within the legislated period that the Commissioner considers did not provide information relevant to the case.

2.4.5 Foreign government engagement

2.4.5.1 GOC submission

On 15 October 2024, the commission invited the Government of China (GOC) for consultation during the Commissioner's consideration of the application. Prior to the initiation of the investigation, the GOC did not request consultation, but on 1 November 2024, it provided a written submission in response to the application.³³

GOC's consultation comments raised the following key points regarding the subsidy allegations:

- The subsidy claims in the application are simple assertions without basic evidence regarding the existence, amount and nature of subsidies.
- There are no so-called provision of steel making raw materials at less than adequate remuneration (LTAR) in China.
- There is no subsidy for the provision of electricity or land at LTAR in China.
- In China, the production and sale of hot-rolled coil steel and its raw materials or inputs are determined by market forces and not by state intervention.
- The subsidy allegations based on the United States (US) Department of Commerce determinations are unwarranted and unsubstantiated.
- Some alleged subsidy programs refer to specific years prior to the investigation period or specific regions. The application lacked positive evidence to demonstrate the existence of these subsidies or benefits to being received by the relevant producers.

2.4.5.2 GOC questionnaire response

At initiation of the investigation, the commission also invited the GOC to complete a government questionnaire. GOC provided a response to the government questionnaire (RGQ) which was published on the EPR on 7 February 2025.³⁴

The GOC's questionnaire response also commented on programs 7, 8 and 25 as listed in BlueScope's application, that none of the input suppliers are 'public bodies' within the

³³ EPR 658, document number 4.

³⁴ EPR 658, document number 8.

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meaning of the World Trade Organization's (WTO's) *Agreement on Subsidies and Countervailing Measures* (ASCM).

The GOC's consultation comments and questionnaire response raised the following key points regarding the applicant's constructed normal value and allegations of a particular market situation (PMS):

- The GOC argues that an assessment of PMS requires a comparative approach with other markets.
- The GOC argues that under WTO obligations the investigating authority is required to demonstrate how the PMS precludes a 'proper comparison' of domestic price and export price.
- The GOC referred to various WTO panel reports³⁵ relating to measures from other countries, the findings of the DS603 Panel Report³⁶ and article 2.2.1.1 of the WTO *Anti-Dumping Agreement* (ADA). The GOC submitted that the commission is obliged to determine a normal value that reasonably reflects the cost of production of the goods in the country of origin.

This is discussed further in chapter 7 and **Appendix A – Particular market situation** assessment.

In response to the questions in 'Section D: Subsidies', to the extent the questionnaire requested information about 'any other program' not identified in BlueScope's application, the GOC objected to the 'open question style'. The response also commented on programs 7,³⁷ 8³⁸ and 25³⁹ as listed in BlueScope's application, that none of the input suppliers are 'public bodies' within the meaning of the World Trade Organization's (WTO's) *Agreement on Subsidies and Countervailing Measures* (ASCM).

2.4.5.3 GOC submission in response to the SEF

GOC made a submission in response to the SEF on 16 January 2026. In the submission, the Government of China (GOC) disagreed with aspects of the Commission's findings, which are addressed in the relevant chapters of the report. In summary, the GOC submitted that:

- The dumping findings in SEF 658 are flawed because the commission wrongly found a particular market situation, improperly rejected GAAP-compliant cost records in favour of third-country benchmarks, and failed to ensure transparency and procedural fairness in explaining and substantiating its methodology, contrary to section 269TAC and WTO Anti-Dumping Agreement requirements. These submissions have been addressed in Appendix C, chapters C.7.2.3.4, C.7.2.3.5 and C.7.2.4.

³⁵ EU-Biodiesel (Argentina), Ukraine – Ammonium Nitrate.

³⁶ See DS603: Panel Report, *Australia — Anti-Dumping and Countervailing Duty Measures on Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024).

³⁷ EPR 658, document number 8, page 31: Program 7 is 'Coke provided by government at LTAR'

³⁸ EPR 658, document number 8, page 31: Program 8 is 'Coking coal provided by government at LTAR'

³⁹ EPR 658, document number 8, page 31: Program 25 is 'Hot rolled steel provided by government at less than fair market value'

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- The countervailing findings in SEF 658 are flawed because the commission wrongly characterised government measures as countervailable subsidies, failed to establish benefit and specificity, and incorrectly treated certain entities as ‘public bodies’ without sufficient evidence of governmental authority or control, contrary to WTO SCM Agreement jurisprudence. These submissions have been addressed in Appendix D, chapter D.8.5 and D.8.6.

2.4.6 Importers

The commission received three responses to the importer questionnaire. One response was only a partial response to the questionnaire. The other two responses, provided by Bao Australia Pty Ltd (Bao Australia) and DITH Australia Pty Ltd (DITH) were considered complete. The commission conducted onsite verifications of the data provided by Bao Australia⁴⁰ and DITH.⁴¹ A copy of each importer verification report is available on the EPR.

2.4.7 End Users

To understand the dynamics of the Australian market and factors that may be impacting the economic condition of the Australian industry producing HRC, the commission also issued an Australian market questionnaire to end users of HRC.

2.4.7.1 Pre-SEF submission from Selection Steel

The commission received 1 end-user questionnaire response from Selection Steel Trading Pty Ltd (Selection Steel).⁴² Selection Steel provided a full response to the end-user questionnaire providing information about the goods in relation to the Australian market dynamics, uses of the goods, factors influencing price and purchasing decisions, domestic and imported supply of the goods. Selection Steel did not express strong opposition nor support for the investigation. Selection Steel considers that low-priced imports have put pressure on price but noted that some companies that import from China have shown a commitment to the Australian market by developing long term relationships and stable commercial practices.

2.4.7.2 Pre-SEF submission from David Mack

The commission also received a submission from an individual, David Mack, with interests in 2 other end-user businesses, Plummers Industries Pty Ltd (Plummers) and Synectix Enclosure Systems Pty Ltd (Synectix).

In the submission, David Mack outlined his opposition to the proposed implementation of anti-dumping measures on HRC. The submission presented data from United Nations Comtrade Database and argued that import prices of HRC from China are consistent with global market rates. The submission also highlighted that the anti-dumping measures, if implemented, are a significant risk for Australia’s domestic sheet metal fabrication industry. Following receipt of this submission, the commission invited the end-users,

⁴⁰ EPR 658, document number 19.

⁴¹ EPR 658, document number 18.

⁴² EPR 658, document number 23.

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Plummers and Synectix, to complete an end user questionnaire or make a submission. No submission from Plummers or Synectix was received.

2.5 Preliminary affirmative determination

On 23 December 2025, the Commissioner was satisfied that there appeared to be sufficient grounds for the publication of a dumping and countervailing duty notice in relation to the goods exported to Australia from China and made a PAD to that effect. The security that was determined was an amount worked out in accordance with the findings in the SEF, at the rates specified in Table 9:

Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
Baoshan	Combination duty method	2.4%	104.1%	106.5%
Zhanjiang		0.5%	36.0%	36.5%
Meishan		1.6%	64.6%	66.2%
LY Steel	<i>Ad valorem</i> duty method	1.4%	38.9%	40.3%
All other exporters		4.1%	112.8%	116.9%

Table 9: Effective rates of ICD and IDD in SEF 658

Following the making of the PAD, and to prevent material injury to the Australian industry occurring while the investigation continued, securities were taken in respect of any IDD and ICD that may become payable in respect of the goods exported from China and entered for home consumption in Australia on or after 24 December 2025.

As outlined in SEF 658, the Commissioner was satisfied that it was necessary to require and take securities to prevent material injury to the Australian industry occurring while the investigation continued.

2.6 Partial termination of subsidy investigation

After publishing SEF 658, the Commissioner considered additional information and submissions received from interested parties.⁴³ As discussed in Appendix D of this report at chapter D.8, the Commissioner considers there was insufficient evidence to find that Program 178 is a subsidy. Therefore, the Commissioner is satisfied that, during the investigation period, countervailable subsidies were received in respect of the goods exported to Australia from China by Baoshan, Zhanjiang, Meishan and LY Steel, however the level of countervailable subsidisation in respect of those goods never exceeded the negligible level.

Under section 269TDA(2)(b)(ii), the Commissioner has terminated the investigation relating to the application for publication of a countervailing duty notice as it relates to the 4 selected exporters: Baoshan, Zhanjiang, Meishan and LY Steel. On 2 April 2026, the Commissioner published ADN2026/041⁴⁴ to partially terminate the subsidy investigation,

⁴³ Refer to chapter 2.4 for the commission's assessment outlining the submissions received from interested parties in response to SEF 658.

⁴⁴ EPR 658, document numbers 42.

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and TER 658⁴⁵ which sets out the material findings of fact on which the Commissioner made this decision.

2.7 Amendment of securities

Following the termination of the subsidy investigation in relation to Baoshan, Zhanjiang, Meishan and LY Steel, it was no longer necessary for the Commonwealth to require and take securities in relation to interim countervailing duty that may become payable on the goods exported by Baoshan, Zhanjiang, Meishan and LY Steel.

The revised securities that applied on and from 3 April 2026 are detailed in Table 10 below.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	104.1%		
Zhanjiang		36.0%		
Meishan		64.6%		
LY Steel	<i>Ad valorem</i>	38.9%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	4.1%	112.8%	116.9%

Table 10: Revised securities following TER 658

2.8 Submissions by interested parties

2.8.1 Submissions considered in the SEF

The commission received 17 submissions during the investigation. The non-confidential versions of these submissions are available on the EPR.

Table 11 contains a list of submissions that the commission considered in the preparation of the SEF.

EPR no.	Date published	Interested party	Issues raised	Addressed in:
4	15 November 2024	GOC	Consultation comments as summarised in 2.4.5.1	Chapters 6 and 7, Appendix A and Appendix D
5	22 November 2024	BlueScope	MCC structure and goods description exclusion as summarised in 2.4.3.2	3.5.4
8	7 February 2025	GOC	Questionnaire response including comments as summarised in 2.4.5.2	Chapters 6 and 7, Appendix A and Appendix D
9	12 March 2025	BlueScope	Submission in response to GOC questionnaire as summarised in 2.4.3.1	2.4.3

⁴⁵ EPR 658, document numbers 41.

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EPR no.	Date published	Interested party	Issues raised	Addressed in:
17	2 July 2025	BlueScope	Grounds for imposition of provisional measures as summarised in 2.4.3.2	SEF 658 at chapter 12
21	23 October 2025	David Mack	Import price comparison and risks to Australia's sheet metal fabrication industry as summarised in 2.4.7.2	2.4.7

Table 11: Submissions considered in SEF 658

2.8.2 Submissions considered after the SEF

Table 12 lists the submissions considered after the publication of SEF 658.

EPR no.	Date published	Interested party	Issues raised	Addressed in:
26	17 December 2025	The 3 Baosteel manufacturers	The 3 Baosteel manufacturers sent a submission explaining that they had sent revised cost to make (CTM) records to allocate costs at a more detailed level of product specificity (including steel grade, thickness, width, coil or sheet and heat treatment). This is to enable the commission to allocate cost according to goods destined for the Australian market.	6.4.6.1.2
29	16 January 2026	Bisalloy	Seeking exemption from the proposed measures.	3.7
30	16 January 2026	BlueScope	Expressed support for imposition of interim duties. Included commentary regarding its support. Requested clarification on the LTAR methodology in the subsidy findings.	2.4.3.4
31	16 January 2026	Phoenix Metal Group (Phoenix)	Requesting the commission consider the non-substitutability of domestic supply from the proposed anti-dumping measures	3.73.7
32	20 January 2026	Duraquip	Seeking exemption from the proposed anti-dumping measures.	3.73.7
33	20 January 2026	GOC	GOC disagree with the commission's uplift of the steel slab component which it claims distorts the normal value of the like goods. GOC further disputes the subsidy finding of SEF 658.	Appendix C
34	20 January 2026	LY Steel	LY Steel disagrees with the commission's uplift of steel slab costs, which it argues has resulted in an artificial uplift. It also disputes the subsidy finding, claiming that it relies on broad market-level allegations rather than exporter specific evidence.	6.5 and Appendix D

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EPR no.	Date published	Interested party	Issues raised	Addressed in:
35	20 January 2026	The 3 Baosteel manufacturers	First response to the SEF – arguing that the commission wrongly rejected its verified costs, used an unsuitable and inflated Brazilian benchmark without proper justification or disclosure, and should instead adopt Baosteel’s own records or more appropriate third country benchmark. Baosteel similarly contests the commission’s subsidy findings arguing that they lack exporter-specific evidentiary basis and are WTO-inconsistent.	6.4 and Appendix D
36	20 January 2026	The 3 Baosteel manufacturers	Seeking exemptions from the proposed anti-dumping measures.	3.7
37	29 January 2026	BlueScope	Responding to post-SEF submissions requesting exemptions (EPR 658 numbers 29, 31, 32 and 36).	3.7
38	9 February 2026	The 3 Baosteel manufacturers	Second response to the SEF – reiterates concerns that the commission’s reliance on undisclosed MEPS International Ltd (MEPS) Brazilian slab benchmarks is procedurally unfair and produces constructed normal values that are unrealistically high compared to global market prices.	6.4 and Appendix C
39	23 February 2026	The 3 Baosteel manufacturers	Additional details about some of the exemptions claimed in one of Baosteel’s 20 January submissions (EPR 26).	3.7

Table 12: Submissions received after the publication of the SEF

The Commissioner has had regard to all submissions referred to in Tables 8 and 9 in preparing this report. All submissions are addressed in the chapters relevant to the issues raised in the submissions.

3 THE GOODS AND LIKE GOODS

3.1 Finding

The Commissioner finds that:

- locally manufactured goods are 'like' to the goods the subject of the application
- there is an Australian industry, comprised of BlueScope producing like goods
- the like goods are wholly manufactured in Australia.

3.2 Legislative framework

3.2.1 Like goods assessment

Section 269TC(1) of the Act requires that the Commissioner must reject an application for a dumping duty notice if, *inter alia*, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are 'like' to the imported goods. Section 269T(1) defines like goods as:

Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

An Australian industry can apply for relief from injury caused by dumped or subsidised imports even if the goods it produces are not identical to those imported. The industry must however, produce goods that are 'like' to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- i. physical likeness;
- ii. commercial likeness;
- iii. functional likeness; and
- iv. production likeness.

3.2.2 Goods exemptions

Sections 8(7) and 10(8) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act) specify that the Minister may, by notice in writing, exempt goods from interim dumping duty, dumping duty, interim countervailing duty or countervailing duty if the Minister is satisfied that certain circumstances apply. Relevant to exemptions claimed in this investigation, section 8(7)(a) and section 10(8)(a) specify that one of the circumstances is where 'like or directly competitive goods are not offered in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade'.

3.3 The goods

3.3.1 Goods description

The goods the subject of the application (the goods) are:

Hot rolled coil steel (including in sheet form), with or without patterns in relief (known as checker plate), whether or not containing alloys, not clad, plated or coated (other than oil coated).

The whole application informs the scope of goods described above. The text and Table 13 below are some key extracts from the application relevant to the goods description.

Further information:

HRC is supplied in a range of thicknesses, all of which are covered by the application.

Several relevant standards cover the range of HRC products. These relevant standards are noted in the following table:

Commercial HRC grades	
Standard No.	Description
AS/NZS 1594	Hot rolled steel flat products
ASTM A1011	Steel, sheet and strip, hot rolled, carbon, structural, high strength low alloy, with improved formability and ultra-high strength
ASTM A1018	Steel, sheet and strip, heavy thickness coils, hot rolled, carbon, commercial, drawing, structural, high strength low alloy, high strength low alloy with improved formability, and ultra-high strength
ISO 3573	Hot rolled carbon steel sheet of commercial and drawing qualities
JIS G 3131	Hot rolled mild steel plates sheet and strip
SAE J403	Chemical composition of SAE carbon steels
Forming, pressing & drawing HRC grades	
AS/NZS 1594	Hot rolled flat steel products
ISO 3573	Hot rolled carbon steel sheet of commercial and drawing qualities
JIS G 3132	Hot rolled carbon steel strip for pipes and tubes
EN 10111	Continuously hot rolled low carbon steel sheet and strip for cold forming
Structural HRC grades	
AS/NZS 1594	Hot rolled steel flat products
API specification 5L	Specification for line pipe
ASTM A1011	Steel, sheet and strip, hot rolled, carbon, structural, high strength low alloy, with improved formability and ultra high strength

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ASTM A1018	Steel, sheet and strip, heavy thickness coils, hot rolled, carbon, commercial, drawing, structural, high strength low alloy, high strength low alloy with improved formability, and ultra high strength
JIS G 3113	Hot rolled steel plate, sheet and strip for automobile structural uses
JIS G 3116	Steel sheets, plates and strip for gas cylinders
EN 10025	Hot rolled products of structural steels

Table 13: HRC standards referenced in the application

Exclusions:

Goods excluded from the application are plate steel products and flat merchant bars.

3.3.2 Additional detail on ‘plate steel’ exclusion – file note from the commission

On 6 June 2025, the commission published a file note clarifying that sheet-form HRC with a base metal thickness at or above 4.75 mm (thick sheet-form HRC) is excluded from the goods description, as part of the application’s exclusion of ‘plate steel products’.⁴⁶ The commission defines ‘plate steel products’ based on BlueScope’s intended meaning in its application. This definition of ‘plate steel products’ is not based on a common definition of ‘plate steel’.

The commission’s view is that there is no strict commercial or technical distinction between the terms ‘plate steel’ and ‘sheet-form HRC’ when referring to steel produced from coil. ‘Plate steel’ can include flat steel products made directly from steel slab, not cut from coil. The commission notes 4.75 mm thickness is a distinction between some tariff codes (see chapter 3.4) but this thickness is not generally agreed as the threshold between ‘plate steel’ and ‘sheet steel’.

3.4 Tariff classification

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995* in Table 14. Note when reading this table that understanding the scope of products described as ‘Other’ may require reading tariff or statistical codes not included in this table. For more information, see Schedule 3 of the *Customs Tariff Act 1995*, also available on the Australian Border Force website.⁴⁷

Tariff classification			
Tariff code	Statistical code	Unit	Description
7208	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated:		
7208.10.00	31	T	- In coils, not further worked than hot-rolled, with patterns in relief
7208.2	- Other, in coils, not further worked than hot-rolled, pickled:		
7208.25.00	32	T	-- Of a thickness of 4.75 mm or more

⁴⁶ EPR 658, document number 15, File note about goods subject to the application.

⁴⁷ Australian Border Force, [Current tariff classification](#), ABF website, n.d., accessed 16 December 2025.

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Tariff classification			
Tariff code	Statistical code	Unit	Description
7208.26.00	33	T	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.27.00	34	T	-- Of a thickness of less than 3 mm
7208.3	- Other, in coils, not further worked than hot-rolled:		
7208.36.00	35	T	-- Of a thickness exceeding 10 mm
7208.37.00	36	T	-- Of a thickness of 4.75 mm or more but not exceeding 10 mm
7208.38.00	37	T	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.39.00	38	T	-- Of a thickness of less than 3 mm
7208.40.00	39	T	- Not in coils, not further worked than hot-rolled, with patterns in relief
7208.5	- Other, not in coils, not further worked than hot-rolled:		
7208.53.00	42	T	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.54.00	43	T	-- Of a thickness of less than 3 mm
7208.90.00	30	T	- Other
7211	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated:		
7211.1	- Not further worked than hot-rolled:		
7211.14.00	40	T	-- Other, of a thickness of 4.75 mm or more
7211.19.00	41	T	-- Other
7225	Flat-rolled products of other alloy steel, of a width of 600 mm or more:		
7225.30.00	17	T	- Other, not further worked than hot-rolled, in coils
7225.40.00	- Other, not further worked than hot-rolled, not in coils		
	22	T	<i>High alloy: Other</i>
	24	T	<i>Other: Other</i>
7226	Flat-rolled products of other alloy steel, of a width of less than 600 mm:		
7226.9	Other		
7226.91.00	67	T	-- Not further worked than hot-rolled

Table 14: General tariff classification for the goods

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods the subject of the investigation.

3.5 Model control code (MCC) structure

The commission undertakes model matching using a model control code (MCC) structure to identify key characteristics used to compare models of the goods exported to Australia and the like goods sold domestically in the country of export.

3.5.1 MCC structure proposed in the application

Category	Sub-category	Identifier	Sales data	Cost data
Quality	Prime	P	Mandatory	Mandatory
	Non-prime	N		

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Category	Sub-category	Identifier	Sales data	Cost data
Alloy content	Alloy	A	Mandatory	Not applicable
	Non-Alloy	NA		
Form	Coil	C	Mandatory	Mandatory
	Sheet	S		
Surface condition	As rolled	A	Mandatory	Mandatory
	Pickled (with or without oil)	PI		
Standard / grade	JIS G 3132 / ASTM A1011 / ASTM A1018 / EN 10011 / EN 10025 / GB T 700 / GB T 1591	1	Mandatory	Mandatory
	HA1(S) / HA250 / SPHC / SS400 (AS1594 / JIS G3131 / JIS G3101)	2		
	HA300 (AS1594)	3		
	HA350 / SS490 (AS1594 / JIS G3106)	4		
	HW350 / SMA490 / 'Corton' (AS1594 / JIS G3114)	5		
	Other	6		
Base metal thickness (BMT)	<1.6 mm	T1	Mandatory	Mandatory
	=>1.6 mm to <2.0 mm	T2		
	=>2.0 mm to <4.75 mm	T3		
	>4.75 mm (coil only)	T4		
Width	<=600 mm	W1	Mandatory	Mandatory
	>600 mm	W2		

Table 15: MCC Structure proposed in application

3.5.2 MCC structure used for this report

The commission has used the MCC structure detailed in Table 16 for this investigation.

Category	Sub-category	Identifier	Sales data	Cost data
Quality	Prime	P	Mandatory	Mandatory
	Non-prime	N		
Alloy content	Alloy	A	Mandatory	Not applicable
	Non-Alloy	NA		
Form	Coil	C	Mandatory	Mandatory
	Sheet	S		
Surface condition	As rolled	A	Mandatory	Mandatory
	Pickled (with or without oil)	PI		
Standard / grade	Match to same steel grade where possible. Otherwise, exclude category from model matching.	[Grade code]	Mandatory	Mandatory
Base metal thickness (BMT)	<1.6 mm	T1	Mandatory	Mandatory
	=>1.6 mm to <2.0 mm	T2		
	=>2.0 mm to <4.75 mm	T3		
	=>4.75 mm (coil only)	T4		

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Category	Sub-category	Identifier	Sales data	Cost data
Width	<=600 mm	W1	Mandatory	Mandatory
	>600 mm	W2		

Table 16: MCC structure used for this report

3.5.3 Summary of MCC structure changes

The commission summarises changes made to the MCC structure in Table 17.

MCC category	Change	Chapter reference to reasons for change
Base metal thickness (BMT)	Subcategory 'T4' changed from '>4.75 mm' to '>=4.75 mm'.	Chapter 3.5.4
Standard / grade	Match to exact steel grade where possible. Otherwise, exclude this category from model matching. Subcategory groupings not used. Insufficient information to reliably match grades into subcategories.	Chapter 3.5.5

Table 17: List of MCC changes made to the structure proposed in the application

The commission also relied on production line classifications to match production cost and sales data for the 3 Baosteel manufacturers: see chapter 3.5.6.

3.5.4 BlueScope's submission on the MCC structure (base metal thickness) and goods description

On 22 November 2024, the applicant, BlueScope, provided a submission on the MCC structure.⁴⁸ The submission requests the 'T4' MCC base metal thickness category identifier be amended to '>=4.75mm (coil only)'. This submission served to clarify BlueScope's view that coiled goods of a thickness exactly equal to 4.75 mm fits into the subcategory 'T4' and that the goods subject to the investigation does not include sheet-form HRC with a base metal thickness at or above 4.75 mm.

The commission accepted BlueScope's proposed amendment to the MCC structure. On 6 June 2025, the commission also published a file note to clarify the goods description around exclusions for 'plate steel products' based on base metal thickness.⁴⁹ The commission considered that this MCC amendment aligned with the goods description clarification.

3.5.5 Amendments to the MCC structure category of 'standard/grade'

The commission revised the standard/grade grouping to replace the standard/grade subcategories from BlueScope's proposed MCC structure based on consultation with BlueScope, LY Steel and Baosteel, as summarised in chapters 3.5.5.1 to 3.5.5.3.

⁴⁸ EPR 658, document number 5.

⁴⁹ EPR 658, document number 15, 'File note about goods subject to the application'.

3.5.5.1 Consultation with BlueScope on the MCC category of ‘standard/grade’

In the application, BlueScope proposed that the standard/grade MCC category contain 6 sub-categories. BlueScope’s application did not provide reasons for these groupings and consequently the commission sought further information from BlueScope, as outlined below.

During Australian industry verification meetings, BlueScope and the commission discussed the ‘standard/grade’ MCC category. BlueScope explained that it grouped grades into the application’s sub-categories based on a combination of typical end use (with grades in subcategory ‘1’ primarily being used to produce pipe and tube) and minimum theoretical yield strength grouped by intervals of 50 MPa. BlueScope noted that the typical end use of a certain grade broadly dictates certain physical and chemical properties of products complying with that grade’s specifications.

In the same verification meetings, the commission noted the ‘grade / standard’ category included a closed list of grades in subcategories 1 to 5, with all other grades sitting in subcategory 6 (‘other’). The commission noted during the verification and in the verification report that it considered that this classification method would create an overly broad range of ‘other’ grades that do not closely align on price. The commission further noted that this classification method would likely exclude grades from subcategories 1 to 5 that are genuinely comparable to other similar standards/grades not included in the closed list of grades. BlueScope provided additional information from its production team which mapped some additional grades by yield strength in intervals of 50MPa, however the commission found this information still did not account for all grades BlueScope produced or sold and did not resolve the need to match models of HRC grades sold in China to grades sold in the Australian market.

The commission considers it critical to accurately match models sold domestically in China to those sold in the Australian market to ensure that normal values and export prices are calculated on a similar basis, noting in particular that the grade of steel appears to greatly affect the sales price of the goods. This issue is discussed further in chapter 2.2.2 of the BlueScope Australian industry verification report for this investigation.⁵⁰

3.5.5.2 Consultation with LY Steel on the MCC category of ‘standard/grade’

During the exporter verification for LY Steel, the commission found that the sales and cost data LY Steel submitted mostly complied with the MCC structure detailed in ADN 2024/093 (as proposed by BlueScope). However, most of LY Steel’s domestic grades were in the ‘other’ grade sub-category, even though these grades had a high price variance. The commission noted in the verification report⁵¹ that this would cause ineffective model matching for dumping margin calculations. The commission considered that there was insufficient information to group the grades LY Steel sold into sub-categories based on yield strength, tensile strength or a combination of both. LY Steel also stated that it did not have easily available information on steel grade typical end use.

⁵⁰ EPR 658, document number 20.

⁵¹ EPR 658, document number 22.

This issue is also discussed further in chapter 1.7.1 of the verification report for LY Steel.⁵²

3.5.5.3 Consultation with Baosteel on the MCC category of ‘standard/grade’

During the exporter verification for Baosteel, the commission found that the sales data Baosteel submitted mostly complied with the MCC structure detailed in ADN 2024/093. However, most of Baosteel’s domestic grades were in the ‘other’ grade sub-category, even though these grades had a high price variance. Similarly to LY Steel, the commission noted in the Baosteel verification report that there was insufficient information to group the grades Baosteel sold into sub-categories based on yield strength, tensile strength or a combination of both.

This report discusses the level of product detail available in the 3 Baosteel manufacturers’ CTM listings at chapter 6.4.6.1. This issue is also discussed further in chapter 4.5.1 of the verification report for the Baosteel exporters and traders.⁵³

3.5.5.4 The Commissioner’s assessment – MCC category of ‘standard/grade’ in the variable factor calculations

Based on the consultation with stakeholders summarised above, for the variable factor calculations the Commissioner has relied on matching models using identical grades, where possible. Where the identical grade information was not available, the commission disregarded the ‘standard/grade’ MCC category. For Baosteel, this issue is discussed

3.5.6 Using production line for model matching for the 3 Baosteel manufacturers

In addition to the MCC structure described in chapter 3.5.2 of this report, the 3 Baosteel manufacturers included ‘production line’ classifications in their production and sales records. The 3 Baosteel manufacturers tracked each production batch and sale to the corresponding machinery production line. Based on the information Baosteel provided, each production line corresponded with a single MCC ‘form’ sub-category (produced either coil or sheet) and a single MCC ‘surface condition’ sub-category (produced either as-rolled or pickled goods). By including this information, the 3 Baosteel manufacturers included a higher degree of accuracy than was available with the MCC structure (which focuses on the physical properties of the goods). The commission found that some of the MCCs the 3 Baosteel manufacturers produced and sold were produced in more than one production line in the investigation period – theoretically, if each MCC only corresponded with one production line, then the commission could have disregarded the production line information. The production line information did not carry over into the records of the related party traders – Howa Trading and Shanghai Baosteel Steel Products Trading Co Ltd (Shanghai Baosteel) – or the Australian importer – Bao Australia.

Where possible, the commission relied on both the 3 Baosteel manufacturers’ production line classifications and the MCC structure classifications to match production cost and sales records.

⁵² EPR 658, document number 22.

⁵³ EPR 658, document number 25.

3.5.7 Information considered after SEF 658

In its 17 December 2025 submission⁵⁴, Baosteel explained that it provided revised CTM data that separated production costs by steel grade and by the MCC ‘thickness’ category. The Commissioner did not have regard to this submission in the SEF because it was received more than 37 days after the initiation of this investigation and, in the Commissioner’s opinion, doing so would have prevented the timely placement of the SEF on the public record, as mentioned in chapter 2.8. The commission also discusses this point in chapter 6.4.6.

3.6 Like goods

The Commissioner is satisfied that the domestically produced goods are like to the goods because the following characteristics of each closely resemble each other:

- physical likeness
- commercial likeness
- functional likeness and
- production likeness.

The following analysis outlines the commission’s assessment of whether the domestically produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods. This analysis is based on the information obtained from the Australian industry and through an examination of sales records provided in questionnaire responses from exporters in the subject countries.

3.6.1 Physical likeness

The primary physical characteristics of the goods and Australian-produced goods are identical or very similar. The description records on goods imported from China in the Australian Border Force (ABF) import database describes the same or similar physical attributes to the goods produced by BlueScope. The description of imported goods from China in the ABF import database describes the same or similar physical attributes to the goods produced by BlueScope, notwithstanding variations in individual customer or technical specifications. Locally produced HRC and the imported goods are manufactured in the same Australian Standard or its equivalent International Standard. Table 13 in chapter 3.3 above contains a list of HRC standards referenced in the application.

3.6.2 Commercial likeness

The imported goods and those produced by the Australian industry directly compete within the same sector of the Australian market. There is clear commercial likeness between the goods under consideration and those produced by BlueScope. The goods are interchangeable in end use application and use similar distribution channels. The commission compared the ABF import database with BlueScope’s sales data and identified BlueScope’s customers are the same or similar to the customers of imported

⁵⁴ EPR 658, document number 26.

the goods from China. Consumers readily switch between them with pricing as a key determinant.

3.6.3 Functional likeness

The imported goods and Australian-produced goods exhibit functional likeness as it can be easily replaced by one another. HRC is the key raw material for certain steel products within major industries like construction and general manufacturing and it can be interchangeable without impacting the outcome of the intended use.

3.6.4 Production likeness

The goods under consideration and Australian-produced HRC are manufactured using similar equipment and processes, demonstrating clear production likeness. The Commission observed BlueScope's and exporter's HRC manufacturing during the verification process and confirmed that both locally produced and imported goods are made in a similar facility with same raw material inputs in similar manner through comparable production processes.

3.7 Exemption requests

3.7.1 Summary of exemption requests received

The commission received submissions from Bisalloy,⁵⁵ Duraquip⁵⁶ and the 3 Baosteel manufacturers⁵⁷ seeking exemptions from the proposed measures in relation to imports of certain models of HRC.

Phoenix⁵⁸ also sent the commission a submission concerning the non-substitutability of domestic products. Phoenix subsequently confirmed that this was not an application for an exemption by email on 30 January 2026. The commission has, therefore, not assessed this submission as a request for an exemption.

In order to streamline the exemption process relating to this investigation the commission has opted to accept these submissions as applications for exemptions under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act). The Dumping Duty Act contains the grounds and conditions of which the Minister must be satisfied in order to grant an exemption under the Dumping Duty Act.

The commission invited BlueScope, the Applicant, to comment on these applications via the public record. BlueScope responded to these exemption requests in a submission on 29 January 2026.⁵⁹

As explained further below, the Commissioner considers there is sufficient information to make recommendations in this final report for some of the exemption requests considering the information before the commission at the time of providing this report to

⁵⁵ EPR 658, document number 29.

⁵⁶ EPR 658, document number 32.

⁵⁷ EPR 658, document numbers 36 and 39.

⁵⁸ EPR 658, document number 31.

⁵⁹ EPR 658, document number 37.

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the Minister, including submissions from BlueScope, Bisalloy and Baosteel. For the remaining applications, the commission considers that it does not have sufficient information to make an assessment and a recommendation in this report. The commission will consider these exemption requests separately and outside of Investigation 658.

Table 18, below, contains a summary of the exemptions requested.

Submitting party	Summary description	Further information needed?	Status in this report	Chapter reference
Bisalloy ⁶⁰	Certain Q690MD grade steel	No	Recommend granting exemption with revised scope.	3.7.2.1
Baosteel ⁶¹	Certain BS700MCK2 or BS700MCK4 grade steel	No	Recommend granting exemption with revised scope.	3.7.2.2
Baosteel ⁶²	Goods produced with reduced carbon emissions	Yes	Unresolved, further information required.	3.7.3.1
Baosteel ⁶³	Certain thin or wide goods	Yes	Unresolved, further information required.	3.7.3.2
Duraquip ⁶⁴	Certain dimensions typically used in semi-trailer production	Yes	Unresolved, further information required.	3.7.3.3

Table 18: Summary of exemptions claimed in submissions

3.7.2 Exemption requests with no further information needed

3.7.2.1 Certain Q690MD grade steel (Bisalloy claim)

Bisalloy requested one exemption in relation to:

High strength hot rolled coil steel, in sheet form, alloyed, complying with standard GB/T 1591-2008, grade Q690MD, having all of the following:

1. minimum yield strength of 690 megapascals (MPa);
2. thickness of not less than 3mm and not greater than 4mm;
3. width of not less than 1,000mm and not greater than 1,830mm;
4. length of not less than 6,000mm and not greater than 10,000mm;
5. chemical composition, by weight, of all of the following:
 - carbon content of not greater than 0.12%;
 - silicon content of not greater than 0.40%;
 - manganese content of not greater than 2.0%;
 - phosphorus content of not greater than 0.025%;
 - sulphur content of not greater than 0.010%;
 - aluminium content of not greater than 0.015%;

⁶⁰ EPR 658, document number 29.

⁶¹ EPR 658, document numbers 36 and 39.

⁶² EPR 658, document numbers 36 and 39.

⁶³ EPR 658, document numbers 36 and 39.

⁶⁴ EPR 658, document number 32.

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- niobium content of not greater than 0.11%;
- titanium content of not greater than 0.20%; and
- vanadium content of not greater than 0.12%.

Bisalloy sought the exemption on the ground that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

The commission consulted by email with Bisalloy and BlueScope about the scope of the exemption after receiving submissions from both parties. During this consultation, BlueScope confirmed in a 17 February 2026 email that it did not produce any steel to grade Q690MD. Both parties agreed to revise the scope of the exemption to the following:

Hot rolled coil steel, in sheet or coil form, alloyed, grade Q690MD, complying with standard GB/T 1591-2008 or later versions, having all of the following:

- *base metal thickness at or between 3 mm and 4 mm*
- *width at or between 1000 mm and 1830 mm*
- *length at or between 6000 mm and 10,000 mm*
- *chemical composition, by weight, not greater than:*
 - *0.12% carbon content*
 - *0.4% silicon content*
 - *2.0% manganese content*
 - *0.025% phosphorus content*
 - *0.010% sulphur content*
 - *0.11% niobium content*
 - *0.20% titanium content*
 - *0.12% vanadium content*
- *chemical composition, by weight, not less than 0.015% acid-soluble aluminium content.*

The commission proposes to recommend that the Minister grant the exemption sought by Bisalloy, using the revised scope of the exemption described above.

3.7.2.2 Certain BS700MCK2 or BS700MCK4 grade steel (Baosteel claim)

The Baosteel manufacturers requested an exemption in respect of high tensile grade, hot rolled, micro-alloyed, non-heat-treated steel sheet (grades BS700MCK2 and BS700MCK4). Specifically, they referred to HRC of the below characteristics.

Steel, hot rolled micro alloyed non-heat treated steel sheet:

- conforming to steel grades BS700MCK2 and BS700MCK4,
- with a yield strength NOT less than 680 MPa,
- of a thickness NOT less than 2.5 mm and NOT greater than 16 mm, and
- a Carbon Equivalent Value (CEQ) of less than or equal to 0.50.

The commission consulted via email with Baosteel and BlueScope about the scope of the exemption after receiving submissions from both parties. During this consultation,

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BlueScope confirmed in a 17 February 2026 email that it did not produce any steel to grades BS700MCK2 or BS700MCK4. The parties agreed to revise the scope of the exemption to the following description.

Hot rolled coil steel, in sheet or coil form, that conforms to all of the following:

- steel grade BS700MCK2 or BS700MCK4, complying with standard Q/BQB 316-2018 or later versions
- minimum yield strength at or above 680 MPa.

The commission proposes to recommend that the Minister grant the exemption sought by Baosteel, using the revised scope of the exemption described above.

3.7.3 Exemption requests with further information needed

3.7.3.1 Goods produced with reduced carbon emissions (Baosteel claim)

The 3 Baosteel manufacturers applied for an exemption in relation to their exports of low carbon emission HRC sold under their BeyondECO brand. The 3 Baosteel manufacturers claim they currently can supply HRC in coil and sheet form, with 30% and 60% reductions respectively, compared to conventional steel production. They claim these products are provided under their 'BeyondECO -30%' and 'BeyondECO -60%' brands, respectively.

The 3 Baosteel manufacturers applied for the exemption from the proposed anti-dumping measures, in relation to these BeyondECO products, on the ground that no Australian manufacturer of HRC offers equivalent low-carbon HRC. Specifically, they claim while BlueScope has achieved a 14% reduction in its emissions, no Australian manufacturer offers equivalent low-carbon HRC with comparable emission reductions (30% to 60%).

BlueScope made a submission in response to this exemption claim by the 3 Baosteel manufacturers⁶⁵. BlueScope submitted that it considers its locally produced HRC alike and directly competitive to Baosteel's low carbon emission HRC. BlueScope submits that embedded carbon content does not impact the end-use of the product.

Based on the information tendered in the 3 Baosteel manufacturer's submissions and in BlueScope's responses, the Commissioner considers that it currently has insufficient information to assess this exemption request and has therefore not yet made a recommendation in relation to this application in this report.

The Commissioner will assess this request in an inquiry separate to this investigation. Once the Commissioner commences an inquiry, the commission will inform BlueScope – as the sole Australian industry – the applicants and other interested parties.

3.7.3.2 Certain thin or wide goods (Baosteel claim)

The 3 Baosteel manufacturers requested an exemption in respect of HRC in widths and thicknesses that they claim are not currently manufactured by BlueScope and therefore not offered for sale in Australia. Specifically:

⁶⁵ EPR 658, document number 37.

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- thicknesses ranging from 1.5 mm to 2.95 mm (where local production starts at 3 mm); and
- widths ranging from 1580 mm to 2000 mm (where local production is limited to up to 1550 mm).

BlueScope made a submission in response to this exemption application⁶⁶. BlueScope stated in its response that they can produce HRC of the widths and thicknesses that the 3 Baosteel manufacturers sought exemptions for, and BlueScope also produces goods of widths that are substitutable to the proposed exemption goods.

Based on the information contained in the 3 Baosteel manufacturer's submissions and in BlueScope's responses, the Commissioner considers that it currently has insufficient information to assess this exemption request and has therefore not yet made a recommendation in relation to this application in this report. The Commissioner will assess this request in an inquiry separate to this investigation. Once the Commissioner commences an inquiry, the commission will inform BlueScope – as the sole Australian industry – the applicants and other interested parties.

3.7.3.3 Certain dimensions typically used in semi-trailer production (Duraquip claim)

Duraquip, an end-user of the goods, requested an exemption in relation to long-length decoiled plate in 3 mm and 4 mm thickness at 1800 mm width and approximately 11,990 mm length. Duraquip claims that the Australian industry is unable to supply Australian made long-length plate in the dimensions required by Duraquip.

Duraquip states that, historically, they have purchased the proposed exemption goods from Australian suppliers, but in recent years this product has not been produced in Australia. Duraquip also states that the end-use of the goods is the manufacture of semi-trailers and for structural and aesthetic reasons, it is not possible to use smaller plates welded together.

BlueScope made a submission in response to Duraquip's exemption request⁶⁷. BlueScope claims that it has the capability to supply HRC in sheeted form in thicknesses of 3mm and 4mm, and at widths that are substitutable for 1,800mm.

Based on the above, the Commissioner considers that it currently has insufficient information to assess this exemption request and has therefore not yet made a recommendation in relation to this application in this report. The Commissioner will assess this request in an inquiry separate to this investigation. Once the Commissioner commences an inquiry, the commission will inform BlueScope – as the sole Australian industry – the applicant and other interested parties.

⁶⁶ EPR 658, document number 37.

⁶⁷ EPR 658, document number 37.

4 THE AUSTRALIAN INDUSTRY

4.1 Finding

The Commissioner is satisfied that:

- at least one substantial process of manufacture of the like goods is carried out in Australia
- the like goods are wholly or partly manufactured in Australia
- the Australian industry consists solely of BlueScope.

4.2 Legislative framework

The Commissioner must be satisfied that the 'like' goods are in fact produced in Australia. Sections 269T(2) and 269T(3) specify that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

4.3 The Australian industry

BlueScope is a steel manufacturer, producing and selling a range of value-added coated and painted flat steel products to the Australian market.

The commission performed a verification visit to BlueScope's steel mill in Port Kembla in New South Wales, verifying both BlueScope manufacturers BlueScope Steel Ltd (BlueScope) and BlueScope Steel AIS Pty Ltd (AIS) during the visit. BlueScope, based in Port Kembla, New South Wales, produces and sells coil-form HRC only with both as-rolled and pickled surfaces. AIS, based in Western Port, Victoria, produces and sells sheet and coil form HRC but only as-rolled surfaces.

The commission is satisfied that BlueScope is the sole Australian manufacturer of the goods and therefore accounts for more than the 50% of the total production of like goods in Australia required for a valid application under section 269TB(6)(a). The commission's analysis of Australian industry production volume is in **Confidential Attachment 1 – Australian market**.

4.4 Production process

The following outlines the BlueScope's production process for the goods:

- Iron is extracted from iron ore in a blast furnace by a process known as reduction, this process creates molten iron.
- The basic oxygen steelmaking process creates liquid steel from molten iron, steel scrap and alloying materials.
- The liquid steel must be cast into shapes so that it can be rolled. The input feed slab runs continuously through 5 key processes (within a hot strip mill) to convert the slab to HRC.

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- HRC can go through a process called 'pickling'. Pickled strip is generally supplied oiled to preserve this surface finish, which is commercially referred to as 'pickled and oiled' or 'PO'.

4.5 Commission assessment

The commission considers the locally produced HRC to be like the imported HRC. This is based on:

- An examination of the manufacturing process for the goods and the extent to which the process is carried out in Australia.
- An examination of whether known manufacturers of similar products also manufacture like goods.
- Responses from other Australian market participants, who identified themselves as importers.

The Commissioner is satisfied that there is an Australian industry, consisting solely of BlueScope, producing like goods, and that the like goods are wholly or partly manufactured in Australia.

5 AUSTRALIAN MARKET

5.1 Finding

The Commissioner finds that the Australian industry and imports from China supply the majority of the Australian market for HRC. A small volume of the market is supplied by imports from other countries or regions including Taiwan, which is the only export market currently subject to anti-dumping measures. The remaining share of the Australian market is held by exporters from countries including the Republic of India (India), Japan, the Republic of Korea and New Zealand. Further information about the structure of the market is contained in chapter 5.3 below.

5.2 Approach to analysis

The analysis in this chapter is based on verified financial data and other information submitted by BlueScope, import declaration data that the commission obtained from the ABF import database and information provided in importer and exporter questionnaire responses and during verification visits and submissions from interested parties, including end-users and the GOC where the submissions covered issues relevant to this chapter. The commission's analysis of the Australian market is at **Confidential Attachment 1 – Australian market**.

5.3 Market structure

5.3.1 Market segmentation and end use

Domestically produced and imported HRC are used for similar purposes. According to BlueScope, HRC is sold to several key markets in Australia including:

- manufacturers (including manufacturers within the BlueScope group) of products used in the building and construction industry, consisting of residential, industrial and commercial construction segments
- manufacturers who produce non-construction related products

According to all interested parties, the main uses of HRC in Australia is the production of structural steel tube and pipe. Other uses include the production of hollow sections and for products used in water, oil and gas pipelines.

In non-construction related manufacturing, HRC is used to produce products that are used in agriculture, engineering, mining, oil and gas, and transport. Products that are produced across the sectors include: agriculture machinery and equipment, mining consumables, electrical generation and transmission equipment, racking solutions, steel furniture, household appliances, hardware and tools, commercial and industrial construction, and road and rail equipment.

Selection Steel, an end user that purchases both imported and Australian produced HRC, stated that the end use of HRC is closely related to its grade and that market segmentation can also be defined by grade. Selection Steel provided the following examples:

- HA1 (General Purpose): This grade is typically used in general fabrication and manufacturing processes.

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- HA250 (Structural & Infrastructure): This grade is often used in construction and infrastructure projects, such as the construction of bridges, buildings, or other components where structural integrity is crucial.
- HA350 (Mining and Heavy Construction): This grade is designed for mining and heavy construction applications. It is ideal for more demanding industries where the material is exposed to harsh environments or in higher structural engineering applications.

Interested parties also noted that while there is a clear relationship between steel grade and end use, there are still many grades of HRC that have a variety of end uses.

5.3.2 Distribution and supply

The Australian market for HRC is mainly supplied through the Australian industry (BlueScope) and exports from China (via importers). BlueScope distributes the goods through 2 main channels:

- distributors and retailers, where the goods may be processed further (for example, slitting) before being sold to the end customer.
- end users, in particular the pipe and tubing industry.

For BlueScope, new customers must set up an account before purchasing (which typically takes 6 to 12 months). Once a customer has an account, BlueScope provides the customer with a monthly price list. When an order is made, there is usually a 3-month lead time, but customers can pay a premium for a shorter lead time of 5 weeks. BlueScope typically only sells to large customers as it has a minimum purchase quantity.

Export sales from China supply the Australian market via importers:

- Bao Australia primarily supplies the pipe and tubing industry with the remainder sold to stockists where it is sold for various end uses. Bao Australia receives stock exclusively via Howa Trading (a related trading company) from the 3 Baosteel manufacturers. Bao Australia does not generally issue monthly price lists. Customers of Bao Australia place an order and then receive a quote within 24 hours. Prices are set by Howa Trading and the manufacturers.
- DITH only supplies HRC to distributors. The goods imported to Australia are supplied to DITH solely from related party suppliers. DITH sets the price through negotiation with its customers. Once the price is negotiated with the customer, the order is made with the supplier, and the lead time is typically 5 months.

Selection Steel claimed in its end user questionnaire that HRC is supplied by both domestic and international producers, with the international producers being primarily from Asian countries. Selection Steel estimated the typical lead time to be approximately 20 weeks.

5.3.3 Demand

The primary users of HRC are the residential and commercial construction industries. Residential construction encompasses new dwelling construction and residential alterations or additions.

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BlueScope stated that primary demand driver for hot rolled coil is the residential and commercial construction sectors. Hot rolled coil used for industrial, or manufacturing end uses have a relatively small effect on total Australian market demand. BlueScope's like goods are therefore impacted by factors that impact Australia's residential and commercial construction.

Additionally, BlueScope identified seasonal fluctuations (wet/dry seasons, holiday season shutdown), economic factors (import competition, availability for capital, domestic conditions, consumer confidence), and government regulation (standards, policies) as relevant factors that influence demand. The commission notes these factors also generally appear to influence the underlying demand for residential and commercial construction.

In its questionnaire response, Selection Steel stated the demand for HRC is driven by the construction, infrastructure, transport, manufacturing and mining industries.

In its exporter questionnaire, LY Steel stated that the drivers of demand are driven by the various industries that are end uses of HRC. The specific industries mentioned are the construction industry, the automotive industry, the home appliance industry, the oil and gas industry, ship building and heavy industrial applications.

Baosteel claimed that the primary driver of demand is the construction industry.

5.4 Market size

5.4.1 Market size

The commission has used sales data provided by the Australian industry, verified information from importers and exporters and import data from the ABF import database to determine the size of the Australian market for the goods and like goods.

Figure 2 shows the size of the Australian market year-on-year from 1 October 2020 to 30 September 2024, including all imports and Australian industry produced like goods. The overall Australian market size increased slightly from YE September 2021 to YE September 2022, then had declined significantly by YE September 2023 and continued to decline more slowly by YE September 2024. Compared to other years, in YE September 2022, BlueScope imported a large volume of HRC. During verification, BlueScope stated that the importations were genuine and needed to address supply issues during the period affected by the COVID pandemic.

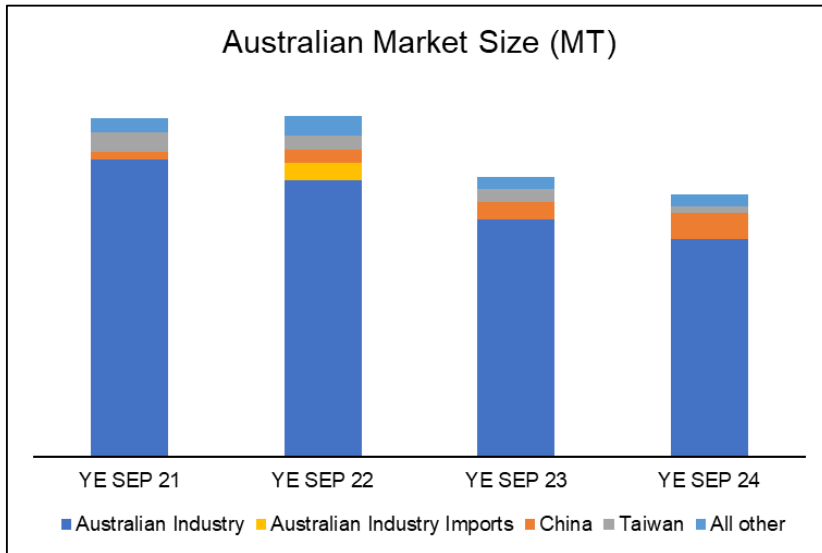


Figure 2: Australian Market size

Figure 3 shows the relative market share of the Australian market year-on-year from 1 October 2020 to 30 September 2024. Australian industry’s relative market share (including imported goods in YE September 2022) declined slightly each year, with the relative market share of imports from China increasing over the same period. For each year examined, the relative market share gained by imports from China was the same or more than the market share lost by Australian industry. The relative market share of imports from Taiwan also declined over the period while imports from other countries remained stable throughout, except for a small, temporary increase in YE September 2022.

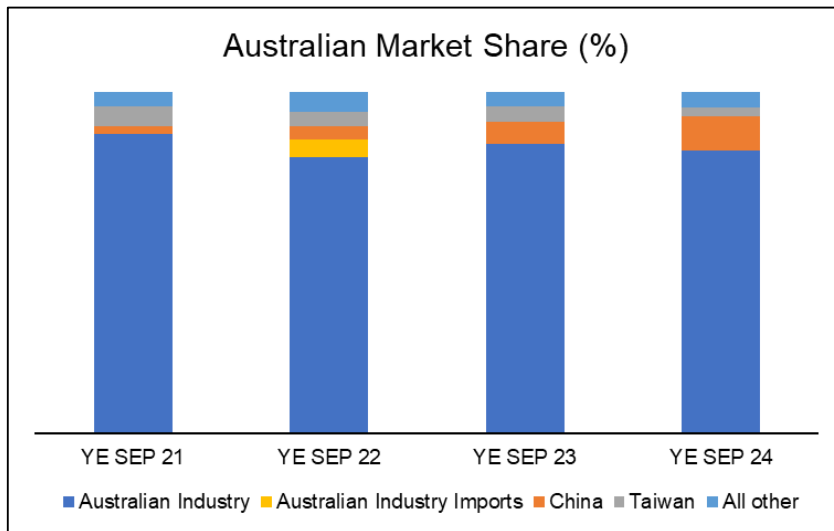


Figure 3: Australian Market Share percentage

The commission’s assessment of the size of the Australian market is contained in **Confidential Attachment 1**.

5.4.2 Market pricing

HRC is a commodity product. As is common among commodity products, the commission understands from engagement with interested parties, that price is generally the main

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factor which influences a customer's purchasing decision. The commission has observed close price competition between domestic and imported HRC during the injury analysis period.

BlueScope operates an import parity pricing mechanism where known import offers in the market are used to determine levels of pricing. BlueScope has staff dedicated to acquiring foreign commercial intelligence to understand pricing trends. This team establishes price floors, restrictions and price strategies by evaluating the following parameters: testing import offers, price spreads and veracity of import indicators. BlueScope stated that it sets pricing in the same way for all customers, whether related or unrelated. It releases price lists monthly and negotiates directly with customers. In price negotiations, BlueScope will consider the price offerings of import competition when this information is available. Pricing is heavily influenced by market segment, such as the level of trade of the customer.

Bao Australia stated that the price offered by Bao Australia is generally in accordance with the price set by Baosteel mills (the exporters) with a margin for Bao Australia added on. Bao Australia indicated that there is little negotiation with its customers, with most customers accepting the initial offer. Bao Australia indicated that it uses customer specific pricing, rather than monthly price lists. After customers place an order, Bao Australia will settle the price within 24 hours.

DITH explained that its pricing strategy is mostly impacted by Australian market price, which in its view, is largely driven by BlueScope pricing.

6 DUMPING INVESTIGATION

6.1 Finding

The Commissioner is satisfied that during the investigation period:

- the goods exported to Australia from China in the investigation period have been dumped at margins that are not negligible.
- the volume of the dumped goods exported to Australia from China was not negligible.

The Commissioner has determined the dumping margins in respect of the goods exported to Australia from China during the investigation period for each exporter, as set out in Table 19.

Exporter	Dumping margin
Baoshan	59.1%
Zhanjiang	38.1%
Meishan	54.9%
LY Steel	41.6%
Uncooperative and all other exporters	79.0%

Table 19: Summary of dumping margins

6.2 Legislative framework

In the report to the Minister, under section 269TEA(1), the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice under section 269TG. The Minister also must be satisfied that exporters exported dumped goods to Australia.

Section 269TDA(1) requires the Commissioner to terminate the investigation, in so far as it relates to an exporter, if satisfied that there has been no dumping by the exporter, or there has been dumping during the investigation period, but the dumping margin is less than 2%. Dumping occurs when a product from one country is exported to another country at a price less than its normal value.

6.2.1 Export price

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.⁶⁸

⁶⁸ Whether the purchase or sale of goods are 'arms length' transactions is determined in accordance with section 269TAA.

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Section 269TAB(1)(b) provides that the export price of goods is the price that the importer sold the goods, less the prescribed deductions, where:

- goods have been exported to Australia otherwise than by the importer, and
- were purchased by the importer from the exporter, but not at arm's length, and
- the importer subsequently sells the goods in the condition they were imported to a party not associated with the importer.

Section 269TAB(1)(c) provides that, in all other cases, the export price is a price determined by the Minister having regard to all the circumstances of the exportation.

Section 269TAB(3) provides that, where the export price cannot be established under the preceding sections due to sufficient information not being furnished or not available, the export price is determined having regard to all relevant information.

Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters. For all uncooperative exporters, export prices are to be worked out under section 269TAB(3).

6.2.2 Normal value

Normal value is determined under section 269TAC.

Section 269TAC(1) provides 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.

Section 269TAC(1) however cannot be used to calculate the normal value of the goods if one of the circumstances in sections 269TAC(2)(a) or (b) is present. Where one or more of these circumstances are present, the normal value of the goods is to be calculated under either section 269TAC(2)(c) or (d).

Section 269TAC(2)(a) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where the Minister is satisfied of certain circumstances. One of these circumstances is described in section 269TAC(2)(a)(ii) and is discussed in this report. This section provides that the normal value of the goods exported to Australia cannot be ascertained under section 269TAC(1) where the Minister is satisfied that, because of the situation in the market of the country of export, sales in that market are not suitable for use in determining a price under section 269TAC(1). If a circumstance described in section 269TAC(2)(a) applies, the normal value shall be ascertained in accordance with section 269TAC(2)(c).

Section 269TAC(2)(c) provides for the normal value to be the sum of an amount that the Minister determines to be the cost of production or manufacture of the goods in the country of export, and, on the assumption that the goods had been sold for home consumption in the OCOT in the country of export instead of being exported, amounts

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determined to be the selling, general and administrative (SG&A) costs associated with the sale and the profit on that sale.⁶⁹

Section 269TAC(5A) and (5B) provide that the amounts determined to be the cost of production or manufacture of the goods, the selling, general and administrative costs in relation to the sale of the goods and the profit on the sale of the goods under section 269TAC(2)(c) must be worked out taking into account the factors provided for in the regulations for the purposes of section 269TAC(4)(a) and (b) (the ordinary course of trade). The regulations referred to are regulation 43 (determination of cost of production or manufacture), regulation 44 (determination of administrative, selling and general costs) and regulation 45 (determination of profit) of *Customs (International Obligations) Regulation 2015* (the Regulations).

Regulation 43 provides that the Minister must work out the amount for the cost of production or manufacture of the goods using the information set out in the records if:

- the exporter keeps records relating to the like goods
- the records are in accordance with generally accepted accounting principles in the country of export and
- the records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

If any of the requirements of Regulation 43 are not satisfied, the commission will also assess the records pursuant to article 2.2.1.1 of the ADA which requires that, where the records:

- are consistent with generally accepted accounting principles
- reasonably reflect the cost associated with the production and sale of the goods
- costs 'shall normally' be calculated on the basis of the records kept by the exporter.

Section 269TAC(9) provides that where the normal value is to be ascertained in accordance with section 269TAC(2)(c), the Minister must make such adjustments in determining the costs, as are necessary to ensure that the normal value is properly comparable with the export price of those goods.

Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters. For all uncooperative exporters, normal values are to be calculated under section 269TAC(6).

6.2.3 Dumping margin

Dumping margins are determined under section 269TACB. For all dumping margins calculated for the purposes of this investigation, the commission compared the weighted average Australian export prices with the corresponding quarterly weighted average normal values for the investigation period in accordance with section 269TACB(2)(a).

⁶⁹ Amounts determined to be the cost of production, SG&A and profit on the sale of goods under section 269TAC(2)(c) must be worked out in accordance with the *Customs (International Obligations) Regulation 2015*.

6.3 Exporter status

Section 269T(1) provides that, in relation to an investigation, an exporter is a 'cooperative exporter' if the exporter's exports were examined as part of the investigation and the exporter was not an uncooperative exporter.

Please note that all post-SEF submissions relevant to matters considered in Appendices A, B and C have been summarised and addressed in the relevant appendix.

6.3.1 Cooperative exporters

The commission examined the exports of each of the selected exporters: Baoshan, Zhanjiang, Meishan and LY Steel. After having regard to section 269T(1) and the Customs Direction, the Commissioner has determined that all the four selected exporters from China are not uncooperative exporters for the purposes of the dumping investigation.

6.3.2 Uncooperative exporters

After having regard to section 269T(1) and the Customs Direction, the Commissioner has determined that all exporters from China that did not provide information requested of them through a response to exporter questionnaire (REQ) are uncooperative exporters for the purposes of the dumping investigation.

6.3.3 Section 269TAC(2)(a)(ii) assessment

Section 269TAC(2)(a)(ii) provides that, where the Minister is satisfied that because the situation in the market of the country of export, sales in that market are not suitable for use in determining a price under section 269TAC(1), the normal value of the goods exported to Australia cannot be ascertained under section 269TAC(1).

The commission has split the examination of the requirements of section 269TAC(2)(a)(ii) into 2 parts:

- An assessment of the situation in the market of the country of export (China). Findings of this assessment are outlined in chapter 6.3.3.1 below and examined in **Appendix A – Particular market situation** assessment.
- An assessment of whether sales in the Chinese domestic market are suitable for determining a price under section 269TAC(1). Findings of this assessment are outlined in chapter 6.3.3.2 below and examined in **Appendix B – Proper comparison of domestic and export prices**.

The Commissioner has separately applied the assessments for each exporter. As described in appendices A and B, the evidence available led to the same conclusions for LY Steel and the 3 Baosteel manufacturers. Where the reasoning is effectively identical for more than one exporter, the report summarises the reasoning once in this chapter to avoid repetition.

6.3.3.1 Situation of the market in China assessment findings

Appendix A examines in detail whether there is a situation in the market of the country of export for the purposes of section 269TAC(2)(a)(ii).

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In accordance with the analysis conducted and detailed in Appendix A, the Commissioner has found that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation (PMS) in respect of the domestic market for HRC in China for the investigation period.

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

6.3.3.2 Proper comparison of domestic and export prices assessment findings

Appendix B sets out the commission's consideration of whether sales in the Chinese domestic market are suitable for determining a normal value pursuant to section 269TAC(1) by considering whether the particular market situation permits the proper comparison of domestic prices with the export prices of the goods.

Based on the evidence set out in Appendix B, the Commissioner has found that sales of HRC 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 proper comparison of domestic prices with the export prices of the goods.

6.3.4 Cost of production in China assessment findings

Appendix C – Cost of production in China examines whether the records of the cooperative exporters satisfy the requirements of regulation 43 and article 2.2.1.1 of the ADA. The commission has assessed each cooperative exporter individually. However, for brevity, the commission has not separately set out each of these assessments where the reasoning and conclusions are effectively the same for each cooperative exporter.

The Commissioner recommends establishing a cost of production under section 269TAC(2)(c)(i) based on the cooperative exporters' costs of production, adjusted for the difference between:

- market index prices of steel slab from China and
- the Federative Republic of Brazil (Brazil) benchmark adapted to reflect a cost of steel slab in China.

This is because the circumstances in which these records are formed are not normal and ordinary for the purposes of article 2.2.1.1.

6.3.4.1 Consideration of regulation 43 of the Regulations

For all selected exporters, the Commissioner has found that the cost of production records:

- are kept in accordance with generally accepted accounting principles in China, but
- do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

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Therefore, in accordance with regulation 43, the Minister is not required to use the exporters' records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c).

6.3.4.2 Consideration of article 2.2.1.1 of the ADA

For all selected exporters, the Commissioner has found that for the cost of production:

- The records of all selected exporters are consistent with generally accepted accounting principles in China.
- The records of all selected exporters reasonably reflect the actual costs incurred in the production of the goods, and
- The circumstances in which the selected exporters' costs were formed are not normal and ordinary. Specifically, that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the recorded production costs of the selected exporters reflecting a distorted cost of production.

Therefore, in accordance with article 2.2.1.1 of the ADA, the Commissioner finds that it is not appropriate to use the selected exporters' unadjusted records to construct the normal value.

6.3.4.3 The determination of the cost of production (CTM) in China

For all selected exporters, the Commissioner has determined that the most appropriate cost of production is to use the exporters' recorded cost of production adjusted to reflect a cost free of the effects of the abnormal circumstances. The Commissioner has relied on the proportional difference between the Brazilian and Chinese steel slab market price indices in USD per metric tonne (MT), applied to the selected exporters' steel slab costs. The Commissioner has adjusted this proportional difference in market price indices for differences in the Brazilian and Chinese markets for steel slab and the countries' steel industries to reach a cost in China, where the commission considers an adjustment is appropriate and reliable information is available to do so. See Appendix C, chapter C.7.2 for further detail.

The commission has recorded the confidential benchmark data relied upon for the determination of the appropriate cost of production at **Confidential Attachment 2 – Benchmark data**.

6.4 Dumping assessment – Baosteel

The commission used identical methods for calculating dumping for all 3 Baosteel manufacturers: Baoshan, Zhanjiang, and Meishan.

6.4.1 Verification of Baosteel's information

The commission conducted a verification visit to Baosteel in April 2025. The resulting verification report was published on the EPR on 15 December 2025.⁷⁰

⁷⁰ EPR 658, document number 25.

6.4.2 Summary of Baosteel and GOC submissions relevant to SEF dumping margin calculation

Baosteel made 6 submissions relevant to the SEF dumping margin calculation. One of these submissions was received on 17 December 2025, just prior to the publication of the SEF on 23 December 2025, and 5 were received after the publication of the SEF. The GOC also made one post-SEF submission on 16 January 2026.⁷¹ Regarding issues relating to dumping margin calculations, the Commissioner has addressed these submissions in the chapters of the report relevant to the issues raised in accordance with the summary in Table 20 below.

Submission reference	Topic	Addressed at:
Baosteel – 17 December 2025 submission ⁷²	Baosteel revised cost data in response to verification report	6.4.6.1
Baosteel – 19 January submission in response to the SEF ⁷³ and The GOC – 16 January submission in response to the SEF ⁷⁴	'Normally' finding	Appendix C, C.7.1.2
	Benchmark construction and alternatives	Appendix C, C.7.2.2 and C.7.2.3
	MEPS benchmark disclosure and reliability	Appendix C, C.7.2.4
	Bao Australia profit and ocean freight calculations	6.4.5
Baosteel – 9 February submission (amended on 25 February) ⁷⁵	Baosteel normal value and benchmark construction	Appendix C, C.7.2.3.5

Table 20: Summary of post-SEF submissions relating to the 3 Baosteel manufacturer dumping margin calculations

6.4.3 Export price

6.4.4 Sales channels

All export sales via Bao Australia had similar sales channels. All exports were sold from one of the 3 Baosteel manufacturers to Howa Trading. Howa Trading then sold all Australian export sales to Bao Australia. Bao Australia then sold all importations to unrelated Australian customers.

6.4.4.1 The importer

The commission considers Bao Australia to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, because Bao Australia:

- was named on commercial invoices from its supplier (the trader, Howa Trading)

⁷¹ EPR 658, document number 33.

⁷² EPR 658, document number 26.

⁷³ EPR 658, document number 35.

⁷⁴ EPR 658, document number 33.

⁷⁵ EPR 658, document number 38.

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- was named as the consignee on bills of lading
- was named as the consignee on packing lists from the manufacturers organising loading of the goods in China
- was named as the importer on certificates of origin for the goods under consideration, supplied by the manufacturers
- was declared as the importer on some importation declarations to ABF – in other instances, Bao Australia was declared the supplier and its customer, or logistics supplier was declared the importer
- paid for importation charges occurring after the goods arrived at port
- arranged delivery from the port.

6.4.4.2 The exporter

The commission considers the 3 Baosteel manufacturers (Baoshan, Meishan and Zhanjiang) to be the exporters of the goods,⁷⁶ as the Baosteel manufacturers are:

- named as the consignor on the bill of lading
- named as the supplier on packing lists from the country of export
- named as the exporter on certificates of origin
- named on the commercial invoice and packing lists.

6.4.4.3 'Arms length' assessment

6.4.4.3.1 Importations

For all imports of the goods by Bao Australia during the investigation period, the goods were purchased from a related party trader, Howa Trading. All the goods were produced by one of the 3 Baosteel manufacturers. Because all the entities involved in the importation are related parties, Bao Australia had limited ability to negotiate prices with Howa Trading or the manufacturers and did not appear able to source goods from other suppliers, the commission found that the price was influenced by a commercial or other relationship between the parties. Therefore, the Commissioner found that the import transactions were not 'arms length' transactions.

6.4.4.3.2 Sales to customers in Australia

In respect of all sales of the goods by Bao Australia to its customers, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller

⁷⁶ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

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- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

The commission is satisfied that the sales between Bao Australia and its customers are 'arms length' transactions.

6.4.4.4 Export price assessment

For the goods imported by Bao Australia from the Baosteel manufacturers via Howa Trading during the investigation period:

- The goods were exported to Australia otherwise than by the importer.
- The goods were not purchased by the importer from the exporters.
- The purchases of the goods by the importer were not 'arms length' transactions.
- The goods were subsequently sold by the importer, in the condition in which they were imported, to a person who is not an associate of the importer.

Because the commission considers the 3 Baosteel manufacturers to be the exporters, the goods imported were not purchased by the importer from the exporter as required to establish the export price under sections 269TAB(1)(a) or 269TAB(1)(b).

The Commissioner finds that the export price for goods imported by Bao Australia from the Baosteel manufacturers, via Howa Trading, be established under section 269TAB(1)(c), having regard to all the circumstances of the exportation. Specifically, that export price be established using the price at which the goods were sold by Bao Australia to its unrelated customers, less the prescribed deductions.

6.4.5 Submissions relevant to export price

6.4.5.1 Importer profit

Baosteel says the commission used an unrepresentative sample to calculate Bao Australia's profit margin. Baosteel claims that the commission relied on purchase orders that reflect a small proportion of the relevant volume and that this sample cannot represent the true purchase prices.

The exporters' B-2 Australian sales listings record all sales from Howa to Bao Australia on a transaction-by-transaction basis. Baosteel propose that this is the proper dataset for constructing CTIS because it captures the full purchase price history. Using the larger database, Baosteel recalculated an alternative profit margin. It submits this as the more accurate figure.

6.4.5.2 Ocean freight

Baosteel claims that the commission used an unrepresentative sample of 25 shipments to calculate ocean freight, even though these figures are only estimates from Bao Australia and include premiums added by Howa. The exporters' B-2 sales listings contain the actual freight and insurance costs paid by Howa, supported by invoices, payment records, and accounting entries verified on-site. Baosteel says this B-2 data should replace the sample figures and has provided a recalculation based on it.

6.4.5.3 The commission's assessment

After considering Baosteel's submission, the commission assessed that Baosteel's proposal to calculate importer profit and ocean freight using the information provided in the full sales listings provided by the 3 Baosteel manufacturers is reasonable with minor adjustments.

Further, after considering the proposed approach, the commission considered the following adjustments to Baosteel's proposal would more accurately calculate the deductive export prices for each of the 3 Baosteel manufacturers:

- **Importer profit:** Calculate separate importer profitability rates for each of the 3 Baosteel manufacturers. Baosteel supplied sufficient information to calculate separate delivery duty paid (DDP) import prices and importer's sales prices for goods supplied by each of the 3 Baosteel manufacturers.
- **Trader mark-up:** Calculate separate trader mark-up rates for each of the 3 Baosteel manufacturers. The manufacturers sold to a related export trader, Howa Trading, who then sold to the importer, Bao Australia. 'Trader mark-up' refers to the difference between the price purchased and sold by the export trader. The commission notes it calculated importer profit (described above) using the DDP import price from the export trader to the importer, meaning this profit amount did not include an amount for the difference in price between the 3 Baosteel manufacturers and the export trader.
- **Ocean freight:** Calculate separate ocean freight rates for each of the 3 Baosteel manufacturers. Baosteel supplied sufficient information to calculate separate amounts for goods supplied by each manufacturer.
- **Marine insurance:** Include estimated marine insurance expenses for products Howa Trading sold to Bao Australia at CFR terms, based on the sample marine insurance documentation Bao Australia provided during verification. This is necessary to accurately calculate a DDP import price to compare with Bao Australia's sales prices. This was calculated separately for each manufacturer.

The commission calculated export prices in relation to the 3 Baosteel manufacturers at:

- Confidential Attachment 3: Baoshan – Export Price
- Confidential Attachment 3A: Baoshan – Deductive Export Price
- Confidential Attachment 4: Zhanjiang – Export Price
- Confidential Attachment 4A: Zhanjiang – Deductive Export Price
- Confidential Attachment 5: Meishan – Export Price
- Confidential Attachment 5A: Meishan – Deductive Export Price.

6.4.6 Normal value

The Commissioner is satisfied that, due to the operation of section 269TAC(2)(a)(ii), the domestic sales of the 3 Baosteel manufacturers are not suitable for determining a normal value under section 269TAC(1). The normal value has been determined under section 269TAC(2)(c) (see chapter 6.3.3 above), using the sum of:

- the cost of production determined using the exporters' recorded cost of production (CTM) with the steel slab costs adjusted using the proportional difference between

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the Brazilian and Chinese steel slab market price indices, with the Brazilian index adapted for the differences in the countries' steel slab industries to reflect a cost for steel slab in China free of the effects of the abnormal circumstances (see chapter 6.3.4 and Appendix C, chapter C.7.2).

- SG&A expenses calculated on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation.
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT under section 45(2) of the Regulation.

6.4.6.1 Revised recorded cost of production (cost to make or CTM)

Baosteel provided revised CTM data in a submission on 17 December 2025, which contained additional detail relating to the allocation of costs, including 'a detailed level of product specificity, such as the steel grade, thickness, width, coil or sheet, heat treatment'. The Commissioner did not have regard to Baosteel's revised costs in SEF 658 because, in the Commissioner's opinion, doing so would have prevented the timely placement of SEF 658 on the public record⁷⁷, under section 269TDA(3). For this final report, the commission used the revised cost data provided by the 3 Baosteel manufacturers on 17 December 2025 (with commission adjustments as detailed in Table 21) to recalculate the CTM and the normal value for the 3 Baosteel manufacturers. See chapter 6.4.6.1.2 for further detail.

6.4.6.1.1 Information considered in the SEF

For Baosteel's normal value calculations, at the time of the publication of the SEF, the commission considered the production cost data provided was at a low level of detail. Baosteel was unable to provide its CTM split between destination market. Baosteel only provided an 'all-market' CTM per production line, where each production line produced models of one form (coil or sheet) and one surface condition (as rolled or pickled). The commission observed that Australian export sales price trends appeared particularly disconnected from all-market production costs. This disconnect appeared likely to be caused by the relatively small contribution of Australian production costs to the all-market production costs (because Australian sales contributed very little to Baosteel's total global sales of like goods).

Before the SEF, the commission estimated grade sub-categories based on the 3 Baosteel manufacturers' sales data, as a step in attempting to estimate production costs split into different grade sub-categories and provide a higher level of detail to compare sales price and production cost. The commission grouped grades based on the price ranges these grades were sold, including analysis to account for price differences between sales markets and major physical characteristics (e.g. form and surface finish). The commission considered grade sub-categories in this context noting that steel grade is a key factor that influences price in that if grade is excluded, price varies more heavily even between models where all other MCC categories are identical. The commission considered that using this or another approach for mapping grades into groups of similar grades to ensure price comparability across Chinese domestic models and Australian export models should reduce the disconnect observed between Australian export sales and all market costs.

⁷⁷ SEF 658 was published on 23 December 2025.

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However, the commission was unable to reach an appropriate level of confidence regarding the mapping of similar grades based on price sold and had therefore not used this approach in the calculations used to make preliminary findings in the SEF. In SEF 658, the commission sought submissions from interested parties on how to appropriately group grades to address this issue in this final report.

The commission also detailed its findings about Baosteel's production cost information in the verification report for the Baosteel exporters and traders.⁷⁸

6.4.6.1.2 Information considered after SEF 658

In response to the commission's Baosteel verification report, Baosteel sent revised CTM data for the 3 Baosteel manufacturers. Baosteel summarised the revised data it provided in its public submission on 17 December 2025.⁷⁹

The revised CTM data for the 3 Baosteel manufacturers separated quarterly production costs and quantities for goods based on steel grade, thickness (grouped in line with the MCC 'base metal thickness' category) and destination. The commission notes the destination classifiers split domestic from all export, meaning the export costs include both Australian and third country export costs. The revised production cost data also included the production line information, where each production line also corresponded with a single subcategory for the MCC 'form' and 'surface condition' categories. This report discusses the production line records further in chapter 3.5.6 in relation to model matching.

Baosteel prepared its revised CTM information by:

- extracting standard production cost and quantity information from a production accounting system
- adjusting the standard production costs to match the actual costs recorded in Baosteel's financial accounting system per production line (production line being the highest level of product detail recorded in the financial accounting system).

The commission reviewed Baosteel's methodology and analysed the production cost records for outliers or unusual entries, including negative production costs, negative production quantity or unusually high or low unit production costs. The commission notes it did not conduct additional verification meetings with Baosteel to verify the revised production cost methodology.

The commission found that Baosteel's revised production cost data was sufficiently reliable, with adjustments. The commission summarised its adjustments in the Table 21. The commission provided Baosteel with details of the commission's recommended adjustments before publishing this final report.

⁷⁸ EPR 658, document number 25.

⁷⁹ EPR 658, document number 26.

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#	Issue	Resolution
1	Baosteel calculated variance between standard and actual production costs and quantities on an annual basis. Information was available to calculate variance on a quarterly basis, which is more granular.	The commission-calculated production cost and quantity variances on a quarterly basis.
2	The revised production cost data included a small minority of rows with negative production quantity or negative total production cost in a quarter.	The commission excluded rows with negative production quantity or negative total production costs.
3	Baosteel's revised production cost methodology excluded packaging costs when adjusting production costs from standard to actual. Baosteel recorded its packaging costs in a separate account to the other production cost data in its financial accounting system.	The commission added packaging costs after adjusting production costs for the variance between standard and actual costs.
4	Baosteel's revised production cost methodology included splits for each row of data into cost components (raw materials, direct labour and so on). The commission did not rely on these cost component calculations for the normal value calculations in SEF 658. That said, the commission identified a higher proportion of outlier cost component proportions in rows even though total cost to make appeared reliable.	The commission did not rely on the revised cost component data in the normal value calculations in this final report, instead relying on the total production cost data. This method is broadly in line with the methodology used in SEF 658. The commission considers additional review of the cost component data would be needed before relying on it in normal value calculations. The commission has not found this information reliable.
5	Where Baosteel identified production lines for 'export', Baosteel additionally split the production data into 'Australian export' and 'third country export'. The commission reviewed the revised data and identified that at least some of the 'Australian export' production costs appeared to relate to third country sales. Baosteel appeared to identify 'Australian export' as any production data relating to models sold into Australia, whether or not also sold to third countries.	The commission relied on Baosteel's 'export' classification but not further distinguishing between 'Australian export' and 'third country export' classifiers. The commission considered Baosteel's revised production cost data did not separate costs where a model was sold in both Australian and third country export markets.

Table 21: List of adjustments recommended for the December 2025 revised production costs for the 3 Baosteel manufacturers

6.4.6.2 SG&A

The commission calculated SG&A expenses for the normal value based on the combined SG&A expenses for the 3 Baosteel manufacturers. The commission calculated SG&A using all 3 Baosteel manufacturers' data combined, and apportioned SG&A to the combined net revenue of all 3 Baosteel manufacturers. The commission did this because Baosteel claimed Baoshan took responsibility for organising sales for all 3 manufacturers, meaning Baoshan had disproportionately high SG&A expenses.

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6.4.6.3 Profit

The commission calculated profit using the profit for domestic sales of like goods in the OCOT from Shanghai Baosteel, one of the related domestic traders that purchased from the 3 Baosteel manufacturers. The commission calculated profit relying on this trader only noting the 3 Baosteel manufacturers sold to many related domestic traders – the commission could not practicably verify costs and sales for all traders. The commission notes it calculated cost to make and sell (CTMS) for this trader based on the 3 Baosteel manufacturers' combined production costs and SG&A for the 3 Baosteel manufacturers, plus SG&A for the trader. The commission notes the CTMS used to establish if Shanghai Baosteel's domestic like goods sales were in the OCOT relied on the 3 Baosteel manufacturers' production costs without adjusting the steel slab costs to reflect a cost for steel slab in China free of the effects of the not normal and ordinary circumstances in accordance with article 2.2.1.1 of the ADA.

6.4.6.4 Adjustments

The commission considers the adjustments in Table 22 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9). The commission notes that non-refundable VAT applied to both Australian export and domestic sales. Baosteel reported Australian export sales including VAT but domestic sales excluding VAT.

Adjustment type	Deduction/addition
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Non-refundable VAT	Add an amount for non-refundable VAT

Table 22: Normal value adjustments – 3 Baosteel manufacturers

The commission's normal values calculations in relation to the 3 Baosteel manufacturers are at:

- **Confidential Attachment 6: Baoshan – CTMS**
- **Confidential Attachment 6A: Baoshan – Cost replacement**
- **Confidential Attachment 7: Baoshan – Normal value**
- **Confidential Attachment 8: Zhanjiang – CTMS**
- **Confidential Attachment 8A: Zhanjiang – Cost replacement**
- **Confidential Attachment 9: Zhanjiang – Normal value**
- **Confidential Attachment 10: Meishan – CTMS**
- **Confidential Attachment 10A: Meishan – Cost replacement**
- **Confidential Attachment 11: Meishan – Normal value.**

6.4.7 Dumping margin

The dumping margins for the goods exported to Australia by the 3 Baosteel manufacturers are listed below:

- Baoshan Iron & Steel Co Ltd (Baoshan): **59.1%**
- Baosteel Zhanjiang Iron & steel Co Ltd (Zhanjiang): **38.1%**

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- Shanghai Meishan Iron & Steel (Meishan): **54.9%**.

The commission’s calculations are at:

- Confidential attachment 12: Baoshan – Dumping margin
- Confidential attachment 13: Zhanjiang – Dumping margin
- Confidential attachment 14: Meishan – Dumping margin.

6.5 Dumping assessment – LY Steel

6.5.1 Verification of LY Steel’s information

The commission conducted a verification visit to LY Steel in April 2025. The resulting verification report was published on the EPR on 30 October 2025.⁸⁰ The commission used this information to calculate the dumping margin for the goods LY Steel exported to Australia.

6.5.2 LY Steel and GOC submissions post-SEF

LY Steel made one submission in response to the SEF, received on 19 January 2026.⁸¹ The GOC also made one submission on 16 January 2026.⁸² The submission raised objections to the Commission’s approach to the dumping margin calculation, particularly the construction of normal value under section 269TAC(2)(c)(i) of the Act. The issues raised by LY Steel have been addressed in the chapters of the report relevant to those matters, as summarised below.

Submission reference	Topic	Addressed at:
LY Steel – 19 January submission in response to the SEF ⁸³	'Use of LY Steel’s cost records and PMS-based cost adjustments, including reliance on exporter records under article 2.2.1.1 of the ADA and the ‘normally’ qualifier	Appendix C, C.7.1.2
and		
The GOC – 16 January submission in response to the SEF ⁸⁴		Benchmark construction and alternatives
	MEPS benchmark disclosure and reliability	Appendix C, C.7.2.4

Table 23: Summary of post-SEF submissions relating to LY Steel dumping margin calculations

⁸⁰ EPR 658, document number 22.

⁸¹ EPR 658, document number 34.

⁸² EPR 658, document number 33.

⁸³ EPR 658, document number 34.

⁸⁴ EPR 658, document number 33.

6.5.3 Export price

6.5.3.1 Sales channels

LY Steel sold the goods to Australia via two sales channels. One channel involved sales directly to the Australian customer. The other channel involved sales to the Australian customer through a trader.

With respect to the sales that LY Steel made directly to the Australian customer, the commission recommends setting an export price under section 269TAB(1)(a). Under this section, the export price is the price paid by the importer to the exporter less transport and other costs arising after exportation. To calculate an export price using a consistent delivery term for all sales, the commission adjusted some transactions using free on board (FOB) terms as the comparison point for all sales.

In relation to the sales that LY Steel made to the Australian customer through a trader, the commission recommends setting an export price under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation. Specifically, the commission recommends calculating an export price using the sales price from LY Steel to the trader.

6.5.3.2 Who is the exporter?

The commission considers LY Steel to be the exporter of the Australian export goods because LY Steel:

- produced the Australian export goods,
- is named as the supplier on commercial invoices,
- is named as consignor on bills of lading,
- arranged and paid for inland transport to the port of export, and
- arranged and paid for port handling charges at the port of export.

6.5.3.3 Who is the importer?

For sales that LY Steel made directly to the Australian customer, the commission considers the company listed as the customer on the commercial invoice is the importer of the Australian export goods. In other words, this company beneficially owned the Australian export goods at the time of import into Australia. For each transaction, this company:

- is named as the customer on the commercial invoices
- is named as the consignee on bills of lading
- is named as the importer on import declarations to ABF.

For sales that LY Steel made to the Australian customer through a trader, the commission considers the company listed as the 'notify party' on the bill of lading is the importer of the Australian export goods. In other words, this company beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, this company:

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- is named on the bills of lading and
- is named as the importer on import declarations to ABF.

6.5.3.4 'Arms length' assessment

In terms of Australian sales, LY Steel sold only to unrelated parties. For all transactions, the commission finds that LY Steel sold the Australian export goods at 'arms length' as defined under section 269TAA.

For these transactions, the commission found that:

- there was no consideration for the goods other than price
- there was no relationship between a buyer, a seller or their associates that appeared to influence the price
- that no buyer or buyer's associate, directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that LY Steel:

- sold goods at similar prices to all unrelated customers
- referred to a market price index when setting the Australian market price for unrelated customers.
- appeared to genuinely negotiate the price with unrelated customers.

6.5.3.5 Export price assessment

The commission has calculated the export price for LY Steel under section 269TAB(1)(a) and 269TAB(1)(c).

With respect to the sales that LY Steel made directly to the Australian customer, the commission set the export price under section 269TAB(1)(a), as the price paid by the importer to the exporter, less transport and other costs arising after exportation. To calculate an export price using a consistent delivery term for all sales, the commission adjusted some transactions to free on board (FOB) terms as the comparison point for all sales.

In relation to the sales that LY Steel made to the Australian customer through a trader, the commission set the export price under section 269TAB(1)(c), having regard to all the circumstances of the exportation. In this case, the commission used the sales price from LY Steel to the trader.

The commission calculated the export price in relation to LY Steel at **Confidential Attachment 15: LY Steel – Export price.**

6.5.4 Normal Value

The Commissioner is satisfied that, due to the operation of section 269TAC(2)(a)(ii), the domestic sales of LY Steel are not suitable for determining a normal value under section 269TAC(1), as set out in chapter 6.3.3 of this report. The normal value has been determined under section 269TAC(2)(c), using the sum of:

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- The cost of production determined using the exporter's recorded cost of production with the steel slab costs adjusted using the proportional difference between the Brazilian and Chinese steel slab market price indices adjusted for the differences in the countries' steel slab industries to reflect a cost for steel slab in China free from the effects of the not normal and ordinary circumstances (see chapter 6.3.4).
- SG&A expenses calculated on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation.
- An amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT under section 45(2) of the Regulation.

The Commissioner is satisfied 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 particular market situation is explored in more depth in **Appendix A – Particular market situation** assessment.

The commission has therefore calculated a normal value under section 269TAC(2)(c) using the sum of:

- the cost of production of the goods in China, which was calculated using the CTM for LY Steel, with its primary raw material costs at the steel slab level adjusted by reference to a benchmark
- SG&A expenses on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT under section 45(2) of the Regulation.

The commission notes that the cost of production for certain sheet-form goods includes SG&A and profit for LY Steel's related subsidiary manufacturer, Hunan Hualing Liangang Special New Materials Co Ltd (SNM). The commission included SNM's SG&A and profit in cost of production noting LY Steel purchased any goods SNM processed back from SNM before selling onto customers.

The commission calculated SG&A expenses for the normal value based on LY Steel's records.

The commission calculated profit using the profit for LY Steel's domestic like goods sales in the OCOT. The commission notes the CTMS used to establish if LY Steel's domestic like goods sales were in the OCOT relied on LY Steel's production costs without adjusting the steel slab costs to reflect a cost for steel slab in China free from the effects of the not normal and ordinary circumstances.

The commission considers the adjustments in Table 24 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9). The commission notes that non-refundable VAT applied to both Australian export and domestic sales. LY Steel reported Australian export sales including VAT but domestic sales excluding VAT.

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Adjustment type	Deduction/addition
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Export bank charges	Add an amount for export bank charges
Export credit terms	Add an amount for export credit terms

Table 24: Normal value adjustments – LY Steel

The commission's calculations of LY Steel's normal value are at:

- **Confidential attachment 16: LY Steel – CTMS**
- **Confidential attachment 16A: LY Steel – Cost replacement**
- **Confidential attachment 17: LY Steel – Normal value.**

6.5.5 Dumping Margin

6.5.5.1 Revision of dumping margin post-SEF

The commission revised LY Steel's dumping margin after SEF 658 but did not alter the dumping margin calculation methodology. In SEF 658, the Commissioner found a dumping margin of 38.9% for LY Steel. After publishing SEF 658, the commission identified a spreadsheet formula error in the normal value calculation affecting the profit margin calculation. The commission revised LY Steel's normal value calculation to correct the error and sent the revised calculation to LY Steel for review.

The dumping margin for the goods exported to Australia by LY Steel for the investigation period is **41.6%**.

The commission's dumping margin calculations are at **Confidential attachment 18: LY Steel – Dumping margin.**

6.6 Dumping assessment – Uncooperative and all other exporters

As outlined in chapter 2.4.4.4 of this report, the Commissioner has determined all exporters that did not provide information considered to be relevant to the investigation within a period considered to be reasonable, or the exporter significantly impeded the investigation, as 'uncooperative exporters' in respect of the investigation.

Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters.

The commission's dumping margin calculations for uncooperative and all other exporters are at **Confidential attachment 19: All other exporters – Dumping margin.**

6.7 Volume of dumping

Pursuant to section 269TDA(3), the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that have been or may be dumped is a negligible volume. Section 269TDA(4) defines a negligible volume as

less than 3% of the total volume of goods imported into Australia over the investigation period.⁸⁵

Using the ABF import database and having regard to the information collected and verified during the investigation, the commission determined the volume of imports in the Australian market. Based on this information, the Commissioner is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of goods that have been exported from China and dumped was greater than 3% of the total import volume. The volume of dumped goods is therefore not negligible.

The commission's calculations are in **Confidential Attachment 1 – Australian market**.

6.8 Level of dumping

Section 269TDA(1) provides that the Commissioner must terminate a dumping investigation, in so far as it relates to an exporter of the goods, if satisfied that:

- there has been no dumping by the exporter of any of those goods, or
- that there has been dumping by the exporter of some or all of those goods, but the dumping margin for the exporter is less than 2%.

The Commissioner is satisfied that there has been dumping by all Chinese exporters of the goods during the investigation period at dumping margins greater than 2%.

⁸⁵ Section 269TDA(5) does not apply to this investigation.

7 SUBSIDY INVESTIGATION

7.1 Finding

The Commissioner is satisfied that, during the investigation period:

- for countervailable subsidies in respect of the goods exported to Australia from China by all exporters, excluding Baoshan, Zhanjiang, Meishan and LY Steel, the level of subsidisation in respect of those goods was not negligible
- the volume of those subsidised goods exported to Australia from China was not negligible.

As discussed in **Appendix D – Assessment of subsidy programs** at chapter D.8 of this report, the Commissioner considers there was insufficient evidence to find that Program 178 is a subsidy and the subsidy margin for the 3 Baosteel manufacturers was lower than the subsidy margins determined in SEF 658 due to minor changes to the calculation of export price and long term borrowings. Therefore, the Commissioner is satisfied that, during the investigation period, countervailable subsidies were received in respect of the goods exported to Australia from China by Baoshan, Zhanjiang, Meishan and LY Steel, however the level of countervailable subsidisation in respect of those goods never exceeded the negligible level.

Because the Commissioner was satisfied the level of subsidisation in respect of those goods was negligible, the Commissioner terminated the investigation into the application made for a countervailing duty notice for Baoshan, Zhanjiang, Meishan and LY Steel in TER 658 which was published on 2 April 2026. The Commissioner’s recommendations regarding countervailable subsidies in this report are therefore limited to all other exporters, who are still subject to this investigation.

The Commissioner’s assessment of subsidy margins is set out in Table 25. For ease of reference, this table includes the subsidy margins for the selected exporters terminated in TER 658.

Exporter	Subsidy margins	Negligible? ⁸⁶
Baoshan	1.7%	Yes
Zhanjiang	0.3%	Yes
Meishan	1.4%	Yes
LY Steel	1.4%	Yes
All other exporters	3.4%	No

Table 25: Summary subsidy margins

7.2 Legislative framework

Under section 269TJ, one of the matters that the Minister must be satisfied of in order to publish a countervailing duty notice is that subsidisation has taken place (to an extent that is not negligible).

⁸⁶ Section 269TDA(16)(b) – the negligible level of subsidisation for China is 2%.

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Subsidisation occurs when a financial contribution or income or price support by a government or public body confers a benefit (whether directly or indirectly) in relation to goods exported to Australia.⁸⁷ According to section 269TAAC, a subsidy is a countervailable subsidy if it is specific, meaning that access to the subsidy is limited to particular enterprises or within a particular industries or geographical locations, or contingent on export performance or the use of domestically produced goods.

The amount of a countervailable subsidy and the attribution of that amount are determined in accordance with section 269TACD.

Section 269TAACA provides that where importers, exporters or the government of the country of export have not provided information the Commissioner considers to be relevant or has significantly impeded the investigation, the Commissioner may:

- act on the basis of ‘all the facts available’, and
- make ‘such assumptions as considered reasonable’.

7.3 Information considered by the commission

7.3.1 Information submitted in BlueScope’s application

In part C-1.D of its application, BlueScope claimed certain countervailable subsidies applied to HRC based on countervailable subsidies found in Australian countervailable subsidisation cases relating to Chinese products, and LTAR subsidies found in United States (US) countervailable subsidisation cases.⁸⁸ The application specifically referred to Australian continuation inquiries 590 into hollow structural sections and 611 into zinc coated (galvanised) steel, various LTAR programs from US case C-570-571 into tin mill products, and one LTAR program from US case C-570-571 into glass wine bottles.

BlueScope’s application also requested the commission investigate ‘several’ of the subsidies listed in China’s 20 July 2023 notification to the WTO Committee on Subsidies and Countervailing Measures.

7.3.2 Information provided by the selected exporters

The commission has relied upon information provided by selected exporters when assessing the alleged subsidy programs from China. This includes information selected exporters provided in REQs and during verification.

7.3.3 Information provided by the Government of China

In accordance with section 269TB(2C), the commission invited the GOC for consultations after the application was received but before the Commissioner made a decision to initiate the investigation. The consultations related to the claims made by the applicant in relation to countervailable subsidies and are summarised in chapter 2.4.5.1.

On 15 November 2024, the commission also sent a questionnaire to the GOC, which included questions relating to each of the alleged subsidy programs identified in the

⁸⁷ Section 269T(1).

⁸⁸ EPR 658, document number 1, pages 64–70.

application. The GOC provided a response to the questionnaire on 7 February 2025. A summary of the key points raised in the RGQ is in chapter 2.4.5.2. In accordance with section 269TDAA(2)(b), the commission has taken into account the GOC's consultation comments and questionnaire response when considering the subsidy assessments.

7.3.4 Other information considered as part of this assessment

The commission also considered:

- submissions received in relation to subsidies provided to Chinese exporters⁸⁹
- information provided to the WTO by the GOC in August 2025 in its notifications in the *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement)*⁹⁰
- previous investigations by the commission into subsidies provided to Chinese exporters
- research conducted by commission staff on certain subsidy programs.

7.4 Determination of countervailable subsidy if non-cooperation by relevant entities

Because the information provided by the GOC and the selected exporters in their questionnaire responses was limited, the commission relied on all available facts and made reasonable assumptions, as permitted under section 269TAACA(1), to determine whether a countervailable subsidy was received for the goods.

7.4.1 Determination of amount of benefit attributable to the goods

The selected exporters provided their proposed attributions of the amounts of countervailable subsidy as part of the grants' listings in their REQs as well as revised listings provided during verification. The exporters explained that the attributions were assumptions considering the information contained in the accounting system transaction descriptions and the accounting team's business knowledge. For most programs identified, neither the selected exporters nor the Government of China provided evidence to support the exporters' proposed subsidy attributions.

In the absence of evidence or relevant information to support the selected exporters' proposed attributions, the Commissioner has acted on all the facts available and made reasonable assumptions, in some cases this included determining to attribute the amount received by the exporters to a different level than what was proposed by the exporters (for example, the exporter may have proposed that the payment be attributed to the whole company, but the commission has determined that it should be attributed to steel production).⁹¹

⁸⁹ EPR 658, document number 17.

⁹⁰ See World Trade Organization, [Subsidies and countervailing measures](#), WTO website, n.d., accessed 2 April 2026.

⁹¹ Section 269TAACA(1).

7.5 Investigated programs

In its application, BlueScope identified the subsidy programs from several sources, including:

- the commission’s previous reviews and continuations for related steel products, specifically cases 521 and 611 into zinc coated galvanised steel and case 590 into hollow structural sections
- programs found to be countervailable by the US Department of Commerce
- programs identified in China’s WTO notifications.⁹²

The Commissioner has considered all the programs alleged in the application and examined all amounts that the exporters and GOC stated were countervailable subsidies received during the investigation period. The Commissioner has also considered the 2 types of LTAR programs alleged in the application.

The Commissioner could not to assess whether the exporters received any of the grants alleged in BlueScope’s application because the Commissioner did not identify these grants in the information provided by the exporters. The Commissioner considers that it has examined all the grant amounts received by the selected exporters from public bodies.

The Commissioner has assessed the programs, with reference to the category of the financial contribution considered (grants, tax, loans, and less than adequate remuneration), with consideration also given to the information provided about the programs and the level of evidence available. This assessment is detailed in Appendix D. Table 26 outlines the categories and sub-categories used by the commission in assessing the subsidy programs.

Type	Category	Chapter reference	Sub-category description
Grants	A	D.5.2.1	Grant programs alleged in the application
		D.5.2.2 and D.5.2.3	Grants identified by the exporters A1: Payment types including an official reference A2: Payment types with a descriptive name A3: Payments with non-descript names
Tax	B	D.6.2.1	Tax programs alleged in the application
		D.6.2.2	B1: Tax program identified by the GOC and exporters – Preferential tax policies for value-added tax (VAT) additional deductions for advanced manufacturing enterprises B2: Other value added tax deduction programs B3: Other tax programs identified by the exporters
Loans	C	D.7	Preferential loan programs identified by the exporters
LTAR	D	D.8.4 to D.8.8	Raw materials and utilities provided at LTAR
		D.8.9	Hot rolled steel provided at LTAR

⁹² EPR 658, document number 2, Table 10, Row D.

Table 26: Categories used for the subsidy assessment

Appendix E – All subsidy programs assessed contains a list of all subsidy programs assessed in this investigation and whether they were found to be countervailable subsidy programs that conferred a benefit in relation to the goods exported to Australia.

7.6 Countervailable subsidy assessment

In relation to goods exported from China (a developing country), countervailable subsidisation is negligible if, when expressed as a percentage of the export price of the goods, that subsidisation is not more than 2% or where the volume is less than 4% of the total Australian import volume.

Section 269TDA(2) requires that the Commissioner must terminate a countervailing investigation in relation to an exporter if countervailable subsidisation for that exporter is determined to be negligible.

7.6.1 The 3 Baosteel manufacturers and LY Steel

As discussed in Appendix D at Chapter D.8 of this report, the Commissioner considers there was insufficient evidence to find that Program 178 is a subsidy and the subsidy margin for the 3 Baosteel manufacturers was lower than the subsidy margins determined in SEF 658 due to minor changes to the calculation of export price and long term borrowings. Therefore, the Commissioner is satisfied that, during the investigation period, countervailable subsidies were received in respect of the goods exported to Australia from China by Baoshan, Zhanjiang, Meishan and LY Steel, however the level of countervailable subsidisation in respect of those goods never exceeded the negligible level.

Because the Commissioner was satisfied the level of subsidisation in respect of those goods was negligible, the Commissioner terminated the investigation into the application made for a countervailing duty notice for Baoshan, Zhanjiang, Meishan and LY Steel in TER 658 which was published on 2 April 2026. The Commissioner's recommendations regarding countervailable subsidies in this report are therefore limited to all other exporters, who are still subject to this investigation.

7.6.2 All other exporters

The subsidy margin for all other entities is determined, pursuant to section 269TAACA(1), based on all facts available and having regard to reasonable assumptions. When assessing countervailable subsidies for all other exporters in this report, the Commissioner considers that all exporters (including selected exporters) and the GOC were non-cooperative. The Commissioner has therefore made reasonable assumptions to establish both the existence and amount of any countervailable subsidies related to the goods.

The commission's usual approach is to assume that all other exporters benefited from all non-regional countervailable subsidies and the highest region-specific subsidy (where applicable). The Commissioner considers that this approach avoids overstating a subsidy margin by including programs received in more than one region, assuming it is impossible for an exporter to receive subsidy programs for multiple regions.

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Where more than one exporter received a benefit under the same subsidy program, the commission has used the highest per-unit amount of subsidy received by one of the cooperative exporters under that program. The commission has also used the lowest export price of the selected exporters. The commission has used this method noting it demonstrates a level of subsidisation a Chinese exporter may receive, based on the information available to the commission.

The commission calculated the sum of the subsidy margins for each program to obtain the total subsidy margin. Based on the information available to the commission, the commission has calculated a subsidy margin for all other exporters of 3.4%.

The commission's countervailable subsidy calculations for all other exporters are in **Confidential Attachment 20: All other exporters – Subsidy margin**.

A detailed assessment of programs is provided in Appendix D.

7.7 Level of subsidisation

In relation to goods exported from China (a developing country), countervailable subsidisation is negligible if, when expressed as a percentage of the export price of the goods, that subsidisation is not more than 2% or where the volume is less than 4% of the total Australian import volume.

Section 269TDA(2) requires that the Commissioner must terminate a countervailing investigation in relation to an exporter if countervailable subsidisation for that exporter is determined to be negligible. The subsidy margin determined for all other exporters is not negligible.

Noting the subsidy margins presented in Table 25 and the information contained in **Confidential Attachment 20**, the Commissioner is also satisfied that HRC exported to Australia from China by all other exporters – being exporters other than Baoshan, Zhanjiang, Meishan and LY Steel – during the investigation period were subsidised at more than negligible rates and in more than negligible volumes.

8 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

8.1 Finding

The Commissioner finds that the Australian industry has experienced injury over the injury analysis period in the form of:

- loss of sales volume
- reduced market share
- price depression
- price suppression
- loss of profit and reduced profitability
- reduced revenue
- reduced return on investment
- reduced capacity utilisation.

8.2 Applicant's claims

In its application, BlueScope claimed that the Australian industry has experienced injury in the form of:

- loss of sales volume
- reduced market share
- price depression
- price suppression
- loss of profit and reduced profitability
- reduced revenue
- reduced return on investment
- reduced capacity utilisation rates
- reduced productivity
- reduced employment and wages.

8.3 Approach to injury analysis

The analysis detailed in this chapter is based on verified financial information submitted by BlueScope and data from the ABF import database where applicable.

To assess injury, the commission examined the period between 1 October 2020 and 30 September 2024 (the injury analysis period). The commission's assessment of the economic condition of the Australian industry can be found at:

- Confidential Attachment 21: Economic condition of the Australian industry – Volume effects
- Confidential Attachment 22: Economic condition of the Australian industry – Price effects.

8.4 Volume effects

8.4.1 Sales volume

The following chart shows BlueScope's sales volumes of Australian produced HRC.

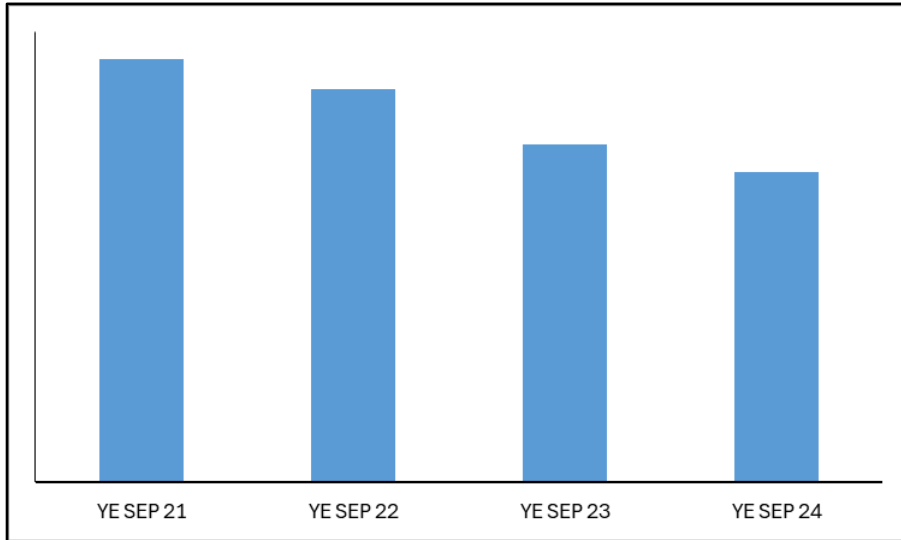


Figure 4 – BlueScope Steel Ltd Sales volume (MT)

Sales peaked in the first year of the analysis period and fell from 2022 to 2024.

Based on this analysis, the commission considers that BlueScope has experienced injury in the form of loss of sales volume during the investigation period.

8.4.2 Market share

Figure 5 illustrates the market share of the Australian industry, imports from countries subject to the investigation, imports from countries subject to anti-dumping measures, and imports from other countries over the injury analysis period. The chart is based on verified BlueScope data and ABF import data for imports of hot rolled coil steel declared under relevant tariff subheadings.

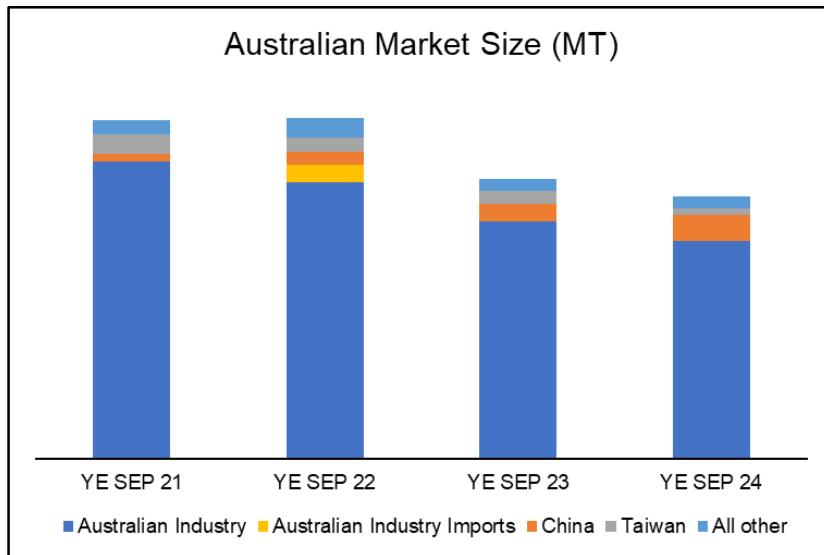


Figure 5 – Australian market size by volume (MT)

Figure 6 shows the relative market share of the Australian market year-on-year from 1 October 2020 to 30 September 2024. Australian industry’s relative market share (including imported goods in YE September 2022) declined slightly each year, with the relative market share of imports from China increasing over the same period. For each year examined, the relative market share gained by imports from China was the same or more than the market share lost by Australian industry. The relative market share of imports from Taiwan also declined over the period while imports from other countries remained stable throughout, except for a small, temporary increase in YE September 2022.

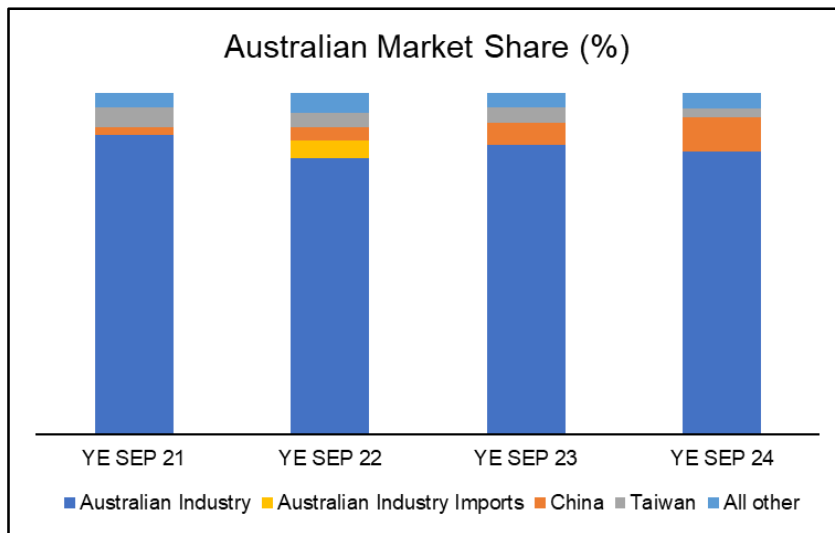


Figure 6 – Australian market share by volume (%)

Based on this analysis, the commission considers that BlueScope has experienced injury in the form of reduced market share during the investigation period.

8.5 Price suppression and depression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have

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been prevented. An indicator of price suppression may be the margin between prices and costs.

Figure 7 shows that over the 4 years to September 2024, unit sales revenue exceeded the unit costs. Unit pricing grew faster than unit CTMS in the year to September 2022, before the margin narrowed again in the final two years of the injury analysis period. The chart shows price depression in the final year ending in September 2024.

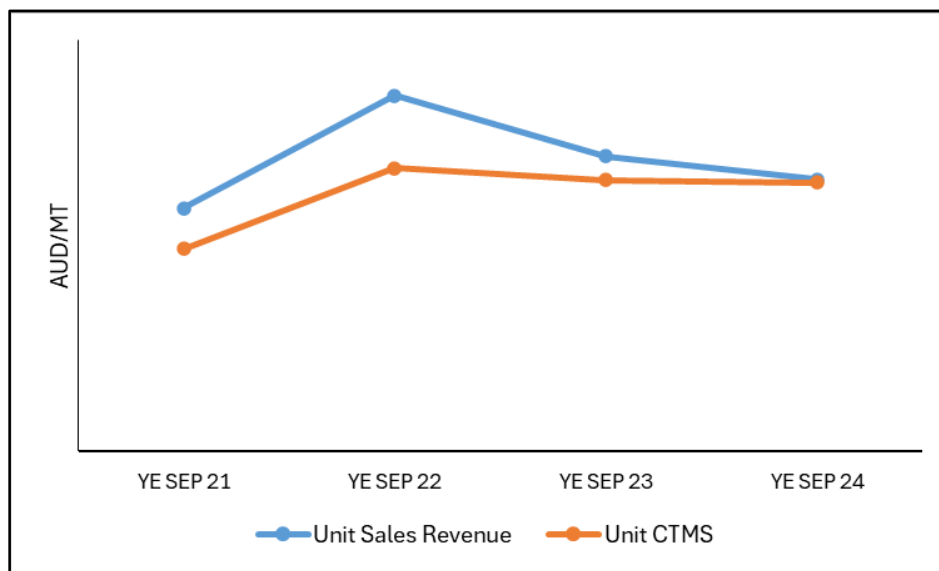


Figure 7 – Unit price and CTMS (AUD/MT)

Based on this analysis, the commission considers that BlueScope experienced injury in the form of price suppression and price depression during the investigation period.

8.6 Profits and profitability

Figure 8 shows BlueScope's profit and profitability over the injury assessment period. The company reported rising profits in the years ending September 2021 and 2022, due to increased sales and stronger profit margin in these years. However, a sharp decline in profit and profitability is apparent from 2023 to 2024, amid a decline in sales volumes and unit prices, against rising unit costs.

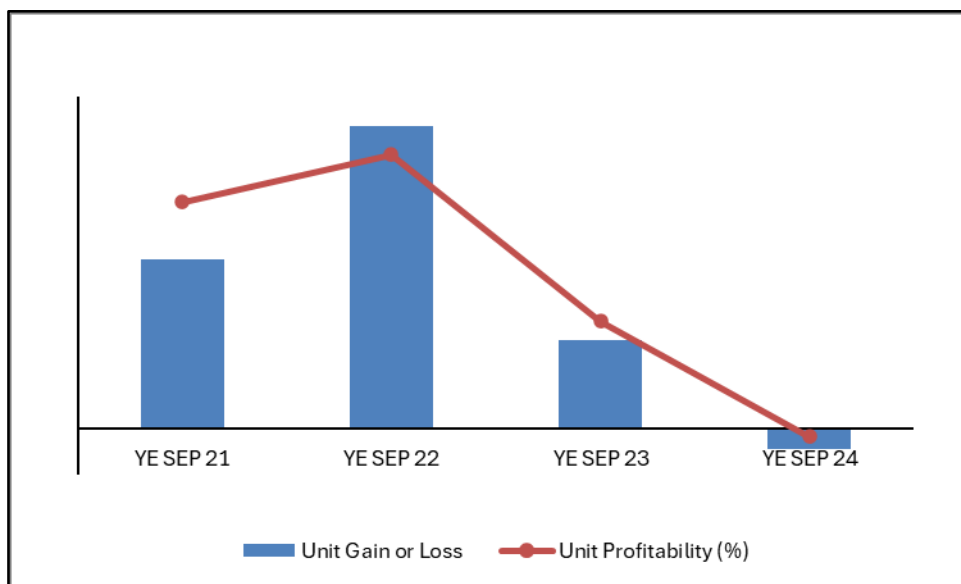


Figure 8 – Profit (AUD/MT) and profitability (%)

Based on this analysis, the commission considers that BlueScope has experienced injury in the form of loss of profits and reduced profitability during the investigation period.

8.7 Other economic factors

BlueScope has also claimed injury in the form of:

- reduced revenue
- reduced return on investment
- reduced capacity utilisation rates
- reduced productivity
- reduced employment and wages.

BlueScope provided data to support its claims on these other economic factors as part of its application. The data has been verified by the commission and is relevant to the injury analysis period. An index summary of the company’s other economic factors is included in Table 27.

Other economic factors	YE September 2021	YE September 2022	YE September 2023	YE September 2024
Revenue	100	171	156	130
Return on investment (%)	100	139	53	6
Capital investment	100	131	368	262
Assets	100	155	153	151
Capacity (MT)	100	127	140	136
Capacity Utilisation (%)	100	97	102	93
Employment (FTE) Like Goods	100	144	149	140
Productivity (MT/Persons)	100	85	96	90
Wages	100	123	131	122

Table 27: Index summary of other economic factors (1010 & 1310)

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Considering the index data in Table 19, the commission has made the following observations regarding BlueScope's other factors of performance in the production and sale of HRC over the analysis period:

- Revenue declined in YE September 2024 after rising in the previous two years.
- Return on investment increased in 2022 then plummeted from 2023 onward.
- Capital investment rose and peaked in 2023 before declining in the final year of the analysis.
- Assets increased in 2022 and slightly declined across the next two years.
- Capacity increased within the first three years of the analysis before a minimal decline in the last year, this also supports the claim that capacity utilisation fell in 2024.
- Employment rose in 2022 and 2023 then experienced an immaterial decline in 2024.

8.8 Finding

Based on an analysis of verified data provided by BlueScope with its application, and ABF imports data, the commission considers that BlueScope has experienced injury in the form of:

- loss of sales volume
- reduced market share
- price depression
- price suppression
- loss of profit and reduced profitability
- reduced revenue
- reduced return on investment
- reduced capacity utilisation.

9 MATERIAL INJURY FROM DUMPING AND SUBSIDISATION

9.1 Assessment

The Commissioner is satisfied that the Australian industry has experienced material injury caused by dumped and subsidised goods in the investigation period.

The commission has found that:

- dumped and subsidised goods were exported from China to Australia during the investigation period (chapters 6 and 7) which coincided with the Australian industry experiencing injury
- importers purchased the goods from China at dumped and/or subsidised prices in the investigation period, which allowed the importers to be more competitive on price than otherwise would be the case
- the Australian industry's prices were undercut by the dumped goods and subsidised goods in the investigation period
- because of the price advantage enjoyed by the dumped and subsidised exports from China, the Australian industry experienced material injury in the forms of lost sales volumes, reduced market share, price depression, price suppression and reduced profit and profitability.

Accordingly, the Commissioner is satisfied that exports of the dumped and subsidised goods from China caused material injury to the Australian industry producing like goods.

9.2 Legislative framework

Under sections 269TG and 269TJ, one of the matters that the Minister must be satisfied of in order to publish dumping and countervailing duty notices is that, because of dumping and subsidisation the Australian industry has experienced material injury.

Section 269TAE(1) outlines the factors, to which the Commissioner has had regard, and that may be taken into account when determining whether material injury to an Australian industry has been, or is being, caused or threatened.

Section 269TAE(2A) requires that regard be had to the question as to whether any injury to an industry is being caused by a factor other than the exportation of the goods and provides examples of such factors. In assessing material injury, the Commissioner also has regard to the *Ministerial Direction on Material Injury 2012* (Material Injury Direction).

9.3 Approach to causation analysis

The commission considers that the Australian industry has experienced injury, as outlined in 8.1 above, and this injury has coincided with the presence of dumped and subsidised goods from China. This chapter will analyse whether the dumped and subsidised goods caused injury and whether that injury is material.

The commission considered the following evidence in assessing the cause of injury to the Australian industry:

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- Verified data for the volume, price, and profit effects of the Australian industry during the injury analysis period and investigation period.
- Verified sales data from cooperating exporters and participating importers, to determine the relevant selling prices and volumes of the goods.
- Information from the ABF import database to determine import volumes and export prices.
- The broader context of the economic condition of the Australian industry. The data supporting the commission’s analysis of causation (volume and price effects), as detailed in this chapter, is at **Confidential Attachment 23 – Assessment of injury claims.**

9.3.1 Post-SEF revision to BlueScope data

After the publication of SEF 658, BlueScope informed the commission that it had incorrectly classified some of its sales as ‘coil’ in the MCC ‘form’ category when it was actually ‘sheet’ form. It has also misclassified one grade of steel as non-alloy instead of alloy. BlueScope stated it identified these errors when comparing its sales to the scope of goods subject to post-SEF exemption application submissions. BlueScope sent sales data with revised classifications in the MCC ‘form’ category. BlueScope representatives also met virtually with commission staff to explain the error.

The Commissioner considers BlueScope’s revised sales data is reliable and has considered it when making findings in this chapter.

9.4 Size of dumping and subsidy margins

Section 269TAE(1)(aa) provides that regard may be given to the size of each of the dumping and subsidy margins worked out in respect of the goods exported to Australia. The commission has calculated the dumping margins as detailed in Table 28.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	59.1%		
Zhanjiang		38.1%		
Meishan		54.9%		
LY Steel	<i>Ad valorem</i>	41.6%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	3.4%	79.0%	82.4%

Table 28: Summary of dumping and subsidy margins

The Commissioner considers that the magnitude of dumping and subsidisation by the exporters above, provided them with the ability to offer the goods to importers in Australia at prices that were lower than would otherwise have been the case.

9.5 Price effects

As discussed in chapter 8.5, the Australian industry has experienced injury in the form of price depression and price suppression during the investigation period. The deterioration of the Australian industry’s economic condition with respect to these factors coincides

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with the presence of exports from China that were dumped and subsidised during the investigation period within the range of 38.1% and 82.4%.

To evaluate whether dumped and subsidised exports from China caused these price effects, the commission has undertaken price undercutting analysis.

9.5.1 Price undercutting

Price undercutting occurs when imported goods are sold at a price below that of the Australian produced like goods.

As noted above in chapter 5.3.2, there are two main channels through which HRC is sold into the market, including distributors or retailers, and end users. The commission has looked at both these levels of trade in comparing pricing to customers.

The commission's analysis has compared the quarterly weighted average selling prices of BlueScope's like goods to unrelated parties at DDP terms, against the weighted average DDP selling price of the goods imported from China. The commission used verified industry data and importer sales listings submitted as part of questionnaire responses to determine selling prices.

The commission used the MCC structure as established in the investigation to compare pricing but given the limitations of information that could be gathered on model/grade from the relevant parties, considered that model matching using exact grade only was the preferable approach for price undercutting. There was limited overlap between the grades sold by both Australian industry and importers of the goods. However, the commission was able to identify sales by both groups of HA250, HA300 and HA350 grades.

Following publication of the SEF, the commission received amended data from BlueScope, which was discovered in the process of responding to requests for exemptions for certain goods from various parties. This revised data included a reclassification of form (coil versus sheet) for certain sales, and the reclassification of one grade of steel from non-alloy to alloy. The commission sought to determine the impact of these changes on the previous analysis conducted and found that there were some changes to the results that were published in the SEF, including in the models compared, and in the amount of undercutting. The revised findings are detailed in the following chapters.

9.5.2 Distributor channel

At the distributor level of trade, the commission found price undercutting at an aggregated level in all quarters of the investigation period, at levels from 2% to 8%.

Comparing pricing at the MCC level, and matching grade, Chinese exporters undercut Australian industry pricing by up to 17%, across the four quarters of the period, in the 5 MCC models where price comparison was possible.⁹³ One model changed because of the revised data. Collectively, the models represent approximately 30% of all sales made

⁹³ Negative rates of undercutting indicate that Australian Industry offered the lower price in the comparison, while positive values indicate undercutting.

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by Australian industry and verified importers of Chinese imports of the goods at this level of trade, during the investigation period.

Models (MCC)	Dec-23	Mar-24	Jun-24	Sep-24	Average margin
MCC 1	9%	6%	6%	6%	7%
MCC 2	12%	9%	10%	17%	12%
MCC 3	3%	5%	4%	1%	3%
MCC 4	12%	3%	2%	-3%	4%
MCC 5	N/A	3%	2%	8%	5%

Table 29 – MCC undercutting – Distributor level

Looking at an individual customer level, the commission identified 6 sales across 4 models, where customers have purchased the same MCC from both Australian industry and an importer of the goods in the same quarter. In three of the models, undercutting was found in all quarters of the period and ranged up to 19% of the Australian industry price for like goods. A fourth model was sold at a slightly cheaper price by BlueScope than by the importer and accounts for an immaterial volume of BlueScope’s sales.

This demonstrates that Australian industry was undercut to a material degree on a range of HRC models at the distributor level, throughout the investigation period.

9.5.3 End user channel

At the end user level of trade, the commission found price undercutting at an aggregated level in all quarters of the investigation period, at levels from 6% to 13%. There was one identical grade match for sales to end users, where Australian industry was undercut by 15% in the second quarter, but noting that volumes of this model as a proportion of end user sales were negligible.

The commission also considers that it is possible to accurately match non-identical grades within certain segments, based on information supplied by BlueScope and examined in verification of Australian industry and selected importers and exporters.⁹⁴ The commission conducted its analysis on the largest segment, pipe and tube, representing over 50% of Australian industry sales.

In this segment, common customer price undercutting analysis indicates that two models were undercut by up to 8% in three quarters of the period.⁹⁵ These models represent over a third of the volume of Australian industry sales to end users, and 59% of verified importers’ sales during the investigation period.

In summary, the commission has found that dumped and subsidised imports of the goods undercut the Australian industry’s prices, at both the distributor and end user levels of trade. Further, noting the margins of dumping and subsidisation detailed in chapter 9.4, the commission considers that for the majority of models assessed in both the distributor and end user channels, dumping and subsidisation has allowed Chinese exporters to sell

⁹⁴ [EPR 658](#)

⁹⁵ Note that in these price comparisons, BlueScope sold the following grades against the SPHT3 grade sold by Bao Australia: TF360, TF380, TFORM200, TFORM300 and TFORM400.

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at prices lower than Australian industry, whereas had the goods been exported at undumped and unsubsidised prices, the Australian industry would have been the more competitively priced offering. This would have allowed Australian industry to achieve higher prices and/or obtain higher sales volumes.

The commission considers that the price advantage that dumping and subsidisation has afforded Chinese exporters has allowed them to undercut Australian industry's prices, thereby causing price injury in the form of price depression and price suppression. In addition, these suppressed prices have caused Australian industry to forgo revenue and profit which would have been earned on higher pricing levels in a market unaffected by dumping and subsidisation.

9.5.4 Matching import price offers causing injury

In the application for measures, BlueScope provided evidence in relation to 3 key customers that it had reduced its prices to levels lower than it would otherwise offer, due to those customers leveraging cheaper Chinese import offers during the investigation period. As discussed previously, BlueScope operates an import parity pricing model, whereby market intelligence, including price offers from importers, are evaluated and considered when setting prices for the goods. For the example discussed above in chapter 9.5, BlueScope claims that the prevalence of price offers in the market, and the potential for its customers to purchase Chinese HRC, influenced the prices which it set, and with effect over multiple quarters in the investigation period.

The commission examined the examples and the supporting evidence and considers that they provide evidence of price suppression and depression which the Australian industry experienced during the investigation period. They are also indicative of the price sensitivity and transparency in the market for HRC.

Finally, the evidence indicates that some of the undercutting rates identified above may be understated (noting also the levels of dumping and subsidisation observed for Chinese exporters) and may not reveal the full extent of price injury in a market already subject to price suppression and benchmarking by BlueScope against import offers of the goods. BlueScope appears to be choosing to suppress their prices for HRC in an attempt to protect sales volumes and market share. The commission's assessment of these price injury claims is at **Confidential Attachment 23**.

9.6 Volume effects

At the industry verification, BlueScope stated that it had seen a large drop in demand for its hot rolled coil in certain sectors and suggested that this was due to those areas increasingly sourcing hot rolled coil from China. BlueScope have claimed that imports from China constitute the single largest source by volume of HRC exported to Australia over the investigation period, while over the same period, exports from other countries or regions including Taiwan and Korea were in notable decline. The commission has looked at the Australian market composition over the injury period to evaluate these claims.

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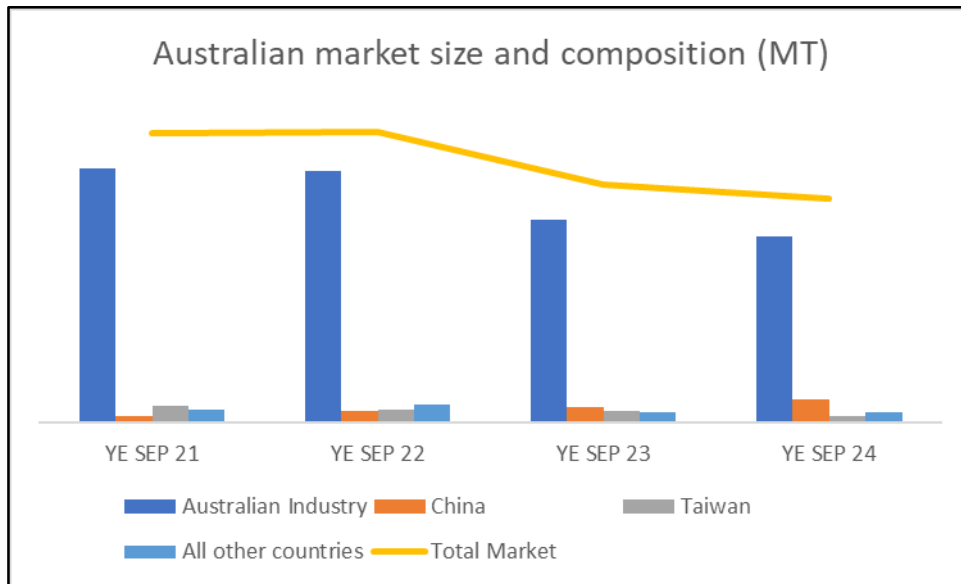


Figure 9 – Australian market size and composition

Figure 9 above shows that sales volumes have fallen in each year of the injury analysis period. As discussed in chapter 5.4, Chinese imports of the goods have increased consistently year on year, gaining market share from an initial 2% in the first year of the injury period, to 10% in the final year ended September 2024. By contrast, the share of imports from Taiwan has halved over the injury analysis period, while imports from all other countries held stable. China has quickly grown to become the largest source of imports of HRC in the investigation period. Over the same timeframe, BlueScope saw its share of the market fall consistently. This indicates that Chinese exports have gained market share at the expense of Australian industry, and imports from Taiwan.

9.6.1 BlueScope lost volume example

BlueScope alleges in their application that one of their customers begun switching their sourcing of a proportion of HRC from BlueScope to China, from FY2024. BlueScope supplied details of volumes on a quarterly basis, evidencing the decline over the four years to FY 2024. The commission has reconciled these volumes against the company's verified sales data for the investigation period and while the trend in the 12 months to September 2024 does not show a decline, over the longer four-year injury analysis period, a decline in the volume of purchases from this customer is evident.

As discussed in the chapter 9.5, the commission considers that BlueScope have sought to protect sales volume and market share by reducing their prices to compete with dumped and subsidised goods. The commission nevertheless notes that higher levels of price undercutting were observed in relation to certain models than others, and that BlueScope has experienced lost sales where they have not been able or willing to reduce prices to the levels necessary to secure or maintain those sales.

Confidential Attachment 23 contains the commission's assessment of these volume injury claims.

9.7 Profit effects

BlueScope claimed price depression and price suppression in their application and consider that these are factors in the decline of unit revenue and profitability recorded in the two most recent years of the analysis period. BlueScope also stated that it competes on price in order to maintain production volume. When sales volumes decline, fixed costs are averaged across less HRC product, resulting in higher unit costs, reducing profitability and profits.

As discussed in chapter 8.6, the commission analysed the economic condition of the Australian industry and found that it has experienced price suppression and depression, which contributed to a sharp decline in profitability in the most recent two years to September 2024. Further, the loss of sales volume to imports of dumped and subsidised goods, has resulted in lower revenue, as well as higher unit costs for the company. These factors have contributed to a decrease in profitability and profits. In summary, the commission considers that the Australian industry has experienced injury due to reduced profitability and lost profits during the investigation period, and this has been caused by dumped and subsidised exports from China.

9.8 Factors other than dumping and subsidisation causing injury

In determining whether material injury is being caused or threatened to an Australian industry producing like goods, the Minister must consider whether any injury is being caused or threatened by a factor other than the exportation of the dumped and subsidised goods.⁹⁶ While injury caused by other factors should not be attributed to dumping and subsidisation, dumping and subsidisation need not be the sole causes of injury to the industry.

The commission considered the broader context of the economic condition of the Australian industry. There has been a notable decline in the size of the market overall in FY 2023, and to a lesser degree in FY 2024, from FY 2022 (refer Figure 10).

The commission understands that demand for HRC is significantly affected by activity in the residential and commercial construction industries, and so also the factors which underpin that, such as interest rates, economic factors, population growth and public and private investment in those areas.

The revenue achieved by the Australian industry in the first two years of the injury analysis period was supported by strong demand for HRC amid the covid pandemic,

⁹⁶ Section 269TAE(2A).

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including increased household spending on home renovation and significant government stimulus targeted to the construction industry.

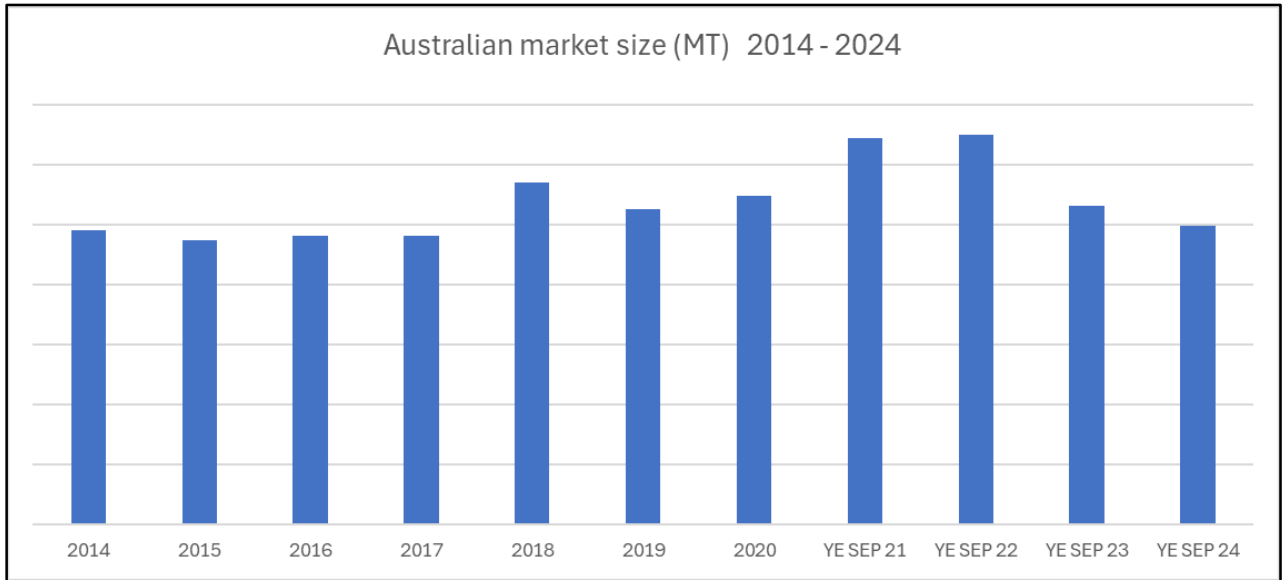


Figure 10 – HRC market from 2014 to 2024⁹⁷

Residential and commercial construction activity has softened in the years following a peak in late 2021. Rising interest rates and the withdrawal of government stimulus in the years following have negatively affected the residential sector. This was demonstrated in a sustained fall in new residential dwelling commencements which continued through to December 2023 (refer Figure 11), before rising again from 2024 at a subdued rate.

⁹⁷ Chart includes data from previous case 594 – Note the change of year between 2020 (calendar year end December) to 2021 (year ended September 2021), effectively one quarter short in transition.

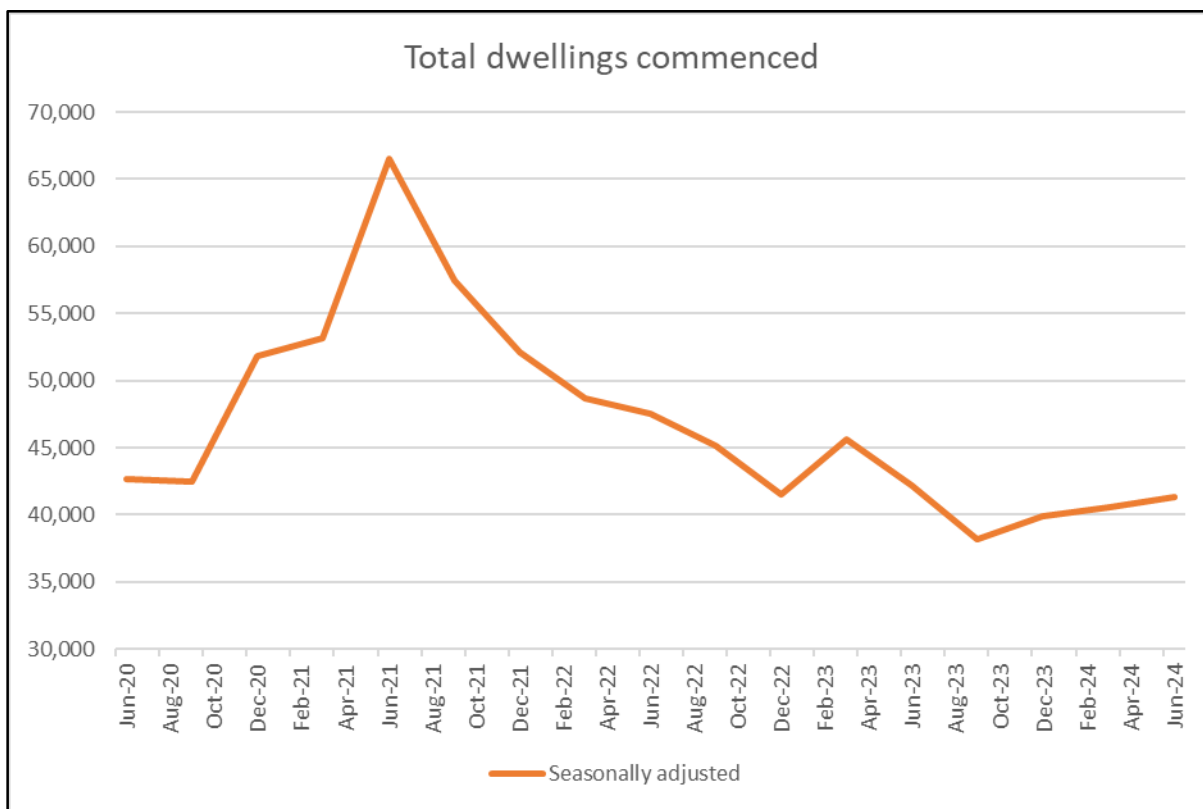


Figure 11 – Building activity – Total dwellings commenced⁹⁸

This trend has been somewhat offset in recent years by demand from infrastructure projects and non-residential building activity. Growth in the commercial construction sector, driven by investment in transport and logistics facilities, has supported demand for HRC, albeit lower than that seen in FY2021 and 2022.

Consequently, Australian industry has seen demand for HRC fall in recent years from the recent peak in 2021, which fits with the broader economic environment. The commission considers that the decline in the size of the Australian market has had an impact on the economic condition of the Australian industry and has assessed claims of injury by BlueScope within this context. The commission however notes that exports of HRC from China have increased sales volume and market share during this same timeframe. The commission is therefore satisfied that even though the contraction in demand has impacted the economic condition of the industry, dumped and subsidised exports from China have also caused material injury. It could further be argued that the Australian industry is more susceptible to injury caused by loss of volume and market share because the market for the goods is declining.⁹⁹

⁹⁸ Australian Bureau of Statistics, [Building Activity, Australia](#), ABS website, 15 October 2025, accessed 2 April 2026.

⁹⁹ Excerpt from the *Ministerial Direction on Material Injury 2012* (ADN No 2012/24): *I understand that the law does not prevent judging the materiality of injury caused by a given degree of dumping or subsidisation differently, depending on the current economic condition of the Australian industry suffering the injury. In considering the circumstances of each case I direct that you consider that an industry which at one point in time is healthy and could shrug off the effects of the presence of dumped or subsidised products in the market, could at another time, weakened by other events, suffer material injury from the same amount and degree of dumping or subsidisation.*

9.8.1 Imports from countries not subject to investigation

At the industry verification, BlueScope and the commission generally discussed the economic effects of imports of the goods from countries other than China. BlueScope had not observed a notable increase in import volumes from countries other than China over the past 5 years.

As discussed in chapter 9.6 above, analysis of import data has found that other countries do not represent a significant source of imports. Taiwan has declined in share, and all other countries hold a stable and relatively minor share of 4% of the market across the injury period. While these sources of HRC are stable or in decline, China has notably gained market share over the four years, to hold 10% of the market in FY 2024. Historically, this is the highest share of the Australian market that any country or region has held since Taiwan, ten years prior.

Pricing data for HRC also suggests that Chinese goods are the lowest priced in the market. An analysis of import data indicates that Chinese imports of the goods have led price from Q2 2023 through to Q3 2024. MEPS International Ltd (MEPS) data for sampled HRC grade subsets further support this finding.¹⁰⁰ This indicates that dumped and subsidised goods from China are price leading within the Australian market, and that other sources of imports are not having a meaningful impact in this regard.

The commission's analysis is at **Confidential Attachment 24 – Other factors causing injury**.

9.9 Materiality of dumping and subsidisation causing injury

The Commissioner is satisfied that the Australian industry has experienced material injury caused by dumped and subsidised goods in the investigation period.

The term 'material' in the context of determining whether material injury has been or is being caused is not defined in the Act. However, the Material Injury Direction¹⁰¹ directs the commission to consider 'material injury' to be injury that is not 'immaterial, insubstantial or insignificant'. There is no threshold amount that is capable of general application and identifying material injury will depend on the circumstances of each case and will differ from industry to industry and from time to time. A material injury assessment involves a range of factors that are considered together, and no one or several of these factors can necessarily give decisive guidance.

The Material Injury Direction also directs that, where some uncertainty arises over establishing the requirements for material injury where other factors (i.e. other than dumping and subsidisation) may be contributing to injury suffered by the industry,

¹⁰⁰ MEPS pricing data for HRC – included in **Confidential Attachment 24 – Other factors causing injury**. The commission obtained confidential data from 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.'

¹⁰¹ *Ministerial Direction on Material Injury 2012* (ADN No 2012/24).

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dumping and subsidisation need not be the sole causes of injury to the Australian industry.

When considering the materiality of the injury caused by dumping and subsidisation, the commission had regard to several factors, including:

- the size of the dumping and subsidy margins
- the magnitude of price undercutting by dumped and subsidised imports
- the importance of price in purchasing decisions and the transparency of pricing
- the change in the volume and market share of imports and of the Australian industry

The commission found that the volume of dumped and subsidised goods exported from China increased over the injury analysis period. Further, the volume of dumped and subsidised goods from China continued to grow during the investigation period despite a contraction in the size of the Australian market.

As outlined in chapter 9.5.1, the commission found that the Australian industry's selling prices were undercut by dumped and subsidised goods sold during the investigation period. Due to the levels of dumping and subsidisation ascertained during the investigation period, the dumped and subsidised goods from China competed in the Australian market at a relatively lower price point than would have been the case had the goods not been dumped and subsidised.

The commission considers that the Australian industry sought to arrest or mitigate the decrease in its sales volumes and market share by reducing its prices in response to increasing competition from dumped and subsidised goods in the investigation period. However, the Australian industry did so at the expense of its profit margin, which led to a material loss of profit and profitability in the investigation period (Figure 8 in chapter 8 refers). The commission considers that despite the Australian industry reducing its prices in response to increasing competition from dumped and subsidised imports in the investigation period, its prices were still undercut by imports from China. As the Australian industry's prices were undercut by dumped and subsidised goods in the investigation period, the Australian industry has forgone sales volumes and market share to imports from China at a time when the market was already contracting.

When considered in totality, the commission is satisfied that the injury experienced by the Australian industry caused by dumped and subsidised goods is not immaterial, insubstantial or insignificant. Therefore, the Commissioner is satisfied that exports of the dumped and subsidised goods from China caused material injury to the Australian industry producing like goods.

10 WHETHER DUMPING AND SUBSIDISATION MAY CONTINUE

10.1 Findings

The Commissioner is satisfied that exports of the goods to Australia from China may continue in the future at dumped and subsidised prices.

10.2 Introduction

To publish a notice under sections 269TG(2) and/or 269TJ(2) the Minister must be satisfied that, among other things, dumping and subsidisation may continue.

In assessing whether dumping and subsidisation may continue, the Commissioner considers the term ‘may’ to mean ‘possible’.

10.3 Whether dumping and subsidisation may continue

In assessing whether dumping and subsidisation may continue, the commission has had regard to the following:

- dumping and subsidisation in the investigation period
- competition between Chinese suppliers
- sales volumes in the Australian market
- distribution links and
- production capacity.

10.3.1 Dumping and subsidisation in the investigation period

In assessing whether dumping and subsidisation may continue, the Commissioner considers prior evidence of dumping and subsidisation to be a relevant consideration in that assessment. Table 30 outlines the rates of dumping and subsidisation found in this investigation.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	59.1%		
Zhanjiang		38.1%		
Meishan		54.9%		
LY Steel	<i>Ad valorem</i>	41.6%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	3.4%	79.0%	82.4%

Table 30: Effective rates of duty for exporters from China

As set out in Table 30, the commission found that the goods were exported to Australia from China at dumped and subsidised prices during the investigation period. The combined dumping and subsidy margins were found to range between 38.1% and 82.4% and the volumes were found to be significant. Chinese import prices for HRC have been consistently the lowest in the market since 2023 and imports from China have continued

beyond the investigation period. Chinese exporters maintain distribution links to the Australian market.

The subsidy programs found to be countervailable in this investigation are similar in nature to those that have been identified in multiple other inquiries involving HRC as an input product over an extended period of time. Further, many of the programs identified by the exporters during this investigation are of an ongoing nature and therefore likely to continue. The commission also identified evidence that there is currently an overproduction of steel product in China, including HRC, and therefore considers that Chinese manufacturers are likely to continue to look to export markets, including Australia, in the future. The commission is therefore satisfied that dumping and subsidisation may continue into the future.

10.3.2 Competition

Evidence before the commission suggests that Australian industry and importers compete to supply the Australian market with price being a relevant consideration in customers purchasing decisions. Given the substitutability of the goods from China, sourcing from an import source is a relevant consideration in customers' purchasing decisions. The nature of competition in the Australian market is such that the multiple exporters of the goods may continue to compete by exporting the goods at dumped and subsidised prices in the future.

10.3.3 Volume trends

The commission considers that the trend in increasing sales volumes of imported goods from China over the investigation period indicates that, dumped and subsidised goods are increasingly being preferred over those being sold by the Australian industry. Therefore, exporters of the goods may have an incentive to continue selling goods to importers at dumped and subsidised prices so that importers remain competitive on price and continue to increase their sales volumes in the Australian market.

The commission examined import volumes from the ABF import database following the end of the investigation period. The commission observed that imports from China and the volume of these imports represented the majority share of total import volumes from all sources.¹⁰²

10.3.4 Distribution links

The commission identified that importers of the goods have existing supply arrangements with Chinese exporters, which were in place prior to and during the investigation period. The commission considers that these importers are established importers and distributors of HRC steel in the Australian market and therefore will likely remain major participants in the Australian market on the presumption that those goods are sold at dumped and subsidised prices.

¹⁰² Volume by country in ABF import data analysis at **Confidential Attachment 21 – Economic condition of the Australian industry – Volume effects**.

10.3.5 Available production capacity

Evidence before the commission suggests that continued GOC involvement in the steel industry has materially contributed to the industries overcapacity. According to the OECD Steel Outlook 2025 report, the global steel market is in a precarious state with excess capacity growing at unsustainably high levels.¹⁰³ Asian economies are expected to account for 60% of the new capacity, led by substantial increases in China, India and the Association of Southeast Asian Nations (ASEAN).¹⁰⁴ The commission considers that this excess production capacity may induce manufacturers of the goods to continue exporting the goods to Australia at dumped and subsidised prices.

10.3.6 Commissioner's assessment

Based on the available evidence, the Commissioner is satisfied that exports of the goods from China may continue in the future at dumped and subsidised prices.

¹⁰³ *OECD Steel Outlook 2025*, OECD Publishing, Paris, 2025, doi:10.1787/28b61a5e-en, page 16 (OECD Steel Outlook 2025).

¹⁰⁴ *OECD Steel Outlook 2025*, page 16.

11 NON-INJURIOUS PRICE

11.1 Finding

The Commissioner finds that the Minister is not required to have regard to the desirability of specifying a method of calculating IDD and ICD and such that the sum of the export price (of the goods ascertained for the purposes of the notices), the ICD (where relevant) and the IDD, do not exceed the NIP in accordance with sections 8(5B), 8(5BA) and 10(3D) of the Dumping Duty Act (the lesser duty rule). This is due to the operation of sections 8(5BAA), 8(5BAAA) and 10(3DA) of the Dumping Duty Act which provides that the Minister is not required to have regard to the lesser duty rule where the normal value of the goods was not ascertained under section 269TAC(1) of the Act because of the operation of section 269TAC(2)(a)(ii): chapter 6 of this report refers. Although not required to have regard to the lesser duty rule, the Minister maintains discretion to do so.

The Commissioner considers that, in relation to all exporters from China, it is not desirable for the Minister to specify a method of calculating ICD and IDD in accordance with the lesser duty rule. Notwithstanding the Commissioner's consideration, the Minister retains this discretion. Therefore, the commission has calculated a NIP.

The calculation of the NIP is at **Confidential Attachment 25 – Non-injurious price.**

11.2 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 IDD, section 8 (5B) of the Dumping Duty Act applies and where the Minister is required to determine both ICD and IDD, sections 8(5BA) and 10(3D) of the Dumping Duty Act apply. Sections 8 (5B), 8(5BA) and 10(3D) require the Minister to have regard to the 'lesser duty rule'. In respect of a dumping notice, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price and the IDD, does not exceed the NIP. In respect of concurrent dumping and countervailing notices, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price, the ICD and the IDD, does not exceed the NIP.

However, pursuant to sections 8(BAA), 8(5BAAA) and 10(3DA) of the Dumping Duty Act, the Minister is not required to have regard to the lesser duty rule where one or more of the following circumstances (exceptions) apply:¹⁰⁵

- the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii)

¹⁰⁵ Sections 8(5BAAA)(a) to (c) of the Dumping Duty Act concern the calculation of dumping duty and sections.

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- 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 enterprises¹⁰⁶
- if an exporter of the goods has received a countervailing subsidy in respect of the goods – where the exporter’s country has not complied with article 25 of the World Trade Organization (WTO) *Agreement on Subsidies and Countervailing* for the compliance period.

Where any of the above exceptions apply, the Minister is not required to consider the lesser duty rule but may still exercise the discretion to do so.

11.3 Findings and consideration of the lesser duty rule

In accordance with sections 8(5BAA), 8(5BAAA) and 10(3DA) of the Dumping Duty Act, the Commissioner finds that the Minister is not required to have regard to the application of the lesser duty rule in relation to the exports of the goods by all exporters because the commission did not ascertain the normal values of all exporters under section 269TAC(1) due to the operation of section 269TAC(2)(a)(ii)¹⁰⁷ but may still exercise the discretion to do so.

The Commissioner considers that in relation to all exporters from China, it is not desirable for the Minister to specify a method of calculating IDD or ICD and IDD such that the sum of the ascertained export price and IDD or the sum of the export price, the ICD and the IDD payable does not exceed the NIP.

The Commissioner notes that, notwithstanding the Commissioner’s consideration noted in the preceding paragraph, the Minister retains the discretion to apply a lesser amount of duty. Therefore, the commission has calculated a NIP in this investigation.

11.4 Calculation of the NIP

The legislation does not prescribe a method of calculating a NIP, but there are several methods outlined in the Manual.¹⁰⁸ The Commissioner generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping and subsidisation. The Commissioner refers to this price as the ‘unsuppressed selling price’ (USP).

11.4.1 Unsuppressed selling price

The Manual provides that the Commissioner normally uses one of the following approaches, for establishing a USP, subject to the facts of the case:

- Australian industry’s weighted average selling prices in a period unaffected by dumping and subsidisation,

¹⁰⁶ As defined in *Customs (Definition of ‘Small-Medium Enterprise’) Determination 2013*.

¹⁰⁷ Chapter 6 of this report refers.

¹⁰⁸ Anti-Dumping Commission, [Dumping and subsidy manual](#), Department of Industry, Science, Energy and Resources, December 2021, pages 106–100 (chapter 24.3) (Dumping and Subsidy Manual).

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- a constructed approach, using the Australian industry's CTMS and adding a reasonable amount for profit,
- selling prices of undumped and unsubsidised imports in the Australian market.

The commission examined the options for establishing a USP set out in the Manual and concluded that the most suitable approach in this case is the constructed USP.

11.4.2 Australian industry sales prices in a period unaffected by dumping and subsidisation

The commission considers Australian industry selling prices to be unsuitable for determining the USP because it is not possible to say that there has been any period since 2011 that has been unaffected by dumping. In reaching this conclusion, the commission considered:

- Measures were first imposed on HRC exported from Japan, Korea, Malaysia and Taiwan in December 2012, following INV 188 that examined the period 1 April 2011 to 31 March 2012. INV 188 found dumping in relation to goods exported from all countries and all exporters subject to the investigation.
- In the subsequent continuation inquiries (CON 400 and CON 594), that examined the investigation periods of 2016 and 2021 respectively, it was found that imports from Taiwan were dumped and likely to continue to be dumped.
- ABF import data examined for this investigation showed that the volume of imports from Taiwan remained relatively stable since the last continuation inquiry until 2021, when the price of imports from China generally dropped below the price of imports from Taiwan. From 2021, Chinese imports started to gain market share from Australian producers and Taiwanese imports. The average price of imports from China decreased steadily in 2021 and 2022 and remained the lowest in the market but relatively stable since 2023.
- This SEF has concluded that the goods from China have been imported at dumped prices during the investigation period for this investigation (1 October 2023 to 30 September 2024).

11.4.3 Constructed USP

The second option described in the Manual uses a constructed USP that is the sum of a weighted average of the most recent verified Australian industry CTMS from the investigation for a minimum period of one year to allow for seasonal fluctuations and longer cyclical trends to be considered.¹⁰⁹

The commission assessed the suitability of a constructing a USP and observed that the Australian industry's unit CTMS remained steady over the three-year period from 2022 to 2024. This three years of CTMS data is considered a suitable basis for construction of the USP. Over the same period, the Australian industry's profit was found to have reduced significantly in 2023 and 2024, which can be attributed to falling prices and a reduction in unit revenue, rather than an increase in CTMS. The change in the Australian industry's profitability coincides with the fall in import prices of the goods from China in 2023 onwards and a finding that a large proportion of the goods imported from China were

¹⁰⁹ Dumping and Subsidy Manual, page 106.

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dumped and subsidised at margins and in volumes that were not negligible in the investigation period. However, the commission noted that BlueScope was able to achieve a reasonable level of profit in 2022, which coincided with the peak of Chinese and Taiwanese import prices. The commission therefore considers that the profit rate achieved in 2022 is a reasonable level of profit for the purposes of constructing a USP.

11.4.4 Calculation of the NIP

The Commissioner has calculated a NIP by deducting from the USP the costs incurred in transporting the goods at free on-board export terms to the relevant level of trade in Australia for each exporter from China for which the Commissioner proposes to implement measures. The deductions include inland freight, port handling and other charges, marine insurance, and ocean freight.

The calculation of the NIP is at **Confidential Attachment 25**.

12 FORM OF MEASURES

12.1 Findings

The Commissioner recommends to the Minister that dumping measures, using the combination duty method for the 3 Baosteel manufacturers and the *ad valorem* duty method for LY Steel, be imposed in the form of a dumping duty notice in respect of IDD that may become payable by importers of the goods from China.

The Commissioner also recommends to the Minister that dumping and countervailing measures, using the *ad valorem* duty method for all other exporters, be imposed in the form of a dumping and countervailing duty notice in respect of ICD and IDD that may become payable by importers of the goods from China.

Table 31 summarises the effective rates of duty and form of measures for all exporters from China.

Exporter	Duty method	Effective rate of IDD (%)		
Baoshan	Combination	59.1%		
Zhanjiang		38.1%		
Meishan		54.9%		
LY Steel	<i>Ad valorem</i>	41.6%		
Exporter	Duty method	Effective rate of ICD (%)	Effective rate of IDD (%)	Combined ICD & IDD (%)
All other exporters	<i>Ad valorem</i>	3.4%	79.0%	82.4%

Table 31: Effective rates of duty for all exporters from China

In accordance with commission practice,¹¹⁰ because the applicant has not claimed that there is a need for the notice to be retrospective, the commission has not assessed whether the circumstances required to be satisfied to enable a retrospective notice to be issued exist.

12.2 Form of proposed measures

12.2.1 Forms of dumping duty available

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the forms of duty available to the Minister when imposing anti-dumping and countervailing measures. They include:

- fixed duty method (\$X per unit)
- *ad valorem* duty method
- floor price duty method
- combination duty method.¹¹¹

¹¹⁰ Dumping and Subsidy Manual, page 146.

¹¹¹ *Customs Tariff (Anti-Dumping) Regulation 2013*, section 5.

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The various forms of duty all have the purpose of removing the injurious effects of dumping and subsidisation. However, in achieving this purpose, certain forms of duty will better suit particular circumstances. When considering which form of duty to recommend to the Minister, the Commissioner will have regard to the published *Guidelines on the Application of Forms of Dumping Duty November 2013* (the Guidelines) and relevant factors in the market for the goods.¹¹²

12.2.1.1 Fixed duty method

A fixed duty method operates to collect a fixed amount of duty per unit, regardless of the actual export price of the goods. The fixed duty is determined when the Minister exercises their powers to ascertain an amount for the export price and the normal value.

The fixed duty method (e.g. \$X per unit) is:

- less suitable in circumstances where there:
 - is a changing (rising or falling) market: as the 'effective' rate of this duty diminishes in a rising market and increases in a declining market (which can have adverse effect on downstream industries) and is more likely to lead to applications for the measures being reviewed.
 - are many models of the goods that have significantly different prices: as the 'effective' rate of duty is proportionally too high for lower priced models and too low for higher priced models.
- more suitable where there:
 - are complex company structures with related parties which makes varying the declared exported price simpler and therefore, circumvention of the measures more likely (a fixed rate is applied per unit and is therefore not susceptible to price variations), or
 - is a stable market.

12.2.1.2 *Ad valorem*

The *ad valorem* duty method applies a proportion of the actual export price of the goods. An *ad valorem* duty is determined for the product as a whole. This means that a single ascertained export price is required when determining the dumping and/or subsidy margin. The *ad valorem* duty method is the simplest and easiest form of duty to administer when delivering the intended protective effect.

The *ad valorem* duty method is:

- more suitable where there:
 - are many models of the goods that have significantly different prices: as the 'effective' rate of duty adjusts to the differently priced goods and has a similar effect on both lower and higher priced models.
 - is a changing (rising or falling) market or a product subject to frequent price fluctuations: as the effectiveness of the duty does not change where there are market-based pricing fluctuations.

¹¹² Anti-Dumping Commission, [Guidelines on the Application of Forms of Dumping Duty November 2013](#), Australian Government, 2013.

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- less suitable in circumstances where there:
 - are complex company structures with related parties which makes reducing the declared exported price simpler and therefore it may make circumvention of the measures more likely.

12.2.1.3 Floor price duty method

The floor price duty method sets a 'floor'. For example, for floor price set at a normal value of \$100 per tonne, duty is collected when the actual export price is less than that normal value of \$100 per tonne. The floor price is either the normal value or the NIP, whichever becomes applicable under the duty collection system.

The floor price duty method is:

- less suitable in circumstances where there:
 - is a changing (rising or falling) market: as the 'effective' rate of this duty can reduce to zero in a rising market and become well above market prices in a declining market.
 - are many models of the goods that have significantly different prices: as the 'effective' rate of duty is likely too high for lower priced models and non-existent for higher priced models.
 - are complex company structures with related parties which makes increasing the declared export price above the floor price simpler and therefore makes circumvention of the measures more likely.
- more suitable:
 - Where there is a stable market.
 - in combination with a fixed or *ad valorem* duty.

12.2.1.4 Combination duty method

The combination duty method consists of 2 elements:

- **The 'fixed' element:** The fixed element is determined when the Minister exercises powers to 'ascertain' an amount (i.e. set a value) for the export price and the normal value. The fixed element may take the form of either:
 - A fixed duty (\$X per unit) or
 - An *ad valorem* duty (a percentage applied to the higher of the ascertained export price or the actual export price) or
 - A combination of both forms
- **The 'variable' element:** If the actual export price is lower than the ascertained export price, the variable element is the difference between the ascertained export price and the actual export price. The variable element operates in a similar manner to a floor price duty, except that it is calculated with reference to the ascertained export price, rather than the ascertained normal value.

In considering whether the combination duty is the most suitable form of duty, it is necessary to consider the suitability of the various parts of the combination duty, as discussed above in the paragraphs on fixed, *ad valorem* and floor price duty methods.

12.2.2 Commission's consideration on form of proposed measures

The commission's consideration for the form of measures has weighed the merits and disadvantages associated with the various forms of measures outlined in chapter 12.2.1 above, and analysed them in the context of the nature of the importations of the product, the market variability and the companies involved in the importations.

12.2.2.1 Product complexity and price variations

According to the guidelines, the *ad valorem* method is most suitable duty method for products that have a high degree of price variability across different models subject to the measures. This is because the *ad valorem* method, being based on a percentage of the actual export price, adapts to changes in pricing, with the effective rate of duty being more for higher priced models and less for lower priced models.

The commission's analysis indicates that there are many different MCCs imported and sold in the Australian market and that these models can vary in price substantially. Therefore, the commission considers that for most exporters, the *ad valorem* duty method is the most reasonable with respect to product complexity and price variation.

The commission's analysis of price variation between different models of the goods is in **Confidential Attachment 26 – Price variations**.

12.2.2.2 HRC prices in the market

According to the guidelines, the fixed duty and floor price duty methods are most suitable in markets with relatively stable pricing. An *ad valorem* duty is considered more suitable in a rising or falling market but the guidelines do not state that there are any disadvantages to an *ad valorem* duty in the context of a stable market.

Based on third party global trade data, the commission observed that the global HRC prices have remained stable with a very slight downward trend from mid-2022 to late 2025, with the period affected by the COVID pandemic exhibiting greater price fluctuations. Global HRC prices also experienced a significant temporary surge and high volatility from late-2020 to mid-2022. For most global HRC markets, the most recently report prices from October 2025 were similar to the market prices in mid-2020.

Given the relatively stable prices in the HRC market, the commission considers that market volatility does not provide a rationale for avoiding a fixed or floor price duty method or a fixed or floor price based variable element in a combination duty method. The commission considers that the *ad valorem* method is also a suitable duty method in a stable market.

The commission's analysis of global trade data is in **Confidential Attachment 2 – Benchmark data**.

12.2.2.3 Complex company structures

According to the guidelines, the main disadvantage of the *ad valorem* duty is that export prices may be able to be lowered to avoid the effects of the duty, with the actual amount of duty payable being lower when the actual export price is lower. The guidelines also note that a combination duty method is suited to circumstances where there are complex

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company structures with related parties in the export transaction, because complex company structures increase the likelihood of circumvention.

In the case of the Bao Australia and the 3 Baosteel manufacturers, all three exporters, the importer and the trading company (Howa Trading) are related by common ownership. According to Bao Australia, the importer does not set sales prices to Australian customers based on monthly prices lists and market prices in Australia, but instead, prices are set by the manufacturers and provided to the customers after an order is placed. Further, Bao Australia and Howa Trading are the common importer and trading company for export sales from all 3 Baosteel manufacturers and can therefore order from any of the 3 Baosteel manufacturers. In the context of this complex company structure, the commission considers that it is reasonable for the duty method to incorporate a floor price based duty method and therefore the commission considers a combination duty including the combination of an *ad valorem* fixed element and a variable 'floor price' element calculated based on the difference between the actual export price and the ascertained export price is the most suitable method.

In the case of LY Steel, the commission observed that all export sales to Australia were made to importers that were not related to LY Steel and all export sales to Australia were found to be made at 'arms length', refer to chapter 6.5.3.4. The commission observed no evidence of complex company structures that might increase the risk of circumvention in the circumstance of LY Steel only being subject to an *ad valorem* duty.

In the case of all other exporters, the commission notes that the *ad valorem* duty method is calculated with reference to the lowest ascertained export price (AEP) of all the selected exporters and the highest normal value, resulting in the highest *ad valorem* duty. In this context, the commission considers that a combination duty comprising of an *ad valorem* duty and a floor price calculated with reference to the AEP would add limited additional protection to the Australian industry beyond an *ad valorem* duty. Considering the suitability of the *ad valorem* duty in the context of the high price variations of different models of HRC and the stable market, the commission considers that the *ad valorem* duty method is the most suitable for all other exporters.

12.2.3 Recommendation on form of measures

The commission's consideration for the form of measures has weighed the merits and disadvantages associated with the various forms of measures outlined in chapter 12.2.1 above and the specific circumstances related to the products and the parties as outlined in chapter 12.2.2. Given that HRC is a product with a large range of models, in a market that, while the price is currently relatively stable, can be subject to fluctuations, the commission considered that the form of duty recommended for all exporters should include an *ad valorem* duty component.

In relation to the 3 Baosteel manufacturers, the commission also considered the complex company structure, including the relationship between the importer, trader and exporters and how prices are set, as well as the relationship between the 3 Baosteel manufacturers. In the context of the complex company structure, the commission considers that a combination duty including a fixed *ad valorem* component and a variable 'floor price' component calculated with reference to the AEP is most suitable.

Table 31 shows the combined effective rates of IDD and ICD payable and the form of measures applying to all exporters of the goods from China.

12.3 Retrospective notices

According to the Manual,¹¹³ the Commission's practice is to consider retrospective duties only when an applicant makes such a claim and provides reasonable evidence of that claim. In the absence of an applicant's claim, analysis of whether the test for the imposition of a retrospective notice has been met is not usually undertaken.

In this case, the applicant, BlueScope, has not made a claim in relation to retrospective duties and therefore, the commission has not assessed whether the circumstances required to be satisfied to enable a retrospective notice to be issued exist.

12.4 Exemption notices

The Commissioner recommends that exemptions apply to the exemption goods outlined in chapter 3.7 and restated below in chapters 12.4.1 and 12.4.2 that were requested by Bisalloy and Baosteel. The commission has recommended that the Minister publish exemption notices in relation to these goods.

As explained in chapter 3.7, for all other exemptions requested in submissions after SEF 658, the Commissioner considers that it currently has insufficient information to assess these exemption requests and has therefore not yet made a recommendations to the Minister about these exemptions in this report. The Commissioner will assess these requests in separate inquiries to this investigation. Once the Commissioner commences an inquiry, the commission will inform BlueScope – as the sole Australian industry – the applicants and other interested parties.

12.4.1 Recommended exemption as per Bisalloy's application

Hot rolled coil steel, in sheet [or coil] form, alloyed, grade Q690MD, complying with standard GB/T 1591 version GB/T 1591-2008 or later, having all of the following:

- base metal thickness at or between 3 mm and 4 mm
- width at or between 1000 mm and 1830 mm
- length at or between 6000 mm and 10,000 mm
- chemical composition, by weight, not greater than:
 - 0.12% carbon content
 - 0.4% silicon content
 - 2.0% manganese content
 - 0.025% phosphorus content
 - 0.010% sulphur content
 - 0.11% niobium content
 - 0.20% titanium content
 - 0.12% vanadium content

¹¹³ Dumping and Subsidy Manual, page 146 (chapter 39.2).

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- chemical composition, by weight, not less than 0.015% acid-soluble aluminium content.

12.4.2 Recommended exemption as per Baosteel's application

Hot rolled coil steel, in sheet or coil form, that conforms to all of the following:

- Steel grade BS700MCK2 or BS700MCK4 under standard Q/BQB 316-2018 or later version.
- Minimum yield strength at or above 680 MPa.

13 RECOMMENDATIONS

13.1 Findings

The Commissioner has found that the dumping and subsidisation of the goods exported to Australia from China have caused material injury to the Australian industry producing like goods.

13.2 Recommendations

The Commissioner recommends the Minister **be satisfied that**:

- in accordance with subsection 269TAB(3), sufficient information has not been furnished or is not available to enable the export price of goods exported to Australia from China by 'all other exporters' to be ascertained under the preceding subsections of section 269TAB.
- in accordance with section 269TAC(2)(a)(ii), the normal value of the goods exported to Australia from China by Baoshan, Zhanjiang, Meishan, and LY Steel cannot be ascertained under section 269TAC(1) because the situation in the market of China is such that sales in that market are not suitable for use in determining a price under section 269TAC(1);
- in accordance with subsection 269TAC(6), sufficient information has not been furnished or is not available to enable the normal value of goods exported to Australia from China by 'all other exporters' to be ascertained under the preceding subsections of section 269TAC (other than subsection (5D)).
- the weighted average of export prices over the investigation period is less than the weighted average of corresponding normal values over that period and therefore, in accordance with section 269TACB(4) of the Act:
 - the goods are taken to have been dumped;
 - the dumping margin for those goods is the difference between the weighted average of export prices during the investigation period and the weighted average of normal values during that period, as set out in chapter 6;
- in accordance with section 269TACD(1), countervailable subsidies have been received in respect of the goods by 'all other exporters';
- in accordance with section 269TG(1), the amount of the export price of the goods that have been exported to Australia from China is less than the amount of the normal value of those goods and because of that material injury to an Australian industry producing like goods would have been caused if security under section 42 had not been taken;
- in accordance with section 269TG(2), the export price of the goods that have already been exported to Australia from China is less than the normal value of those goods and the export price of the goods that may be exported to Australia from China in the future may be less than the normal value of the goods and

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because of that, material injury to the Australian industry producing like goods is being caused;

- in accordance with section 269TJ(1), countervailable subsidies have been received in respect of the goods that have been exported to Australia from China by ‘all other exporters’, and because of that, material injury to an Australian industry producing like goods would have been caused if security under section 42 had not been taken;
- in accordance with section 269TJ(2), countervailable subsidies have been received in respect of the goods that have already been exported to Australia from China, and may be received in respect of like goods that may be exported to Australia from China in the future and because of that, material injury to the Australian industry producing like goods is being caused;
- in accordance with section 269TJA(1), that as to HRC that have been exported to Australia from China:
 - a. the export price of the goods is less than the normal value of those goods; and
 - b. countervailable subsidies have been received in respect of the goods; and
 - c. because of the combined effect of the difference in paragraph (a) and of the subsidy referred to in paragraph (b), material injury to the Australian industry producing like goods is being caused;
- in accordance with section 269TJA(2):
 - a. the export price of like goods that have already been exported to Australia from China is less than the normal value of those goods and the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods; and
 - b. countervailable subsidies have been received in respect of the goods that have already been exported to Australia from China and may be received in respect of like goods that may be exported to Australia in the future; and
 - c. because of the combined effect of the difference referred to in paragraph (a) and of the subsidy referred to in paragraph (b), material injury to the Australian industry producing like goods is being caused.

The Commissioner recommends the Minister **determine:**

- having had regard to sections 269TAAC(2) and (3), and in accordance with sections 269TAAC(4) and (5), that all relevant subsidies listed as countervailable at Appendix E to this report are specific having regard to all matters from sections 269TAAC(2), (3), (4) and (5) of the Act;
- in accordance with section 269TAAD(4), and for the purpose of working out the cost of goods and determining whether the price paid for like goods sold in the country of export in sales that are arms length transactions are taken to have been in the ordinary course of trade, that the amounts for the cost of production or manufacture of HRC in China and the administrative, selling and general costs

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associated with the sale of those goods are as set out in Confidential Attachments 6, 8, 10 and 16;

- in accordance with section 269TAA(3)(b), that the costs necessarily incurred in the importation and sale of HRC are as set out in Confidential Attachments 3A, 4A and 5A;
- being satisfied that section 269TAB(1)(a) applies, that with respect to the sales that LY Steel made directly to the Australian customer is the price paid or payable for the goods by the importer, other than any part of that price that represents a charge in respect of any other matter arising after exportation, as set out in Confidential Attachment 15;
- in accordance with section 269TAB(1)(c), having regard to all the circumstances of the exportation of the goods from China to Australia, where appropriate for the sales that LY Steel made to the Australian customer through a trader that the export prices are as set out in Confidential Attachment 15;
- in accordance with section 269TAB(1)(c), having regard to all the circumstances of the exportation of the goods from China to Australia, in respect of the sales by Baoshan, Meishan and Zhanjiang that the export prices are as set out in Confidential Attachments 3, 4 and 5;
- in accordance with section 269TAB(3), having regard to all relevant information, that the export price for all other exporters is as set out in Confidential Attachment 19;
- for the purpose of paragraph 269TAC(2)(c) and in accordance with subsections 269TAC(5A), 269TAAD(4) and the Regulations:
 - the cost of production or manufacture of the goods produced in China by Baoshan, Zhanjiang, Meishan, and LY Steel to be the amounts set out in Confidential Attachments 6, 8, 10 and 16; and
 - the administrative, selling and general costs associated with the sale of the goods by Baoshan, Zhanjiang, Meishan, and LY Steel in China to be the amounts set out in Confidential Attachments 6, 7, 8, 9, 10, 11, 16 and 17; and
 - the profit on those sales to be the amounts set out in Confidential Attachments 6, 7, 8, 9, 10, 11, 16 and 17

with adjustments as necessary under subsection 269TAC(9) as set out in Confidential Attachments 7, 9, 11 and 17 to REP 658.

- in accordance with section 269TAC(6), having regard to all relevant information, that the normal value for all other exporters is as set out in Confidential Attachment 19;
- having applied section 269TACB(2)(a) and in accordance with sections 269TACB(1) and (4), that the goods exported to Australia from China are taken to have been dumped, and the dumping margins for all exporters from China in respect of those goods is the difference between the weighted average export prices of the goods over the investigation period and the weighted average of

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corresponding normal values over that period as set out in Confidential Attachments 12, 13, 14, 18 and 19;

- in accordance with section 269TACC(1), that, having regard to all relevant information and sections 269TACC(2) and (3), that, in respect of the Programs set out in Appendix E and identified as a 'countervailable subsidy for the goods', financial contribution confers a benefit;
- in accordance with section 269TACD(1), that the amount of countervailable subsidy received in respect of the goods by 'all other exporters', expressed as a percentage of the ascertained export price, is as set out in Confidential Attachment 20;
- in accordance with section 8(5) of the Dumping Duty Act, that the interim dumping duty payable in respect of the goods exported to Australia from China by Baoshan, Meishan and Zhanjiang is an amount which will be worked out in accordance with the Combination of fixed and variable duty method pursuant to section 5(2) of the *Customs Tariff (Anti-Dumping) Regulation 2013*;
- in accordance with section 8(5) of the Dumping Duty Act, that the interim dumping duty payable in respect of the goods exported to Australia from China by LY Steel and 'all other exporters' is an amount which will be worked out in accordance with the *ad valorem* duty method pursuant to section 5(7) of the *Customs Tariff (Anti-Dumping) Regulation 2013*;
- in accordance with section 10(3B) of the Dumping Duty Act, that the interim countervailing duty payable in respect of the goods exported to Australia from China by 'all other exporters' is to be ascertained as a proportion of the export price of those particular goods pursuant to section 10(3B)(a);

The Commissioner recommends the Minister **declare**:

- in accordance with section 269TG(1), by public notice, that section 8 of the Dumping Duty Act applies to (subject to section 269TN):
 1. goods exported to Australia from China; and
 2. like goods that were exported to Australia from China after the Commissioner made a PAD under section 269TD on 23 December 2025 but before publication of the notice;
- in accordance with section 269TG(2), by public notice, that section 8 of the Dumping Duty Act applies to like goods that are exported to Australia from China, after the date of publication of the notice;
- in accordance with section 269TJ(1), by public notice, that section 10 of the Dumping Duty Act applies to like goods that are exported to Australia from China by 'all other exporters' (subject to section 269TN):
 - goods exported to Australia from China by 'all other exporters'; and

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- like goods that were exported to Australia from China by ‘all other exporters’ after the Commissioner made a PAD under section 269TD on 23 December 2025 but before publication of the notice;
- in accordance with section 269TJ(2), by public notice, that section 10 of the Dumping Duty Act applies to like goods that are exported to Australia from China by ‘all other exporters’, after the date of publication of the notice.

13.3 Recommendations – exemptions

The Commissioner recommends to the Minister that the exemption goods, as set out in chapters 13.3.1 and 13.3.2 below, **be exempted** from IDD and dumping duty, and ICD and countervailing duty, in accordance with sections 8(7)(a) and 10(8)(a) of the Dumping Duty Act, respectively.

The Commissioner recommends the Minister exempt, in accordance with section 8(7)(a) of the Dumping Duty Act, from interim dumping duty and dumping duty goods covered by the exemption goods descriptions below.

13.3.1 Exempted goods description 1

Hot rolled coil steel, in sheet or coil form, alloyed, grade Q690MD, complying with standard GB/T 1591-2008 or later versions, having all of the following:

- *Base metal thickness at or between 3 mm and 4 mm*
- *Width at or between 1000 mm and 1830 mm*
- *Length at or between 6000 mm and 10,000 mm*
- *Chemical composition, by weight, not greater than:*
 - *0.12% carbon content*
 - *0.4% silicon content*
 - *2.0% manganese content*
 - *0.025% phosphorus content*
 - *0.010% sulphur content*
 - *0.11% niobium content*
 - *0.20% titanium content*
 - *0.12% vanadium content*
- *Chemical composition, by weight, not less than 0.015% acid-soluble aluminium content.*

13.3.2 Exempted goods description 2

Hot rolled coil steel, in sheet or coil form, that conforms to all of the following:

- *Steel grade BS700MCK2 or BS700MCK4, complying with standard Q/BQB 316-2018 or later versions*
- *Minimum yield strength at or above 680 MPa.*

14 APPENDICES AND ATTACHMENTS

Non-Confidential Appendix A	Particular market situation assessment
Non-Confidential Appendix B	Proper comparison of domestic and export prices
Non-Confidential Appendix C	Cost of production in China
Non-Confidential Appendix D	Assessment of subsidy programs
Non-Confidential Appendix E	All subsidy programs assessed
Confidential Attachment 1	Australian market
Confidential Attachment 2	Benchmark data
Confidential Attachment 3	Baoshan – export price
Confidential Attachment 3A	Baoshan – deductive export price
Confidential Attachment 4	Zhanjiang – export price
Confidential Attachment 4A	Zhanjiang – deductive export price
Confidential Attachment 5	Meishan – export price
Confidential Attachment 5A	Meishan – deductive export price
Confidential Attachment 6	Baoshan – CTMS
Confidential Attachment 6A	Baoshan – cost replacement
Confidential Attachment 7	Baoshan – normal value
Confidential Attachment 8	Zhanjiang – CTMS
Confidential Attachment 8A	Zhanjiang – cost replacement
Confidential Attachment 9	Zhanjiang – normal value
Confidential Attachment 10	Meishan – CTMS
Confidential Attachment 10A	Meishan – cost replacement
Confidential Attachment 11	Meishan – normal value
Confidential Attachment 12	Baoshan – dumping margin
Confidential Attachment 13	Zhanjiang – dumping margin

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Confidential Attachment 14	Meishan – dumping margin
Confidential Attachment 15	LY Steel – export price
Confidential Attachment 16	LY Steel – CTMS
Confidential Attachment 16A	LY Steel – cost replacement
Confidential Attachment 17	LY Steel – normal value
Confidential Attachment 18	LY Steel – dumping margin
Confidential Attachment 19	All other exporters – dumping margin
Confidential Attachment 20	All other exporters – subsidy margin
Confidential Attachment 21	Economic condition of the Australian industry – volume effects
Confidential Attachment 22	Economic condition of the Australian industry – price effects
Confidential Attachment 23	Assessment of injury claims
Confidential Attachment 24	Other factors causing injury
Confidential Attachment 25	Non-injurious price
Confidential Attachment 26	Price variations
Confidential Attachment 27	Chinese excess capacity
Confidential Attachment 28	Chinese market assessment – exporter profit domestic vs export
Confidential Attachment 29	Chinese market assessment – slab cost analysis
Confidential Attachment 30	Post-SEF normal value analysis
Confidential Attachment 31	Raw material supplier analysis

APPENDIX A PARTICULAR MARKET SITUATION ASSESSMENT

A.1. Findings

The Commissioner finds that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation (PMS) in respect of the domestic market for HRC in China for the investigation period.

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

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

A.2. Introduction

In its application, BlueScope alleged that:

... during the proposed investigation period (1 July 2023 to 30 June 2024) there exists a PMS in the Chinese domestic market for HRC that renders sales in that market unsuitable for determining normal values under subsection 269TAC(1), due to the influence of the GOC in the Chinese iron and steel industry.

The Commissioner considered that it was reasonable to accept BlueScope's claim that a PMS exists in the Chinese HRC market for the purpose of deciding whether to reject the application or initiate an investigation as outlined in CON 658.¹¹⁴ Accordingly, the commission has examined whether a PMS existed in the Chinese HRC market during the investigation period of 1 October 2023 to 30 September 2024.

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

- the application
- cooperating exporter REQs
- the GOC questionnaire response
- available contemporary evidence (as referenced in this report)
- the findings of previous relevant cases conducted by the commission.

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

¹¹⁴ EPR 658, document number 2, page 13.

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.3. 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 WTO.

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.3.1. Legislation

Section 269TAC(2)(a)(ii) implements, in part, article 2.2 of the WTO *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994* (the Anti-Dumping Agreement, 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 PMS 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,¹¹⁵ 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.¹¹⁶ **Appendix B – Proper comparison of domestic and export prices** 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

¹¹⁵ Pursuant to section 269TAC(2)(a)(ii).

¹¹⁶ In accordance with the findings of the WTO Panel in DS529: Panel Report, *Australia — Anti-Dumping Measures on A4 Copy Paper*, WTO Doc WTO/DS529/R (4 December 2019).

instead by constructed under section 269TAC(2)(c) or determined by reference to prices from a third country under section 269TAC(2)(d).

A.3.2. Policy and practice

The Act does not define or prescribe what is required to reach a finding of a PMS. A PMS may arise when there are a 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). These factors 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.¹¹⁷ 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.¹¹⁸

A.4. Assessing the PMS in this inquiry

A.4.1. Questionnaire sent to the Government of China

The commission sent a questionnaire to the GOC requesting information on the HRC and steel markets in China. The GOC provided a response to this request on 3 February 2025 (RGQ 658).¹¹⁹ The commission has had regard to RGQ 658 as part of its assessment of whether a PMS exists.

¹¹⁷ Dumping and Subsidy Manual, page 29.

¹¹⁸ Dumping and Subsidy Manual, page 29.

¹¹⁹ EPR 658, document number 8.

A.4.2. Evidence and information before the commission

The commission's assessment of a PMS in the domestic Chinese HRC market concerns an assessment of whether the government involvement in the Chinese domestic market for HRC 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 HRC 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*.
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 Report 2024).
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.

A.5. 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.¹²⁰ 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.

¹²⁰ World Steel Association (WorldSteel), '[World Steel in Figures 2025](#)', WorldSteel website, June 2025, accessed 20 June 2025.

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

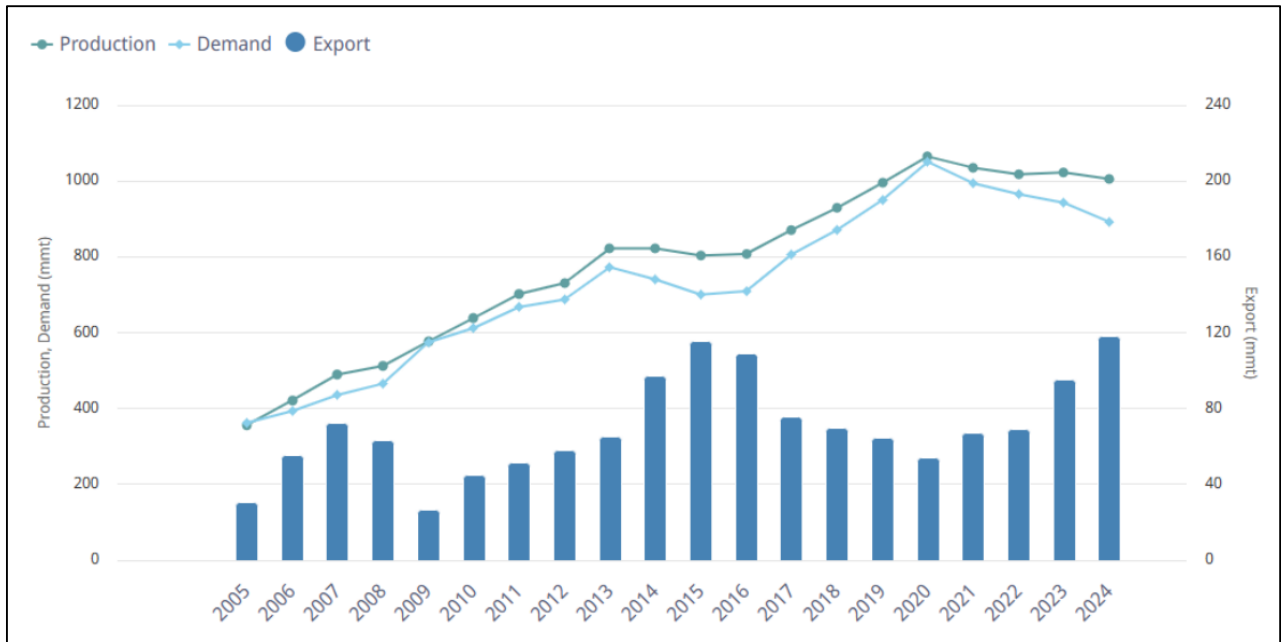


Figure 12: China’s steel production, demand and exports¹²¹

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 12 indicates that exports increase when production and demand diverge.

A.6. 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 market and the HRC market.

The GOC considers that the steel industry is a pillar of the national economy.¹²² 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.

¹²¹ OECD Steel Outlook 2025.

¹²² 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, 22 September 2025, accessed 25 September 2025.

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- 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.6.1. 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 [the goods], are determined by the relevant economic factors and conditions in China, and are influenced by international prices.'

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.'¹²³ 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, 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' or that a PMS assessment must be based on evidential comparison with other markets.

A.6.2. Excess capacity

The commission considers that the Chinese steel market continues to maintain excess capacity.¹²⁴ Excess capacity distorts market conditions by creating an oversupply of steel resulting in reduced prices and profitability of steelmakers.

¹²³ Panel Report, *Australia — Anti-Dumping Measures on A4 Copy Paper*, WTO Doc WTO/DS529/R (4 December 2019).

¹²⁴ The Global Forum on Steel Excess Capacity (GFSEC) defines excess capacity as the 'gap between demand for steel and the capacity to produce steel.'

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.¹²⁵ Figure 13 shows the commission’s calculation of excess steel capacity in China from 2020, based on OECD data. The underlying analysis is at **Confidential Attachment 27 – Chinese excess capacity**.

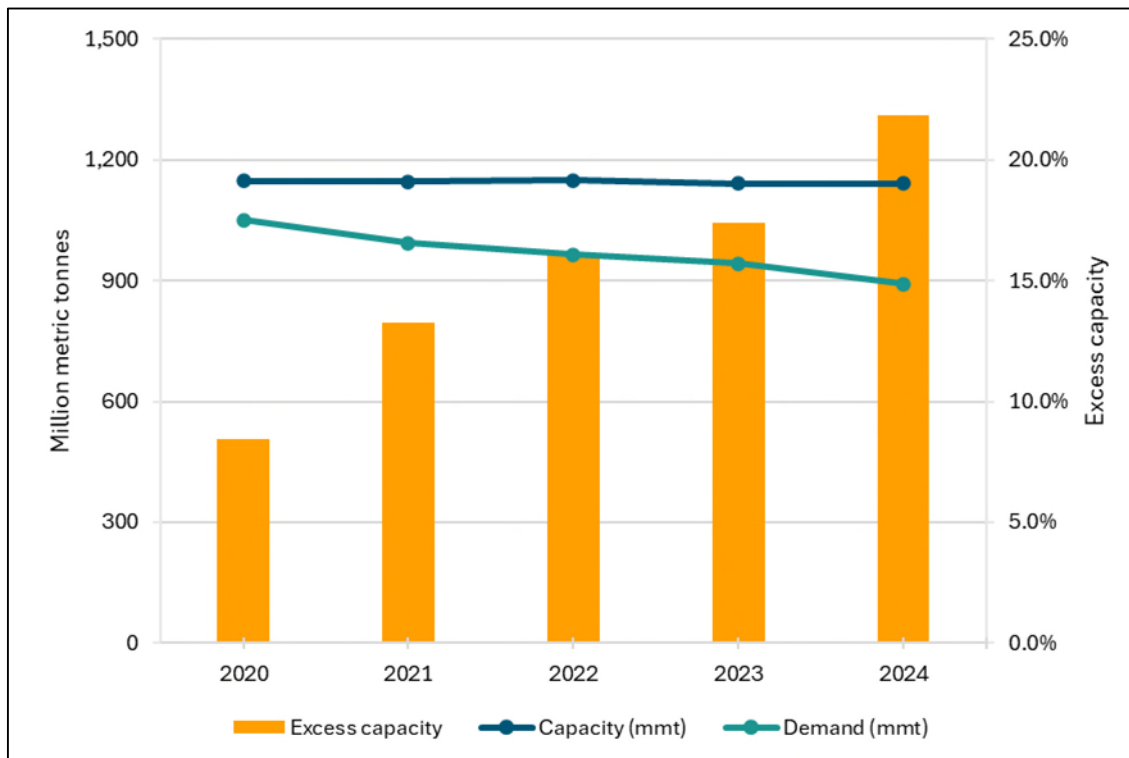


Figure 13: Chinese steel excess capacity (source: Confidential Attachment 27)

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.

A.6.2.1. 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.¹²⁶

This is supported by data from CREA (shown in Figure 14) which estimates that Chinese steel market profitability has severely deteriorated since 2021. Figure 14 also demonstrates a consistent and increasing oversupply of steel in China.¹²⁷

¹²⁵ Comparison between crude steel demand (Table 4.1) and steelmaking capacity (Table 2.1) in OECD Steel Outlook 2025.

¹²⁶ GFSEC, ‘[Steel exports, trade remedy actions and sources of excess capacity](#)’, GFSEC, 2024, page 6.

¹²⁷ The difference between crude steel production and apparent steel use.

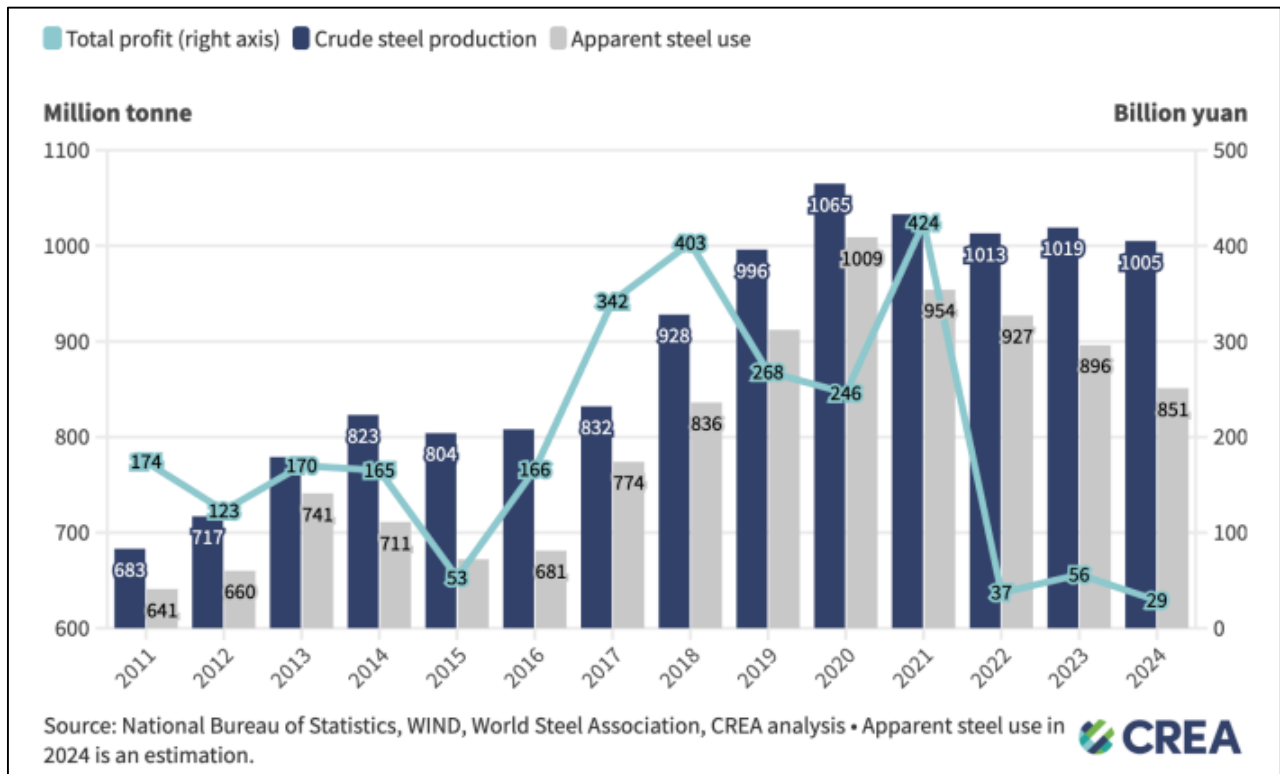


Figure 14: China's crude steel production, apparent steel use and sector profits, 2011-2024¹²⁸

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.

A.6.2.2. Factors contributing to excess capacity

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

A.6.2.2.1. 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.¹²⁹ 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%.¹³⁰ Reductions in blast furnace operation were attributed to maintenance,

¹²⁸ B Schäpe and X Shen, '[China - Steel industry decarbonisation biannual review - H2 2024](#)', CREA, 2025.

¹²⁹ L Myllyvirta and X Shen, '[China's steel sector invests USD 100 Billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments](#)', Centre for Research on Energy and Clear Air (CREA), 2023.

¹³⁰ Shanghai Metal Market (SMM), '[Increased Blast Furnace Maintenance, Hot Metal Output Growth Falls Short of Expectations](#)', SMM, 17 September 2025, accessed 23 September 2025.

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 14). As examined later in this report, support provided by the GOC allows steel firms to continue operating on non-commercial terms (chapters A.6.3 and A.6.4).

Data from the Global Energy Monitor indicates that the average age of blast furnaces in China is about 12 years.¹³¹ Coupled with operating lifespans of over 40 years, this suggests that China's blast furnace capacity will not reduce in the near future.¹³²

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

The OECD finds:¹³³

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.

This is similarly concluded by the GFSEC:¹³⁴

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 chapters A.6.3 and A.6.4.

A.6.2.2.2. Decreasing domestic demand for steel

Research shows that demand for steel in China's building and construction industry has decreased since its peak in 2020.¹³⁵ 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 12). Over the same period, China's steel capacity has remained consistent (Figure 13).

The OECD forecasts that steel demand in China will fall by -0.6% on average per year from 2025 to 2030.¹³⁶ Any decrease in demand without a matching decrease in capacity indicates that excess capacity is likely to continue.

¹³¹ Global Energy Monitor (GEM), '[Steel has a fossil fuel problem, and it's called the blast furnace](#)', GEM, 2025, accessed 23 September 2025.

¹³² GEM reports that the average age of blast furnaces outside of China is 42 years.

¹³³ OECD Steel Outlook 2025.

¹³⁴ GFSEC, '[Steel exports, trade remedy actions and sources of excess capacity](#)', GFSEC, 2024, page 6.

¹³⁵ BHP, '[Visualised: China's steel demand through time](#)', BHP website, 18 July 2024, accessed 23 June 2025.

¹³⁶ OECD Steel Outlook 2025, Table 4.3.

A.6.2.3. 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 electric arc furnaces (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%.¹³⁷ 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.¹³⁸

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.¹³⁹ 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.¹⁴⁰ This move was made to address issues with the implementation and changing requirements of the steel industry in relation to steel capacity replacement.¹⁴¹ 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'.¹⁴²

¹³⁷ X Shen and B Schäpe, [Urge for reform: blast furnace glut in China erodes profitability and hinders green steel transition](#), CREA website, 2025.

¹³⁸ China's steel sector invests USD 100 billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments, Table 1.

¹³⁹ CREA, China – Steel industry biannual review – H2 2024, page 9.

¹⁴⁰ 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.

¹⁴¹ 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.

¹⁴² J Zhang, 'China's latest steel capacity swap move not enough to curb industry expansion', accessed 3 October 2025.

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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.¹⁴³

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.¹⁴⁴

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

A.6.3. GOC planning system and effect on the Chinese steel market

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.

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 of the state council)
- 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

¹⁴³ A Price, R DeFrancesco, III and A Teslik, '[Shell Game: Case Studies in Chinese Steel Subsidies](#)', Wiley Rein LLP, 2024, accessed 26 June 2025, 'Scrap support' pages 26–27.

¹⁴⁴ MIIT, 'Work Plan for Stabilising Growth in the Steel Industry (2025-2026)', accessed 3 October 2025.

- other provincial or local government bodies.

A.6.3.1. 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.

A.6.3.2. 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'.¹⁴⁵ 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 HRC, there are many plans that affect the Chinese HRC 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 chapter.

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.*¹⁴⁶

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.¹⁴⁷ 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.

¹⁴⁵ EPR 658, document number 8, response B-2.

¹⁴⁶ EPR 658, document number 8, question D-5.13(b).

¹⁴⁷ EPR 658, document number 8, question D-5.13(b).

A.6.3.2.1. 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.

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.¹⁴⁸ As discussed in chapter A.6.4, 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*.¹⁴⁹ 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.

A.6.3.3. 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.

A.6.3.3.1. 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 658.¹⁵⁰

¹⁴⁸ D Zhang and O Freestone, '[China's unfinished state-owned enterprise reforms](#)', *Economic roundup issue 2, 2013*, the Treasury, Australian Government, 2013, accessed 25 March 2024.

¹⁴⁹ 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 2025.

¹⁵⁰ EPR 658, document number 8.

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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.

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.

A.6.3.3.2. 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 2012.¹⁵¹ A major milestone in SOE reform was the establishment of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC of the state council) in 2008.¹⁵² Since that time, SASAC of the state council 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).¹⁵³ Following the merger, Baosteel Group went from the fifth largest steel producer in the world, to the Baowu Group being the second 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.¹⁵⁴

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*.¹⁵⁵ 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

¹⁵¹ 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>.

¹⁵² State-owned Assets Supervision and Administration Commission of the State Council (SASAC), '[What We Do](#)', SASAC website, 17 July 2018, accessed 12 December 2025.

¹⁵³ China Baowu Steel Group Corporation Limited (Baowu Group), '[Company Profile](#)', Baowu Group website, n.d., accessed 6 October 2025.

¹⁵⁴ WorldSteel Association (WSA), '[World steel in Figures 2025](#)', WSA website, n.d., accessed 20 June 2025.

¹⁵⁵ 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.

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.

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.¹⁵⁶ 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 chapter A.6.4.

A.6.3.3.3. 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.¹⁵⁷

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.

A.6.3.4. 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.

As outlined in Appendix A, chapter A.6.3.3, the commission's 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.

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:

¹⁵⁶ 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.

¹⁵⁷ 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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- Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry (2024-2030)¹⁵⁸
- Work Plan for Stabilising Growth in the Steel Industry (2025-2026)¹⁵⁹
- Work Plan for Stable Growth in the Steel Industry (2023-2024)¹⁶⁰
- Guiding Opinion on Promoting High-Quality Development of the Iron and Steel Industry (2022)¹⁶¹
- 14th Five-Year Plan for the Development of Raw Materials Industries (2021-2025).¹⁶²

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.

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)¹⁶³
- 14th Five-Year Plan on Developing Scrap Steel Industry (2021-2025)

¹⁵⁸ 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.

¹⁵⁹ 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.

¹⁶⁰ 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.

¹⁶¹ 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.

¹⁶² EPR 658, document number 8.

¹⁶³ NDRC, '[Notice on Issuing the 14th Five-Year Plan for Circular Economy Development](#)', NDRC website (Google translate), 7 July 2021, accessed 6 October 2025.

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- 14th Five-Year Plan on Promoting Clean Production (2021-2025)
- Action Plan for Continuous Improvement of Air Quality (2023)¹⁶⁴

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.

A.6.3.5. 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 32). 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 chapter, 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 13, there appears to be limited success in reducing capacity.

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

¹⁶⁴ 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.

August 2024 to provide the GOC with time to review its policies aimed at reducing overcapacity.¹⁶⁵

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.¹⁶⁶ Without this assistance, the performance of SOEs is reduced.¹⁶⁷ 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.¹⁶⁸ 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.6.4. 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.

¹⁶⁵ J Ling, '[Pause on steel projects shows challenges of China's green transition](#)', Dialogue Earth website, 12 November 2024, accessed 9 October 2025.

¹⁶⁶ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 2.

¹⁶⁷ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.

¹⁶⁸ A Price, R DeFrancesco, III and A Teslik, '[Shell Game: Case Studies in Chinese Steel Subsidies](#)', Wiley Rein LLP, 2024, accessed 26 June 2025.

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Table 32 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 32: Largest 10 Chinese steel firms by production in 2024¹⁶⁹

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.¹⁷⁰

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.’

A.6.4.1. Distortive effects of state ownership

In addition to the effects of the various GOC policies described in chapter A.6.3, 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.

¹⁶⁹ WorldSteel, ‘[World Steel in Figures 2025](#)’, WorldSteel website, June 2025, accessed 20 June 2025. The commission has used publicly available information to determine whether entities are SOEs.

¹⁷⁰ 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>. The OECD uses the term ‘state enterprise’ over ‘state-owned enterprises’.

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- 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.

A.6.4.2. 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.¹⁷¹

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 and HRC industries, the commission requested:

- the percentage of total production capacity in the HRC and steel industries that SOEs have accounted for over the last 5 years
- the percentage of total volume of sales of HRC by SOEs over the last 5 years that have been unprofitable
- the percentage share of loss-making SOEs in the HRC industry over the last 5 years
- the percentage share of loss-making enterprises generally in the HRC industry in 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 of the state council
- the governing activities of SOEs
- the operation of the SASAC of the state council
- the core features of SOEs in the steel market in China.

¹⁷¹ EPR 658, document number 8.

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

A.6.4.2.1. Process for transferring shares in SOEs¹⁷²

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

A.6.4.2.2. Governing activities of SOEs¹⁷³

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)¹⁷⁴
- Interim Regulations on the Board of Supervisors of the State-Owned Enterprises¹⁷⁵
- Interim Measures for Administration of Comprehensive Performance Evaluation of Central Enterprises.¹⁷⁶

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 [state invested enterprises] are generally speaking larger in size and scale, and have stronger reputation, [state invested enterprises] may be perceived to enjoy commercial advantages generally associated with larger enterprises, such as in terms of pricing powers and credit risks.’

¹⁷² EPR 658, document number 8, question C-21.

¹⁷³ EPR 658, document number 8, questions D-5.1 to D-5.5.

¹⁷⁴ EPR 658, document number 8, Non-Confidential Attachment – Attachment D4(d)(1) The new Company Law (current), and Non-Confidential Attachment – Attachment D5.3a Company Law (previous).

¹⁷⁵ EPR 658, document number 8, Non-Confidential Attachment – Attachment D5.3c Interim Regulations on the Board of Supervisors of the State-owned.

¹⁷⁶ EPR 658, document number 8, Non-Confidential Attachment – Attachment D5.3d Interim Measures for the Administration of Comprehensive Performance.

A.6.4.2.3. Operation of the SASAC of the state council¹⁷⁷

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

The GOC submits that the operation of the SASAC of the state council 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 of the state council 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 of the state council.

The SASAC of the state council 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 of the state council 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 of the state council will consider commercial, legal, political, and social risks in managing investments. The SASAC of the state council is also entitled to gains on assets.

A.6.4.2.4. Core features of SOEs in the steel market¹⁷⁸

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

¹⁷⁷ EPR 658, document number 8, GOC response to government questionnaire, questions D-5.8 and D-5.9.

¹⁷⁸ EPR 658, document number 8, GOC response to government questionnaire, questions D-5.10 to D-5.13.

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governmental authority. Any allegation to the contrary, must be substantiated with positive evidence on a company-by company basis.’

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 of the state council is the only capital contributor and shareholder), the SASAC of the state council (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 (CPC) membership, the GOC submits that SOE company executives may or may not be CPC members. There are also no requirements for executives to have party membership. Where CPC 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 of the state council in respect of SOEs, the SASAC of the state council decides and approves major matters such as:

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

The SASAC of the state council also reports the outcomes of these major matters to the GOC at the relevant level. The SASAC of the state council 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:¹⁷⁹

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

¹⁷⁹ EPR 658, document number 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.

A.6.4.3. 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 state invested enterprise in which it may have an investment, such as in its production, selling and pricing of steel.'¹⁸⁰

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 CPC) to SOEs:

1. The State Council upholds the leadership of the CPC.¹⁸¹
2. The State Council administers the SASAC of the state council.
3. The SASAC of the state council 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

¹⁸⁰ EPR 658, document number 8, GOC – Response to Government Questionnaire, question D-5.1.

¹⁸¹ 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'.

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and management of the company and support the organization of the company in exercising its functions and powers in accordance with the law.¹⁸²

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.¹⁸³ [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.¹⁸⁴

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'.¹⁸⁵ The EC also identified that the GOC is involved in the operation of SOEs through managerial appointments and integration of the CPC into corporate governance.¹⁸⁶ This is supported by other research which found that the 'CPC has actively formalised its role in Chinese business by embedding itself into the corporate governance structure of SOEs'.¹⁸⁷

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'.¹⁸⁸ 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 CPC through political governance. This political governance is in the form of state-ownership of SOEs, appointment of managers by the CPC, and involvement of CPC organisations in SOE decision-making.

Finally, an example of the influence of the GOC over SOEs is that of the Baowu Group, which is fully owned by the SASAC of the state council. The Baowu Group accounts for around 13% of Chinese crude steel production. Fitch currently rates Baowu Group's state decision-making as 'Strong', and finds 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'.¹⁸⁹ Statements from Wangming Hu, secretary of the

¹⁸² EPR 658, document number 8, Non-Confidential Attachment – Attachment D4(d)(1) The new Company Law.

¹⁸³ EPR 658, document number 8, Non-Confidential Attachment – Attachment D5.3b Law on State-Owned Assets.

¹⁸⁴ See section A.6.3.

¹⁸⁵ EC Report 2024, section 5.4.

¹⁸⁶ EC Report 2024, section 5.5.2.

¹⁸⁷ 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.

¹⁸⁸ 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.

¹⁸⁹ Fitch Ratings, [Rating report - China Baowu Steel Group Corporation](#), Fitch Ratings website, 24 February 2025, accessed 25 September 2025.

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’¹⁹⁰

A.6.4.4. 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.¹⁹¹

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

A.6.4.4.1. 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’.¹⁹²

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.¹⁹³ 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.¹⁹⁴

The OECD had found that SOEs in China are larger recipients of subsidies than other China-based firms.¹⁹⁵ These subsidies were broadly categorised into grants, income-tax concessions, and below-market borrowings.

The cooperating exporters in this investigation are all SOEs.^{196, 197} As outlined in chapter 7, the commission has found that the cooperating exporters have received countervailable subsidies as part of the countervailing investigation. The effects of

¹⁹⁰ 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.

¹⁹¹ DIIS, [Analysis of steel and aluminium markets: report to the Commissioner of the Anti-Dumping Commission](#), Anti-Dumping Commission, DIIS, Australian Government, 2016, page 47 (*Commissioner’s steel report*).

¹⁹² DIIS, [Commissioner’s steel report](#), page 59.

¹⁹³ Liu and Song, ‘Issues and prospects for the restructuring of China’s steel industry’, page 348.

¹⁹⁴ Fitch Ratings, [Rating report - China Baowu Steel Group Corporation](#), Fitch Ratings website, 24 February 2025, accessed 25 September 2025.

¹⁹⁵ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, Figure 5.

¹⁹⁶ EPR 658, document number 22, section 1.8.

¹⁹⁷ EPR 658, document number 25, section 4.6.

subsidisation on the domestic Chinese steel market are further examined in chapter A.6.5.

In relation to loans, the OECD has found that SOEs have better access to borrowing relative to private firms.¹⁹⁸ 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.¹⁹⁹ 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.²⁰⁰ 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.²⁰¹

A.6.4.4.2. 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.²⁰² This is contrasted to 3 prohibited mergers and 59 approved subject to remedies involving private enterprises.²⁰³ 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’.²⁰⁴

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.²⁰⁵ This had the effect of ‘bailing out’ the struggling firm though acquiring it, characterised by frequent use of revised loan terms and debt/equity exchanges.

A.6.4.4.3. 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

¹⁹⁸ OECD Economic Surveys: China 2022, page 78.

¹⁹⁹ 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, European Union Government, 10 April 2024, accessed 3 June 2024, pages 178–179, 308–309 (EC report 2024).

²⁰⁰ EC Report 2024, page 178.

²⁰¹ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, pages 15, 78, and Figure 3.

²⁰² ‘Central SOE’ refers to enterprises in China that are owned and administered by the SASAC at the national level.

²⁰³ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, pages 18–19.

²⁰⁴ EC Report 2024, page 400.

²⁰⁵ Wiley, Shell Game: Case Studies in Chinese Steel Subsidies, Chapter I: Bailouts and Acquisitions.

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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 enterprises²⁰⁶
- SOEs are less profitable per capacity than private enterprises and have higher levels of debt.²⁰⁷

A.6.4.5. 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.'²⁰⁸

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.6.5. Subsidies

In general, the OECD has found that Chinese steel firms receive five times as much subsidisation as OECD partner countries.²⁰⁹ The three main forms of subsidisation are below-market borrowings, income-tax concessions, and grants.

The commission has found that the selected exporters have received subsidies in the form of grants, tax concessions and preferential loans.²¹⁰ The commission notes it did not have adequate information to support a conclusion that certain raw materials and utilities were provided at LTAR in this investigation. This was due to the difficulties establishing reliable comparison data that would be needed to calculate the benefit received for the many subtypes of raw materials and utilities the selected exporters purchased and the less detailed information it received from selected exporters on raw materials accounting for 10% or less of the total cost to make and utilities, as discussed further in Appendix D, chapter D.8. However, while the commission did not have sufficient information in this investigation to find a LTAR subsidy program, this does not detract from the substantial amount of evidence that the commission has found to conclude that the GOC influences

²⁰⁶ Quantifying the Role of State Enterprises in Industrial Subsidies, Figure 8.

²⁰⁷ Quantifying the Role of State Enterprises in Industrial Subsidies, Figures 6 and 7.

²⁰⁸ Shagang Group, [Group Brief Introduction](#), Shagang Group website, n.d., accessed 26 June 2025.

²⁰⁹ OECD, Steel Outlook 2025, Figure 3.4.

²¹⁰ Refer to Chapter 7.

the prices of raw materials and utilities provided to producers of the goods such that a particular market situation exists, as outlined in this Appendix.

A.6.5.1. 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.²¹¹

A.6.5.2. 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. The commission has examined the allegations of LTAR as part of **Appendix D – Assessment of subsidy programs**. However, the GOC did provide information relation to the preferential tax policy for additional deductions to value-added tax.²¹²

A.6.5.3. Subsidies received by the selected exporters

As outlined in chapter 7.1, the commission has found that the selected exporters received subsidies at margins ranging from 0.3% to 1.7%. Countervailable subsidy programs included grants, tax concessions and preferential loans (Table 26). However, the commission's assessment of subsidies for the purposes of assessing whether a PMS exists is not limited to the specific countervailable subsidies received by exporters.

Subsidisation within the Chinese steel market is not limited to producers of HRC. As discussed further in this chapter, the commission considers that subsidisation extends to other companies within the Chinese steel market, including companies who sell raw materials and utilities to manufacturers. Accordingly, the effects of subsidisation on the Chinese steel market are broader than the exporter-specific subsidisation that may be the subject of countervailing duties.

A.6.5.4. Below-market finance

According to OECD research, below-market borrowings are the largest form of subsidisation as a percentage of revenue in China.²¹³

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

²¹¹ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.

²¹² EPR 658, document number 8, Response to Government Questionnaire, pages 38–43.

²¹³ OCED, Quantifying the role of state enterprises in industrial subsidies, Figure 5.

example, government equity infusions or below-market equity returns.²¹⁴ 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.²¹⁵ OECD has found examples of financing on non-market terms have been provided to firms that have high debt-to-asset ratios.²¹⁶ 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.

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.²¹⁷

A.6.5.5. Grants

As grants are often specific in their focus, the overall effects on firms can be limited.²¹⁸ 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.

A.6.5.6. Income-tax concessions

The OECD found that income-tax concessions appear to benefit SOEs and private firms equally.²¹⁹ Income-tax concessions are also the lowest form of subsidisation as a percentage of revenue in China, compared to below-market finance and grants.²²⁰ 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.²²¹

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).²²² 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

²¹⁴ OCED, Measuring distortions in international markets: below market finance, page 5.

²¹⁵ OCED, Measuring distortions in international markets: below market finance, Figure 21.

²¹⁶ OECD, Measuring distortions in international markets: below market finance, page 36.

²¹⁷ OCED, Measuring distortions in international markets: below market finance, Figure 17.

²¹⁸ OECD, The market implications of industrial subsidies, para 54.

²¹⁹ OCED, Quantifying the role of state enterprises in industrial subsidies, page 6.

²²⁰ OCED, Quantifying the role of state enterprises in industrial subsidies, Figure 5.

²²¹ OECD, How governments back the largest manufacturing firms, page 12 and Figure 1.

²²² EPR 658, document number 8, Non-Confidential Attachment – Attachment D-3.2 VAT Deduction Policy.

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.²²³

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.²²⁴

A.6.6. GOC involvement in raw material markets

Based on the information provided by cooperating exporters, the commission considers that the main raw materials involved in the production of HRC are:

- iron ore
- coal (thermal and coking)
- steel scrap
- electricity.²²⁵

A.6.6.1. Distortive effects of GOC involvement in raw material 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.'²²⁶ 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.'²²⁷ The commission's analysis supports this conclusion.

A.6.6.2. 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 investigation 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 had greater influence over iron ore prices into China as they negotiated prices with steel companies directly.²²⁸ This meant that steel companies

²²³ Y Zhu, '[China's IT Ministry Publishes List of 45 Advanced Manufacturing Industry Hubs](#)', Yicai Global, 2 December 2022, accessed 28 October 2025.

²²⁴ EPR 322, document number 55 (*Anti-Dumping Commission Report No 322*), Table 1.

²²⁵ These are the primary raw materials used in BF-BOF steel production. EAF steel production does not use iron ore or coal.

²²⁶ EC Report 2024, page 408.

²²⁷ EC Report 2024, page 407.

²²⁸ 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.

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were exposed to increases in iron ore spot pricing, particularly when demand for steel increased.²²⁹

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).

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.'²³⁰ 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.²³¹

CMRG's influence in the Chinese iron ore market was not immediate.²³² 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'.²³³ 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.²³⁴ 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.²³⁵

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

²²⁹ SMM, '[Iron Ore Price Evolution: A Historical Journey](#)', SMM, 29 May 2024, accessed 15 October 2025.

²³⁰ China Minerals, '[China Minerals](#)' [website] (Google translate), n.d., accessed 15 October 2025.

²³¹ Baidu, '[China Mineral Resources Group Co., Ltd](#)', Baidu website (Google translate), n.d., accessed 30 July 2025.

²³² T Parker, '[China iron ore buyer yet to deliver lower prices](#)', *Australian Resources & Investment*, 29 May 2023, accessed 30 July 2025.

²³³ K Gemmell, A Cang, '[Xi's giant iron ore trader is shaking up a \\$130 billion market](#)', *MINING.COM*, 19 June 2025, accessed 30 July 2025.

²³⁴ K Gemmell, A Cang, '[China's giant iron ore trader expands clout selling Vale cargoes](#)', *MINING.COM*, 5 September 2025, accessed 15 October 2025.

²³⁵ J Pao, '[China's cargo ban gives new meaning to BHP's 'Broken Hill' origin](#)', *Asia Times*, 1 October 2025, accessed 15 October 2025.

A.6.6.3. 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.²³⁶

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’.²³⁷ 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.²³⁸ There are also reports that mines have been exceeding production caps, with the National Energy Administration carrying out inspections to address overmining.²³⁹

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.²⁴⁰ 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%.²⁴¹

The EC found that SOEs represent 88% of assets in the mining and washing of coal industry.²⁴² As detailed in chapter A.6.4, SOEs receive more support from the GOC, and

²³⁶ H Yermolenko, ‘[Coking coal prices in China fall amid oversupply](#)’, *GMK Centre*, 29 May 2025, accessed 16 June 2025.

²³⁷ EC Report 2024, page 210.

²³⁸ EC Report 2024, page 290.

²³⁹ Bloomberg News, ‘[China launches inspections to halt excessive coal production](#)’, *MINING.COM*, 22 July 2025, accessed 1 August 2025 and REQ – September 2025, section 4.3.

²⁴⁰ EC Report 2024, page 293.

²⁴¹ S McFarlane, ‘[Explainer: Global fossil fuel subsidies on the rise despite calls for phase-out](#)’, *Reuters*, 23 November 2023, accessed 10 November 2025.

²⁴² EC Report 2024, page 354.

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are more likely to implement the GOC's plans and targets. The commission considers this has the effect of perpetuating the situation of overcapacity.

A.6.6.4. 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 chapter A.6.3 serve to increase and improve steel scrap resource utilisation. As discussed in that chapter, 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.²⁴³ 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.²⁴⁴

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.²⁴⁵ 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.²⁴⁶ 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.

A.6.6.5. Electricity

The commission considers that the Chinese electricity market was distorted during the inquiry/investigation period.

²⁴³ 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.

²⁴⁴ For example, the 14th FYP for the Development of the Circular Economy sets a steel scrap utilisation target of 320 million tonnes.

²⁴⁵ A Shi, '[China's MIIT announces 13th bath of qualified ferrous scrap suppliers](#)', *MySteel*, 5 November 2025, accessed 10 November 2025.

²⁴⁶ 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.²⁴⁷

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 of the state council, 18 are in the energy sector.²⁴⁸ 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.²⁴⁹

In its questionnaire response 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.²⁵⁰ 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*.²⁵¹ As evidenced from these documents, it is clear that the GOC still maintains control over the pricing of electricity in China.

A.6.7. Export control measures

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

A.6.7.1. 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.

²⁴⁷ EC Report 2024, page 265.

²⁴⁸ EC Report 2024, page 265.

²⁴⁹ M Walker, '[Electricity Transmission and Distribution in China – Market Research Report \(2015-2030\)](#)', *IBISWorld*, July 2025, accessed 3 November 2025.

²⁵⁰ EPR 658, document number 8, page 22 and Non-Confidential Attachment – Attachment D4(d)(5) NDRC on Completing Price Linkage Mechanism Between Coal and Electricity.

²⁵¹ 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.

A.6.7.2. Summary of export control measures

A.6.7.3. 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%).²⁵² 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 chapter A.6.3.

A.6.7.4. 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.²⁵³ 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.7. The GOC role in the market for the goods

The Commissioner has found in the preceding chapter that the GOC exerts significant influence over the Chinese steel market. The commission considers that many of the distortions discussed above also directly influence HRC producers as members of the Chinese steel market. 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 HRC are influenced as a result of these distortions.

²⁵² MOFC, *Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025*, Attachment 3: Export Tariff Rate Table.

²⁵³ A Pan, '[China tightens tax regulations on steel exports](#)', *MySteel*, 1 April 2025, accessed 23 June 2025.

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The commission identified that Baoshan and LY Steel have party committees.²⁵⁴ Baoshan's company directors taking on roles in the party committee of the companies, and the party committees of other related companies.²⁵⁵ The commission notes that Baoshan is one of the 3 Baosteel manufacturers and is the majority parent company of the other 2 Baosteel manufacturers (Zhanjiang and Meishan). The commission understands that party committees are comprised of senior management and ensure implementation of national principles and policies, and can consider major operational and management matters before decisions are made.²⁵⁶ Party committees provide a means for the GOC to exercise control of SOEs through participation in corporate decision-making.²⁵⁷

To demonstrate the effect of the distortions on HRC pricing, the commission has compared the average domestic price of HRC from China to various other countries using third-party pricing data.²⁵⁸ Chinese HRC has consistently been the lowest out of all countries since mid-2021. Chinese HRC prices have also been trending downwards, when recently pricing in other countries has levelled out or increased.

A.8. Conclusion

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

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

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

²⁵⁴ EPR 658, document number 11, 'Baoshan Iron and Steel Co Ltd - Response to exporter questionnaire', exhibit A-4.1 'Audit Reports 2023-Baosteel'; EPR 658, document number 10, 'Hunan Valin Lianyuan Iron and Steel Co Ltd - Response to exporter questionnaire', exhibit A-2.9.

²⁵⁵ EPR 658, document number 11, 'Baoshan Iron and Steel Co Ltd - Response to exporter questionnaire', exhibit A-4.1 'Audit Reports 2023-Baosteel'.

²⁵⁶ See, for example, REP 632: EPR 632, document number 35, page 120. This final report cited the articles of association for a Chinese integrated steel manufacturer, Maanshan Iron & Steel Co Ltd.

²⁵⁷ X Jin, L Xu, Y Xin and A Adhikari, '[Political governance in China's state-owned enterprises](#)', China Journal of Accounting Research, 2022, 15(2):100236, doi:10.1016/j.cjar.2022.100236.

²⁵⁸ **Confidential Attachment 2 – Benchmark Data.** Prices compared at USD/MT. The countries or regions compared are USA, Canada, Japan, South Korea, Taiwan, Poland, Czechia, Germany, France, Italy, UK, and Spain.

APPENDIX B PROPER COMPARISON OF DOMESTIC AND EXPORT PRICES

B.1. Findings

The Commissioner has found that sales of HRC 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.2. Introduction

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

1. there is a particular market situation 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 – Particular market situation assessment** that a particular market situation exists in respect of the domestic market for HRC in China for the investigation 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.3. 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 particular market situation on both the domestic sales and export sales. If domestic sales and export sales are not equally affected by the particular market situation, such a finding may render domestic sales not suitable for the purposes of section 269TAC(1).

The relative effect of the particular market situation on domestic and export prices requires an assessment of the relationship between price and cost of HRC 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 investigation, 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.4. 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 [the goods].’²⁵⁹

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.’²⁶⁰

The GOC noted that BlueScope’s application did not provide positive evidence to support a claim that domestic Chinese HRC prices are not comparable with those for HRC exports to Australia. In its application BlueScope provided reasons that it considered that domestic Chinese prices for HRC were not suitable for determining a normal value under section 269TAC(1). These reasons included an assessment of the differences in the conditions of competition between the Australian and Chinese markets.²⁶¹ As detailed in CON 658, the commission considers that it was reasonable to accept BlueScope’s claim that a PMS exists and that because of this, domestic sales were not suitable to make a determination under s 269TAC(1) in the Chinese HRC market.²⁶²

B.5. 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:

- Australian industry
- exporters and importers
- relevant findings from previous cases conducted by the commission
- other sources which have been referenced throughout this chapter.

In making the relevant findings in this chapter, 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 particular market situation.

²⁵⁹ EPR 658, document number 8, pages 15–16.

²⁶⁰ EPR 658, document number 8, page 16.

²⁶¹ EPR 658, document number 1, BlueScope’s Application for the publication of a dumping and countervailing duty notice, pages 52-59.

²⁶² EPR 658, document number 2, page 16.

B.5.1. Market structure

The commission considers that the Australian and Chinese HRC markets have a similar structure, in that HRC 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 HRC producers in each country, with one sole producer in Australia (BlueScope) and over 37 in China. Supply in China is also limited to the local or regional area of each producer, while BlueScope sells throughout Australia.

B.5.1.1. Australia

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

- residential construction
- non-residential construction
- engineering construction
- manufacturing industry (producing non-construction related products)

BlueScope is the sole producer of HRC in Australia and sells to customers throughout Australia.

HRC in Australia is supplied through distributors, retailers, and direct sales to large end users. HRC serves as a base material for pipes, tubes, and various fabricated components. It is not typically used directly for reinforcement but is processed into other steel products.

B.5.1.2. China

The cooperating exporters noted in their respective REQs that the Chinese HRC market include manufacturers, trading companies, distributors and end users.²⁶³ The 3 Baosteel manufacturers noted that, as manufacturers, their customers are primarily related trade companies and distributors.

In relation to domestic suppliers of HRC in China, the 3 Baosteel manufacturers claim that there are 'too many market participants to list, and each participant has a different degree of relevance in their local or regional market'.²⁶⁴

Information provided by the GOC in RGQ 658 reported that there were 5 producers of HRC that had produced or exported HRC destined for Australia during the investigation period.²⁶⁵ The commission notes that this list does not include other HRC producers

²⁶³ EPR 658, document numbers 10, 11, 12, and 13, section J-1.

²⁶⁴ EPR 658, document numbers 10, 11, 12, and 13, section J-1.

²⁶⁵ EPR 658, document number 8, Non-Confidential Attachment – Attachment B-3 List of Chinese HRC steel producers.

which may not have exported to Australia. Price tracking website, MySteel, regularly surveys 37 HRC producers in China.²⁶⁶

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

B.5.2. Market conditions

Although construction is the primary demand driver for HRC 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.

B.5.2.1. Australia

For HRC in Australia, demand is linked to residential and commercial construction, while industrial and manufacturing uses have a smaller impact on total market demand. Factors affecting HRC demand include seasonal fluctuations, economic conditions (import competition, availability for capital domestic conditions, consumer confidence) and government regulations on standards and policies.

Pricing for HRC in Australia is influenced by import offers, price spreads, and other import indicators. Pricing is also influenced by level of trade.

B.5.2.2. China

Demand for HRC 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.'²⁶⁷ This trend has been accelerated by the four-year downturn in the Chinese property sector. The DISR REQ further noted that this decrease in demand has affected Chinese steel mill's prices for HRC. 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.

The cooperating exporters all stated that the primary influences on price are the cost to make the goods.²⁶⁸ LY Steel reported that it was not aware of the pricing activities of other participants in the market. The 3 Baosteel manufacturers reported they did not consider themselves the price leaders domestically and referred to other producers such

²⁶⁶ MySteel, '[WEEKLY: China's HRC output dips on week](#)', *MySteel website*, 10 November 2025, accessed 12 November 2025.

²⁶⁷ Department of Industry, Science and Resources, '[Resources and Energy Quarterly – March 2025](#)', DISR, Australian Government, 31 March 2025.

²⁶⁸ EPR 658, document numbers 10, 11, 12, and 13, section J-3.

as Shagang Group (Jiangsu Shagang Group Co Ltd) and Angang Group (Anshan Iron and Steel Group Corporation).

In Appendix A, the commission found that there was a particular market situation in the Chinese HRC market. This market situation has led to decreased domestic prices for HRC in China.

B.5.3. Raw materials

The commission considers that there are differences between the Australian and Chinese HRC 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.

B.5.3.1. Australia

BlueScope produces HRC from steel slabs produced using the BF-BOF process. The major raw materials used in BF-BOF steel production are iron ore, coal, and steel scrap. BlueScope sources its raw materials from unrelated suppliers. The commission verified BlueScope's cost of production and was satisfied that the recorded costs were complete, relevant, and accurate.²⁶⁹

The commission's information regarding the raw materials used in the production of HRC in other countries that import into Australia is limited to information received in other cases involving HRC. The commission notes that there have been no findings in relation to the existence of a particular market situation in those cases.²⁷⁰ Those findings were made in a period before the investigation period. However, the commission considers that the significant proportion of import share held by China over the investigation period indicates that any potential distortion (or lack of distortion) in the domestic markets of other countries has a negligible effect on the nature of competition in the Australian export market.

B.5.3.2. 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 **Appendix A – Particular market situation assessment**, 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.

²⁶⁹ EPR 658, document number 20, chapters 6–7.

²⁷⁰ Refer to *Anti-Dumping Continuation Report No 400* (EPR 400, document number 51) and *Anti-Dumping Commission Report No 594* (EPR 594, document number 24).

While these distorted raw material prices may affect domestic Chinese HRC producers relatively equally (notwithstanding other benefits such as state-ownership), the commission considers that they have an uneven effect on the export of HRC 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.5.4. 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.

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

B.5.4.1. Australia

The commission considers that import penetration of HRC into Australia is medium.

The commission has found that imports of HRC into Australia are supplied by several countries. Imports make up less than a quarter of the Australian market, although the market share of imports has increased in the investigation period (Figure 3). Over the past four years, major sources of HRC imports include China, Taiwan, Korea, India, and Japan.

China held the largest share of imports during the investigation period.

B.5.4.2. China

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

The GOC provided details for imports and exports of HRC for China during the investigation period.²⁷¹

Based on that information, imports of HRC into China in the investigation period amounted to approximately 45,500 tonnes from over 30 countries. The highest import source was from Japan, with over 50% of the import share.

The GOC did not provide information relating to the total HRC produced in China during the investigation period. Reporting from Steel Orbis estimates that the total production of HRC in China in 2024 was 213 million tonnes.²⁷² Based on this data and that provided by the GOC, the commission estimates that import penetration for the Chinese HRC market

²⁷¹ EPR 658, document number 8, Non-Confidential Attachment – Attachment B-2.1 – Country import of HRC of POI.

²⁷² Steel Orbis, '[China's HRC output increases by 3.8 percent in 2024](#)', *Steel Orbis website*, 22 January 2025, accessed 12 November 2025.

of approximately 0.021%. This highlights China's high degree of self-sufficiency and the marginal role imports play in its steel market.

B.5.5. Relationship between price and cost

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

In general, exporters have been able to achieve greater profits on Australian sales compared to domestic sales, despite limited differences in the respective CTM. The commission considers that this indicates that the PMS has affected conditions in the Chinese HRC market such that exporters are able to engage in certain pricing strategies into the Australian market. These pricing strategies allow exporters to:

- achieve greater profits for Australian export sales
- increase export volumes by outcompeting exports from other countries.

The commission qualifies its price and cost analysis for the 3 Baosteel manufacturers because, although the commission generally observed greater profits for Australian export sales, the CTM data used for comparison includes records for production of models sold to other markets. Refer to sections 3.5.5.3 and 6.4.6 for more detail.

The commission's comparison of the exporters' cost and price is at **Confidential Attachment 28 – Chinese market assessment – Exporter profit domestic vs export.**

B.5.5.1. Relationship between price and cost – Australia

The commission considers that Chinese exporters are able to achieve high margins on Australian export sales, while maintaining a competitive advantage over exports from other countries.

As discussed in section 9.6 of this SEF, the commission has assessed import volumes of HRC and has found that imports from China have increased substantially since 2021. This increase has coincided with a decrease in imports from other countries. The commission has also found that LY Steel and the 3 Baosteel manufacturers have achieved positive margins on Australian export sales in the investigation period.

To examine the relationship between cost and price for Australian export sales, the commission has compared LY Steel's and the 3 Baosteel manufacturers' Australian export price to the Australian CTM on comparable terms (EXW).

B.5.5.1.1. LY Steel

The commission found that LY Steel's Australian export prices were higher than its Australian CTM on a weighted average basis over the investigation period.

In terms of the relative movement between cost and price, Australian export prices increased while costs decreased over the first two quarters of the investigation period, before both the price and cost decreased.

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The commission considers that this indicates that while there appears to be some relationship between price and cost for LY Steel's Australian exports, LY Steel is able to maintain a significant margin between price and cost.

B.5.5.1.2. The 3 Baosteel manufacturers

The commission found that the 3 Baosteel manufacturers' Australian export prices were higher than the respective Australian CTM both on an aggregated basis and per exporter.²⁷³

The commission observed differing trends in respect of each exporters Australian export price and CTM:

- Baoshan's price did not appear to move in line with changes to its CTM.
- Zhanjiang's price moved in line with changes to its CTM.
- Meishan's price diverged from its CTM.
- On an aggregate basis, the overall price diverged from CTM over the first three quarters before decreasing.

The commission considers that, except for Zhanjiang, it appears that the 3 Baosteel manufacturer's Australian export prices are not closely linked to the Australian CTM.

B.5.5.2. Relationship between price and cost – China

To examine the relationship between cost and price for Chinese domestic sales, the commission has compared the LY Steel's and the 3 Baosteel manufacturers' domestic price to the domestic CTM on comparable terms (EXW).

The commission also compared the Australian export and domestic cost margins.

B.5.5.2.1. LY Steel

The commission's assessment of LY Steel's domestic sales over the investigation 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 LY Steel's CTM and price also indicated that domestic prices tracked with domestic costs over the investigation period.

The commission found that there was a small difference between the Australian CTM and domestic CTM for LY Steel.²⁷⁴ However, the commission found a large difference in the respective cost margins between Australian and domestic sales. Overall, Australian exports had a positive cost margin compared to a negative cost margin for domestic sales.

²⁷³ For the purpose of this comparison the commission used the exporter's recorded export price to the related trader. This is different to the commission's determination of the respective exporter's export prices. Refer to chapter 6 of SEF 658: EPR 658, document number 27.

²⁷⁴ Excluding a certain MCC with limited production during the investigation period.

B.5.5.2.2. The 3 Baosteel manufacturers

Due to the nature of domestic sales by the 3 Baosteel manufacturers, the commission has compared the domestic sales prices of the related trader, Shanghai Baosteel, to the aggregate domestic CTM for the 3 Baosteel manufacturers.

The commission found that Shanghai Baosteel's domestic prices were lower than the CTM for the entire investigation period. Shanghai Baosteel's domestic prices also showed a close relationship with the domestic CTM.

The commission found that there was almost no difference between the aggregated Australian CTM and domestic CTM for the 3 Baosteel manufacturers.

The commission considers that this indicates that the 3 Baosteel manufacturers have been able to achieve a higher cost margin on Australian export sales compared to domestic sales, despite there being no cost difference between the two.

B.6. The market situation affects the comparability of domestic and export prices

The commission considers that the market situation identified in **Appendix A – Particular market situation assessment** affects the comparability of domestic and export prices for HRC. 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:

- HRC 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 37) and Australia (1).
- The market conditions differ as demand in China is decreasing.
- The raw materials used in the production of HRC are similar for China and Australia (iron ore, coal, and steel scrap).
- The raw materials used in the production of HRC in China have been affected by the market situation.
- Import penetration into China is very low, compared to the medium import penetration into Australia.
- The Chinese exporters enjoy a cost advantage resulting in both increased margins and an increase in export volumes to Australia.

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 materially affected by the

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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. Findings

The Commissioner recommends establishing a cost of production for the goods in China, as the country of export, under section 269TAC(2)(c)(i), based on the cooperative exporters' recorded costs with an adjustment calculated by reference to a benchmark. The benchmark is based on the difference between Chinese and Brazilian market index prices of steel slab, with necessary adjustments 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.

C.2.1. 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 particular market situation.

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. GOC questionnaire response

Referring to various past WTO appellate body reports and article 2.2 of the ADA, the GOC submitted that the commission is obliged to determine normal value using costs that reasonably reflect the cost of production of the goods in the country of origin.²⁷⁵ The GOC interprets article 2.2.1.1 of the ADA to mandate the use of an exporter's cost record as long as it properly reflects the actual costs incurred and the record is kept in accordance with the applicable GAAP of the country. To the extent that the GOC's submission is intended to suggest there is no additional flexibility afforded by the term 'normally' in article 2.2.1.1, the commission disagrees. The commission notes that the Appellate Body and dispute panels have confirmed there may be circumstances where an investigating authority is not obliged to use the exporter's records (despite the requirements of article 2.2.1.1 being met).²⁷⁶

The GOC submitted that the DS603 ruling outlined three major requirements on investigating authorities in determining a constructed normal value based on cost information in a third market.²⁷⁷ In particular, GOC highlighted the third major requirement, where the panel ruled that the commission must make necessary adjustments to ensure the benchmark reflects 'the cost of production in the country of origin' under article 2.2 of the ADA. The commission agrees, and as set out in chapters C.7 and C.8, has carefully scrutinised the benchmark that has been adopted to ensure that the cost arrived at is the cost of production in China.

C.4. Generally accepted accounting principles (GAAP)

The commission conducted a verification of the information provided by LY Steel and the 3 Baosteel manufacturers (the cooperating exporters) in their respective REQs. As part of the verification process, the commission verified that all selected exporters kept records relating to the cost of production of like goods and that those records were in accordance with GAAP in China.^{278, 279} The commission also verified that the cooperating exporters' cost to make and sell data was complete, relevant, and accurate, notwithstanding that the

²⁷⁵ EPR 658, document number 8, pages 16 –18.

²⁷⁶ Appellate Body Report, *Ukraine – Ammonium Nitrate*, WTO Doc WT/DS493/AB/R (12 September 2019) [6.87]; Panel Report, *Australia – A4 Copy Paper*, WTO Doc WT/DS529/R (4 December 2019) [7.117]; Panel Report, *Australia – Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024) [7.56].

²⁷⁷ Panel Report, *Australia – Anti-Dumping and Countervailing Duty Measures on Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024).

²⁷⁸ EPR 658, document number 22, section 1.3.3.

²⁷⁹ EPR 658, document number 25, section 3.3.3.

commission noted in the Baosteel verification report that the cost to make data contained a low level of detail compared to sales models, which caused the estimate of export CTM to include irrelevant ‘all-market CTM’ data.²⁸⁰ The commission notes that Baosteel provided revised CTM data via a submission made on 17 December 2025 to address this, as discussed in chapter 6.4.2 of this report.

Accordingly, the commission is satisfied that the cooperating exporters 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.4.1. Post-SEF Submissions

The GOC, Baosteel and LY Steel expressed support for the finding that cooperating exporters kept records relating to the cost of production of like goods were in accordance with GAAP in China and reasonably reflected the actual cost of production in their submissions received after SEF 658 and published on 20 January 2026²⁸¹.

C.5. Do records reasonably reflect competitive market costs?

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

As outlined in **Appendix A – Particular market situation assessment**, the commission considers that the significant influence of the GOC has materially altered prices in the steel industry and HRC 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 slab. The commission considers that direct and indirect influences of the GOC affect Chinese manufacturers’ costs to produce steel slab and therefore that Chinese exporters’ recorded costs do not reflect competitive market costs. The cooperating exporters’ records indicate that steel slab costs comprise on average over 90% of the cooperating exporters’ cost to make for HRC. In light of these influences, the Commission considers that the records do not reflect competitive market costs because the costs are not the same as they would be if determined only by supply and demand absent government intervention.

C.6. Should the information in the exporter’s records be used?

Where the criteria in section 43(2)(b) of the Regulation 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,

²⁸⁰ EPR 658, document number 25.

²⁸¹ EPR 658, document numbers 33 (GOC), 34 (LY Steel) and 35 (Baosteel).

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the Minister is to exercise their discretion in section 269TAC(2)(c)(i) in accordance with the requirements of the ADA.²⁸²

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 the exporters' records are kept in accordance with GAAP of China and reasonably reflect the costs associated with production of HRC. 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 based on the exporter's records.

The commission's consideration of the domestic market for HRC in China, including the factual findings set out in Appendix A, suggest it 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 the exporters recorded steel slab costs to assess whether the circumstances in which the exporters' 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.7. Are circumstances 'normal and ordinary'?

The commission considers there are compelling reasons for determining that circumstances in which the exporters' cost were formed are not 'normal and ordinary' such that using the cooperating exporters' cost records to construct a normal value is not appropriate. This is despite the commission's finding that the cooperating exporters' 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 slab has been formed are not normal and ordinary, resulting in the cooperating exporters' recorded production costs of steel slab reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use the cooperating exporters' recorded cost of production of steel slab.

The commission's assessment of the circumstances in which steel slab raw material input costs were formed and the impact this had on the cooperating exporters' 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,

²⁸² 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].

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 slab (the primary input for HRC), the effects on raw material pricing have also flowed through to the cooperating exporters' recorded cost of production.²⁸³ The commission observes that for the raw materials where the selected exporters provided their detailed purchase listings, the 3 Baosteel manufacturers purchased all of the raw materials from suppliers based in China while LY Steel purchased the vast majority of their raw materials from suppliers based in China.

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

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

C.7.1. Circumstances are not normal and ordinary

The commission considers that the circumstances involving the cost of production for steel slab in the cooperating exporters' records are not normal and ordinary. This has subsequently affected the cooperating exporter's cost of production records for HRC.

The commission's assessment of the circumstances involving the cost of production for steel slab is informed by the following factual findings set out in chapters C.5 and Appendix A.

The evidence before the commission shows that steel slab is a key cost component in producing HRC, representing over 90% of the cooperating exporters' cost to make for HRC. 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 HRC.

For the reasons summarised in chapter A.6.6 of Appendix A, the commission considers that the GOC has significant involvement in the raw material markets specific to the production of steel. A brief 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.
- 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.

²⁸³ Refer Appendix A, chapter A.7.

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- 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.7.1.1. Submissions on 'not normal and ordinary' in response to SEF 658

The commission received submissions from the GOC, Baosteel and LY Steel following the publication of SEF 658 regarding the commission's cost of production calculations²⁸⁴. These submissions contained references to certain WTO decisions, including DS529 *Australia — A4 Copy Paper (Indonesia)*, DS603 *Australia — Certain Products (China)*, DS493 *Ukraine — Ammonium Nitrate (Russia)*, DS494 *European Union — Cost Adjustment Methodologies II (Russia)*, and DS473 *European Union — Biodiesel (Argentina)*. The GOC and LY Steel submit that these cases support a 'strong presumption in favour of verified exporter data, permitting deviations only in exceptional, well-justified circumstances tied directly to the records' reliability for cost allocation', and that:

[t]he qualifier 'normally' in Article 2.2.1.1 permits limited exceptions to the use of exporter records, but WTO interpretations, including Appellate Body guidance in DS493, define it as allowing derogations only under 'certain circumstances' supported by robust, exporter-specific evidence of extraordinary conditions rendering the records unreliable for cost allocation.

Baosteel also submitted that the Appellate Body's interpretation of 'normally' in DS493 'establishes a strong presumption in favour of using the exporter's records when the two conditions are satisfied, with deviations limited to exceptional cases where records demonstrably fail to allocate costs reasonably to production'.

C.7.1.2. The commission's assessment

The commission agrees with the GOC that the WTO Appellate Body and panels have confirmed there may be circumstances where an investigating authority is not obliged to use the exporter's records when the two conditions in article 2.2.1.1, which require that the records be kept in accordance with the GAAP in the country of export and reasonably reflect the costs associated with the production and sale of the goods under consideration, are met.

The Anti-Dumping Agreement does not provide any guidance as to the type of condition, circumstance or context that may underpin a 'normally' finding, save that it must be sufficient to justify a derogation from the presumption in article 2.2.1.1 that ordinarily the records will be used. Similarly, the WTO case law referred to by the GOC, LY Steel and Baosteel has not defined or limited such circumstances, save that there should be a

²⁸⁴ EPR 658, document numbers 33 (GOC), 34 (LY Steel) and 35 (Baosteel).

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satisfactory explanation of why the exporter's records should be disregarded despite meeting the first two conditions of article 2.2.1.1.

In DS529 *Australia — A4 Copy Paper*, the Panel stated that in relying on 'normally', the investigating authority:

*... should therefore examine whether the records satisfy the two explicit conditions and provide a satisfactory explanation as to why, nonetheless, it finds compelling reasons to disregard them.*²⁸⁵

In DS603 *Australia — Certain Products from China*, the Panel stated that:

*... it could reasonably be expected that rejecting exporters' costs, even when both conditions are satisfied, would be accompanied by an explanation as to why such rejection is justified despite those conditions being satisfied.*²⁸⁶

The commission considers that the circumstances or context in which an investigating authority may rely on 'normally' is not unconstrained – there must be a proper basis for doing so on the evidentiary record. Whether a particular condition, circumstance or matter is capable of permitting derogation under the term 'normally' is a facts specific exercise based on the facts and evidence before a particular investigating authority.

The commission notes that the commission's analysis above accords with the guidance in the DS529 and DS603 panel reports. The commission has identified that:

- The records of LY Steel and the Baosteel exporters satisfy the first and second condition of article 2.2.1.1 – see chapter C.6.
- Despite this, there are nonetheless compelling reasons to disregard them, being that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the cooperating exporters recorded production costs of steel slab reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use the cooperating exporters' recorded cost of production of steel slab – see chapter C.7.

The commission notes that the GOC considers that findings in the SEF are based on 'industry-wide assumptions' rather than 'record-based analysis', which had the practical effect of treating the PMS as a 'blanket exception'.

The commission agrees that a finding under 'normally' should usually involve, to use the words of the GOC, 'exporter-level findings of abnormality in the [exporters'] cost structure'. Contrary to the GOC's submissions, the Commission did in fact make such findings. The commission identified industry wide distortions, and has *also* found that those distortions affected each individual exporter in a manner that rendered their records unsuitable to use for the purpose of article 2. That is, the distortions identified at the industry level were found to in fact translate to the individual exporters' recorded cost of steel slab. As discussed above, the commission has calculated that the Brazilian market index price of steel slab was on average 37% higher than the Chinese index price in the

²⁸⁵ Panel Report, *Australia – A4 Copy Paper*, WTO Doc WT/DS529/R (4 December 2019) [7.117].

²⁸⁶ Panel Report, *Australia – Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024) [7.59] (emphasis in original).

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investigation period, using a simple average of the monthly market indices. The commission considers that the effect of the circumstance is significant given steel slab represents the largest portion of the cost of production for HRC. The commission considers that this finding reflects the persistent material effects of the GOC's influence over the investigation period. Accordingly, the commission has properly assessed the exporters' records consistent with article 2.2.1.1, being at the level of the exporters' recorded costs.

The commission does not agree with Baosteel's submission that the Appellate Body Report in DS493 'establishes a strong presumption in favour of using the exporter's records when the two conditions are satisfied, with deviations limited to exceptional cases where records demonstrably fail to allocate costs reasonably to production'. In DS493, the Appellate Body explicitly stated that they do not exclude that there might be circumstances other than those in the two conditions set out in that sentence, in which the obligation to base the calculation of costs on the records kept by the exporter or producer under investigation does not apply.²⁸⁷

The commission observes that WTO decisions in DS493, DS494 and DS473 all relate to the interpretation of the term 'reasonably reflects' in article 2.2.1.1. They refer to the content of the so-called 'second condition' of article 2.2.1.1, rather than the term 'normally' in the chapeau. While the meaning to be given to the second condition is broadly relevant to the overall construction of article 2.2.1.1, these decisions did not address whether the factual findings in those instances would have been sufficient to ground a 'normally' finding. Accordingly, these WTO panels did not find that the circumstances in each decision were incapable of justifying a departure from the exporter's recorded costs based on 'normally', if the relevant investigating authorities had abided by the sequencing requirement and had recourse to 'normally'.

The commission notes that the panels in DS529 and DS603 found that the commission was not permitted to make findings relying on the flexibility permitted by 'normally' without having made affirmative findings that both the first and second conditions of article 2.2.1.1 were met.²⁸⁸ The panels did not make findings that the circumstances were necessarily incapable of justifying departure from the exporters' records, nor did they make express or implied findings on whether 'normally' would have been available if sequencing had been followed.

²⁸⁷ Appellate Body Report, *Ukraine – Ammonium nitrate*, 6.105.

²⁸⁸ Panel Report, *Australia – A4 Copy Paper*, WTO Report WT/DS529/R (4 December 2019) [7.126]: 'We find that Australia's measure is inconsistent with article 2.2.1.1, first sentence, of the Anti-Dumping Agreement because the ADC has not established that both the first and second conditions in the first sentence of article 2.2.1.1 of the Anti-Dumping Agreement were satisfied when rejecting the pulp component of Indah Kiat's and Pindo Deli's records on the basis of the term 'normally' and therefore has failed to give effect to the whole of the obligation in that provision.'; Panel Report, *Australia – Certain Products from China*, WTO Doc WT/DS603/R (26 March 2024) [7.79]–[7.80]: 'We therefore conclude that the ADC did not make a negative finding under the second condition of article 2.2.1.1 in the expiry review. We also find that the ADC did not make an affirmative finding under the second condition in the expiry review ... In light of the foregoing, we find there was no basis for departure from using TSP's record costs for steel plate in constructing normal value in the wind towers expiry review.'; [7.309]: '...the ADC did not make a finding under the second condition of article 2.2.1.1. The ADC therefore could not rely on any flexibility provided by the word 'normally' in the first sentence of article 2.2.1.1...'

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As recognised in the GOC, LY Steel and Baosteel's submissions, the commission has found that the exporters' records meet the first two conditions of article 2.2.1.1.^{289, 290, 291} This appendix explains why, nevertheless, the recorded steel slab costs should be disregarded. The commission notes that this assessment differs from the assessment of a particular market situation in the domestic market of the exporting country, although as discussed above some of the factual circumstances which support the conclusion that there is a particular market situation also support that the recorded steel slab costs should be disregarded despite meeting the first two conditions of article 2.2.1.1. The commission has arrived at these factual findings supporting the decision to disregard recorded steel slab costs following a consideration of all the available evidence before it in an objective and unbiased manner.

The Commission has had careful regard to the two distinct legal tests, both under sections 269TAC(2)(a)(ii) and 269TAC(2)(c) of the Act, and under article 2 of the Anti-Dumping Agreement. The two conclusions reached, being that there is a situation in the market that prevents the normal value from being determined under section 269TAC(1) and determining that the exporters raw materials cost should not be used to determine the cost of production, do rely on some common factual findings. Those factual findings are in fact relevant to both tests, and do not reflect any misunderstanding of the legal requirements for each.

C.7.2. 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 the cooperating exporters' cost of production of HRC.

The commission examined the cooperating exporters' cost of production for steel slab to assess the materiality of the effect of the circumstances on the cooperating exporters' cost of production for HRC.

C.7.2.1. Comparison at the steel slab level

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

As the cooperating exporters are integrated producers, their cost of production for HRC ultimately includes a variety of raw materials used in the production of steel slab, including but not limited to:

- iron ore
- coke and/or coal
- steel scrap
- electricity

²⁸⁹ EPR 658, document number 33, under heading 'B. Analysis of cost record usage'.

²⁹⁰ EPR 658, document number 34, under heading 'B. Analysis of cost record usage'.

²⁹¹ EPR 658, document number 35, under heading '2. Misinterpretation of article 2.2.1.1 of the ADA'.

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- natural gas
- other gasses (for example, oxygen and nitrogen)
- alloying elements.

The cooperating exporters reported their cost to make information with different levels of detail. The exporters' cost to make information includes a breakdown of all costs accumulated from the first to the final stage of production, although the level of reliable detail varies with different exporters. The exporters also provided sufficient information to estimate cost to make information partway through the production process, where self-produced or purchased steel slab (from related parties) is the major raw material input.

Although the exporters provided sufficient information to estimate original raw materials, the commission notes this is complicated by the exporters' purchases of externally produced semi-finished inputs to supplement their self-produced inputs. Further, each of these raw materials are used in different quantities and at different stages in the production of steel slab. Based on the 3 Baosteel manufacturers' data, the commission identified over 300 subtypes of iron ore, coal and steel scrap comprising the largest of the 'raw material' subtotals. The commission considers that each of these subtypes may have their own cost profiles which cannot always be compared directly to other subtypes – for example, iron ore may be sold in fines, lumps, or pellets, with further complexity found in varieties of each subtype because of differing size and chemical composition. The cooperating exporters provided information relating to their purchases of some major raw materials. However, the commission could not link all purchased materials to corresponding consumption costs because of different sets of codes used in the purchase and production systems.

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 subtype. The commission considers that comparing the cost for one subtype to a different subtype – for example, comparing iron ore fines to iron ore pellets – would introduce material inaccuracies and would not reflect the actual effect of the circumstances on the cooperating exporters' 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 hot rolled coil 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 an exporter's cost to make at the original raw material stage, even putting aside that the commission did not find suitable benchmarking information for all major raw material subtypes.

The commission considers that using cooperating exporters' steel slab cost is the most reasonable and meaningful approach to assess the effect of the circumstances on the cooperating exporters' records. The assessment of steel slab 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 the cooperating exporters' records, the commission has compared the cooperating exporters' recorded cost to make for steel slab to a benchmark.

C.7.2.2. Selection of appropriate benchmark

The commission considers that a benchmark is an appropriate measure of the effect of the circumstances on the cooperating exporters' cost of production for steel slab. An appropriate benchmark represents a cost of production in China that is free from the effects of the not normal and ordinary 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 not normal and ordinary circumstances. The commission considered, instead of a benchmark, whether it could have directly quantified the effect of the GOC's influence on the raw material markets and steel slab costs. From the commission's review of publicly available research sourced from providers including the OECD, academic journals and market research reports, there was no sufficiently reliable information to estimate the effect of the GOC's influence on Chinese HRC production costs. 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 holistic comparison of the cooperating exporters' recorded costs to a cost that is free from the effects of the not normal and ordinary circumstances.

For the purposes of selecting an appropriate benchmark to compare to the cooperating exporters' recorded steel slab cost, the commission has considered:

1. private domestic prices or costs for steel slab in China (see chapter C.7.2.2.1)
2. import prices for steel slab into China (see chapter C.7.2.2.2)
3. prices or costs for steel slab from countries other than China (see chapter C.7.2.2.3).

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

- third-party financial data, obtained from Bloomberg LP and MEPS
- Chinese government data listing steel slab export and import prices with trading partners, totalled for the 3 months of October to December 2023 and the 9 months of January to September 2024 – non-confidential attachment B-8.2 to the Chinese government's submission published 7 February 2025²⁹²
- information BlueScope provided in its application and during verification
- third country production cost information verified by the commission in previous cases into a slightly narrower range of hot rolled coil steel.²⁹³

²⁹² EPR 658, document number 8, non-confidential attachment B-8.2.

²⁹³ The goods covered in *Investigation 188* did not include HRC made of alloy steel, or which had patterns in relief (checker plate). See also chapter 2.3.

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The commission considers the most appropriate information to use is to compare the domestic market price indices for China and Brazil, applying this difference to the cooperative exporters' cost to make the steel slab.

The commission's assessment is outlined in this appendix.

C.7.2.2.1. 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 slab in China. The commission considers that any private domestic prices or costs for steel slab 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 slab in China.

In the government questionnaire, the commission sought information from the GOC relating to manufacturers/producers of steel slab in China. The GOC did not provide a response to this request on the basis that the cooperating exporters are integrated producers, and production starts from iron ore instead of steel slabs.²⁹⁴

As the cooperating exporters are integrated producers, the majority of the cost to make of HRC comes from self-produced steel slab. However, the 3 Baosteel manufacturers had small quantities of externally purchased steel slab during the investigation period. The commission examined these purchases and found that they were from related parties, including from other members of the 3 Baosteel manufacturers. The commission also has not verified the related suppliers regarding steel slab price effects. The commission considers it impracticable to verify each supplier to a manufacturer, noting similar difficulties applied in the process of finding a market situation for HRC. Accordingly, the commission does not consider that these related supplier prices are appropriate for directly determining private domestic prices or costs for steel slab in China.

The commission has access to third-party financial data prices for steel slab from various countries.²⁹⁵ The commission has incorporated these prices in its benchmark comparison to compare with a third country market index (refer to chapter C.7.2.2.3).

C.7.2.2.2. Import prices into China

In the government questionnaire, the commission sought information from the GOC relating to imports of steel slabs. The GOC provided a listing of imports of steel slab into China as part of RGQ 658.²⁹⁶

²⁹⁴ EPR 658, document number 8, Response to government questionnaire, question B-4.

²⁹⁵ This data was sourced from MEPS.

²⁹⁶ EPR 658, document number 8, Non-Confidential Attachment – Attachment B-8.2 China Exports & Imports of Steel slabs to Australia.

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In the government questionnaire, the commission requested information on all imports of steel slab into China for the investigation period in domestic currency and Australian dollars, and the valuation basis.

The information provided by the GOC was broken down by Harmonized System (HS) code and name, country of origin, quantity (kg), and value (RMB). However, the GOC did not provide the basis for the value (FOB, CIF and so on). From the General Administration of Customs website, it appears that information on imports is reported at CIF terms.²⁹⁷

The Chinese government data also grouped multiple quarters together, only related to import and export prices, and appears to include a wide range of slab types beyond those suitable for production of goods. The commission was unable to differentiate or otherwise isolate the data relevant to the goods.

Additionally, as the cooperating exporters are integrated producers, they do not incur additional costs in the cost of production of steel slab such as SG&A, profit or delivery expenses which were contained in the aggregated data from the GOC.

The commission considers that the information provided by the GOC is not suitable for use as a benchmark because:

- by using HS codes to determine the scope of the data rather than the goods description,²⁹⁸ this data includes specialty products which are not reflective of the steel slab produced by the cooperating exporters
- if the values are reported at CIF terms, they are not comparable to the level at which the cooperating exporters produce steel slab
- import prices are likely influenced by China's domestic market prices, which the commission considers are influenced by the GOC.

C.7.2.2.3. Prices and costs from countries other than China

Third-party financial data included steel slab prices for China and third countries, meaning the commission could account for differences between the steel slab consumed by the cooperative exporters and the range of steel slab recorded in the market index.

Of the available information sources, the commission considers the best method to estimate a benchmark for slab input costs to be, at a high level:

1. calculate the difference between the Chinese and third country market indices, to estimate price differences between the markets.
2. calculate the difference between the Chinese market index steel slab price and the cooperative exporters' steel slab input costs.

²⁹⁷ General Administration of Customs People's Republic of China (GACC), [Explanatory notes of 2024](#), GACC website, 12 March 2024, accessed 18 November 2025.

²⁹⁸ The Government questionnaire instructed the GOC that the goods are captured generally by certain HS codes, but not exhaustively. The GOC explicitly outlined the goods description (HRC) and was clear that 'HRC' referred to that goods description, not all HRC. See section A-2 of the Government Questionnaire.

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3. apportion the difference between Chinese and third country market indices to the cooperative exporters' steel slab input costs, adjusted for the difference between the Chinese market index price and the exporters' steel slab input costs.

The selected method assumes the reasons for any difference come from genuine differences in the slab types, different delivery terms and the cooperative exporters not requiring a profit margin on self-produced slab. Additionally, where differences between the Chinese and third country indices that are attributable to factors other than the effects of GOC intervention, these factors are identified and relevant adjustments made. The specific benchmark adjustments made by the commission are detailed in chapter C.7.2.3 below.

C.7.2.2.4. Selection of a third country benchmark

The commission identified third-party financial data for:

- domestic prices in Brazil, China, India and the Islamic Republic of Pakistan (Pakistan)
- export prices from the Commonwealth of Independent States (CIS) at ports near the Black Sea, and the Russian Federation (Russia)
- import prices from Taiwan, the US and an average of Southeast Asian prices.

The commission searched for third-party steel slab market index prices in the investigation period and found only the datasets listed above. The commission notes from its research that there are fewer commercially available market index datasets for steel slab than for some other steel commodities, like steel billet.

The commission considers the most appropriate information to use is to compare the domestic market price indices for China and Brazil. The commission considers that this benchmark represents the most appropriate starting point to calculate a cost of production for steel slab in China that is free from the effects of the not normal and ordinary circumstances. The commission summarises its reasons for selecting Brazil below:

- Brazil and China both primarily use blast furnaces to produce steel.
- Brazil's total annual steel production is relatively high, being the 10th highest globally. This compares to China as the largest global producer of steel.
- The commission did not identify similar steel market interventions in Brazil to the interventions identified in China. The commission did not identify SOE steel manufacturers in Brazil and did not find evidence of other significant market intervention in Brazil.
- Brazil is broadly similar to China in socioeconomic metrics like GDP per person, the Human Development Index, the Human Capital Index and manufacturing sector wages.

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Regarding the other countries with available data, the commission notes the following:

- Russia and CIS export prices for the investigation period were affected by sanctions to the extent the commission considers these prices unreliable to estimate steel slab costs absent the effects of the circumstances.²⁹⁹
- India has large steel producers that are SOEs and there is evidence of SOE ownership for suppliers of major cost inputs into steel slab production.^{300, 301}
- Pakistan's steel industry is relatively small and there are state-owned suppliers of major cost inputs into steel slab production.³⁰²
- The Taiwanese and US market price indices were based on import prices, rather than domestic prices, meaning it would require additional adjusting to compare with the Chinese domestic price of steel slab. The commission also has no information available to estimate the proportion of imports produced from blast furnace or electric arc furnace, meaning import prices may less closely reflect typical Chinese manufacturing processes.

C.7.2.2.5. Other third country data

Regarding other available information on costs from countries other than China, the commission considers this unsuitable or less suitable for the following reasons:

- BlueScope's Australian domestic production cost records were not sufficiently detailed for the commission to account for differences between the slab used for the range of goods sold by Australian industry compared to the range produced by the cooperative Chinese exporters.
- The commission's last verification of third country hot rolled coil production was for production in calendar year 2021 in continuation inquiry 594,³⁰³ which is outdated and would require adjusting to estimate costs for the investigation period.

C.7.2.3. Adjustments to benchmark

While the Brazilian prices represent a suitable basis for a benchmark, the commission considers it is necessary to make further adjustments to ensure it is an appropriate comparator to determine a cost of production for steel slab in China.

Table 33 outlines the commission's consideration of the various cost items in the cooperating exporters' cost of production for steel slab and the rationale for making or not making an adjustment to the Brazilian benchmark.

²⁹⁹ European Council, [EU sanctions against Russia](#), European Council website, accessed 22 December 2025; *Additional duty countries*, Australian Border Force, accessed 22nd December 2025.

³⁰⁰ Ministry of Steel, [Annual Report 2024-25](#), Government of India, accessed 22 December 2025.

³⁰¹ World Steel Association, [Top steel-producing companies 2024/23](#), World Steel Association website, n.d., accessed 22 December 2025.

³⁰² Central Monitoring Unit, [Bi-Annual report on Federal State-Owned Enterprises \(SOEs\)](#), Government of Pakistan, accessed 22 December 2025.

³⁰³ See EPR 594.

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Cost item in steel slab production	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 the Chinese exporters' consumption 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	Yes	Labour rates differ between China and Brazil. Further information has been included below in chapter C.7.2.3.1.
Other production costs	No	The commission does not consider that an adjustment for the various other production costs between China and Brazil would be material. Further information has been included below in chapter C.7.2.3.3.
SG&A expense, delivery expenses and profit	No	Integrated producers do not incur the same costs in the cost of production of steel slab as sellers of steel slab, such as SG&A, profit and delivery expenses. The commission's adjustment methodology adjusts steel slab costs based on the percentage difference between the Brazilian and Chinese steel slab market price indices in USD per MT. The commission applies this percentage difference to the Chinese exporters' steel slab costs, after accounting for any other adjustments in this table. Both the Chinese and Brazilian steel slab indices include SG&A and profit amounts (as a proportion of total cost to make). The steel slab prices therefore do not require an adjustment for these amounts. The commission has not identified reliable information to suggest this assumption is inaccurate or, further, information that could be used to calculate an adjustment for any difference between the countries' typical SG&A or profit for steel slab manufacturers. The commission assumes the difference between the Chinese steel slab market index and Chinese exporters' steel slab costs is caused by factors including the different amounts of SG&A, delivery expenses and profit between integrated manufacturers producing steel slab and commercial sellers of steel slab.
Economies of scale	No	A comparison of crude steel production and steel slab prices did not identify a material difference in economies of scale between China and Brazil. Further information is provided below in chapter C.7.2.3.2.

Table 33: Adjustments to Brazilian benchmark

C.7.2.3.1. Adjustment for labour

To determine an adjustment for labour, the commission has obtained information relating to Chinese SOE manufacturing sector wages and Brazilian steelmaking wages, converted to Chinese yuan: see **Confidential Attachment 2 – Benchmark data**. The commission used Chinese SOE wages because the cooperating manufacturers were all SOEs. The commission has also relied on the cooperating exporters' production cost records for steel slab. The commission has only adjusted the Brazilian benchmark by the proportion of the amount that relates to labour costs incurred in production before and up to slab casting

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(when the exporters created the steel slab). This is based on the proportion of labour for cooperating exporters' cost of production for steel slab. This was less than 1% of total slab production cost, on average.

The commission compared the equivalent labour cost in Brazil to China and has adjusted the proportion of the Brazilian benchmark that relates to labour, reducing the labour component by between 6% and 19%, depending on the quarter.

C.7.2.3.2. Economies of scale

The commission has not made an adjustment for economies of scale. To consider an adjustment for economies of scale, the commission compared the production volume of crude steel from the World Steel Association data for each of China and Brazil to the MEPS price of steel slab in each country for 2023 and 2024. The commission considers that an economy of scale benefit could potentially be demonstrated by a reduction in prices as production quantity increases, reflecting the efficiencies gained from increased production. This analysis showed that for each of China and Brazil, the year with higher production quantities in that country did not have lower steel slab prices.

In light of this evidence and the additional evidence discussed in chapter C.7.2.3.4.2 below, the commission is satisfied that there are no adjustments required for economies of scale.

The commission assessment of economies of scale comparing World Steel Association production volume and MEPS steel slab prices is set out in **Confidential Attachment 29 – Chinese market assessment – Slab cost analysis**.

C.7.2.3.3. Other production costs

The other production costs in the cooperating exporters' records include:

- utilities (including electricity and thermal coal)
- auxiliary materials (such as alloys and fluxes)
- repair expenses (service fee & machinery replacement parts)
- service fees (paying for waste disposal, logistics, inspections)
- depreciation
- land/property expenses for the factory (such as rent and land use fees).

The commission considers that utilities costs are affected by the situation in the Chinese market. As detailed in chapter C.7.1, electricity and coal prices are affected by the GOC's influence. Accordingly, the commission considers that it is not appropriate to make an adjustment for these costs.

The commission considers that any adjustment for other production costs between China and Brazil would not be material. The remaining costs individually make up a small percentage of the cooperating exporters' cost of production for steel slab. The commission also has not identified reliable estimates for these costs relating to Brazilian manufacturers, including information provided by stakeholders and from the commission's own public record research. The commission considers that it cannot find evidence to reliably estimate the difference between these costs for Chinese and Brazilian steel slab manufacturers, nor that this difference is material as a proportion of total steel slab costs.

C.7.2.3.4. GOC, Baosteel and LY Steel post-SEF submissions

The commission notes that, following the publication of SEF 658, the GOC, Baosteel and LY Steel submit that the commission's use of a Brazilian benchmark for slab steel is inconsistent with article 2.2 of the Anti-Dumping Agreement³⁰⁴. The GOC and LY Steel allege that the current methodology applies only:

*... minimal adjustments while overlooking key China-specific factors such as economies of scale in a market producing over 50% of global steel, lower utility rates due to infrastructure investments, variances in alloy input prices, and technological efficiencies from advanced blast furnace operations.*³⁰⁵

The GOC and LY Steel also allege that the Brazilian benchmark 'fails to account for Brazil's smaller market scale and distinct dynamics, including higher dependency on imported inputs and different trade protections'.³⁰⁶

The GOC, LY Steel and Baosteel also criticise the use of a Brazilian benchmark, citing Brazil's smaller market scale and distinct dynamics, including trade remedies measures at the downstream finished steel product level (including carbon steel sheets and heavy steel plate) which results in minimal importations and limited market competition:

*... given Brazil's net exporter status for slabs, integrated mills, and focus of remedies on downstream products, the trade remedy measures provide indirect upstream benefits, supporting higher domestic slab pricing than in a fully open import scenario for finished goods.*³⁰⁷

Baosteel also claimed that the commission ignored exporter-specific evidence that Baosteel's largest input cost is Australian iron ore purchased at international market prices and that this input is undistorted, making its blanket rejection of costs inconsistent with article 2.2.1.1 and a contravention of WTO rules. Baosteel also stated that there is a premium for Brazilian iron ore over Australian iron ore of approximately 13%.

C.7.2.3.4.1. The commission's assessment

A series of WTO Appellate Body and Panel decisions have made clear that article 2.2 does not prohibit the use of information from outside of the country of origin to determine the cost of production in the country of origin. However, the information used must be 'apt

³⁰⁴ EPR 658, document numbers 33 (GOC), 34 (LY Steel) and 35 (Baosteel).

³⁰⁵ EPR 658, document number 33, under heading 'C. Examination of Benchmark Methodology'; document number 34, page 4 under heading 'C. Examination of Benchmark Methodology'. See also Baosteel Submission: EPR 658, document number 35, under heading '4. Flaws in Commission's Benchmark Construction': 'Adjustments are minimal and selective, limited to labour costs ... while ignoring critical China-specific factors such as lower utility rates, economies of scale from China's vast production capacity *the world's largest at over 1 billion tonnes annually), alloy input prices, or technological efficiencies.'

³⁰⁶ GOC Submission, EPR 658, document number 33, under heading 'C. Examination of Benchmark Methodology'; LY Steel Submission, EPR 658, document number 34, page 4 under heading 'C. Examination of Benchmark Methodology'.

³⁰⁷ GOC Submission, EPR 658, document number 33, under heading 'C. Examination of Benchmark Methodology'; LY Steel Submission, EPR 658, document number 34, pages 4–5 under heading 'C. Examination of Benchmark Methodology'. See also Baosteel Submission, EPR 658, document number 35, heading '4.1 Inappropriateness of Brazil as a Surrogate Country'.

to ... yielding a cost of production in the country of origin' and may need to be adapted.³⁰⁸ The onus on the investigating authority is to 'make all adaptations that are necessary'.³⁰⁹

The commission does not consider that the China-specific factors warrant further adaptation to the benchmark.

C.7.2.3.4.2. Economies of scale

The commission, in considering the submissions of the GOC, Baosteel and LY Steel on economies of scale, noted that the submissions did not contain evidence to support the claim that 'economies of scale' enable Chinese producers to produce steel slab at a lower cost. Rather, the submissions relied on the assumption that China's larger production volumes should result in lower production costs. The submissions also did not contain a proposed adjustment amount or methodology to adjust the Brazilian benchmark to account for the claimed 'economies of scale'.

The commission considered whether to make an 'economies of scale' adjustment to the Brazilian benchmark. As noted in chapter C.7.2.3.2 of this report and in SEF 658, the commission examined World Steel Association volume data and compared it to MEPS pricing data to determine whether higher steel production quantities are generally correlated with lower steel slab production costs. The commission notes that while this high-level analysis has limitations if relied on in isolation, it is relevant because it shows that there is no clear correlation between higher crude steel production volumes and lower steel slab prices.

The commission notes that it does not contest the claim that China's total steel production is higher than Brazil's total steel production, which is supported by the data from the World Steel Association. The commission does, however, consider it is incorrect to assume that the comparability of the MEPS steel slab prices for China and Brazil is materially affected by the claimed effect of 'economies of scale', based on China overall producing more steel than Brazil overall. The commission more specifically also considers it incorrect to assume the items listed below:

- China's major steel slab producers are necessarily larger than Brazil's on an individual manufacturer basis, just because China has a larger total crude steel production nationally (i.e. higher national production does not necessarily mean larger individual manufacturers)
- The identity of the largest steel slab producers in a country are the same as that country's crude steel producers
- Larger steel manufacturers, or countries with larger total steel production, necessarily benefit from economies of scale, without supporting evidence
- The potential economy of scale differences between Chinese and Brazilian steel slab manufacturers would be material to steel slab prices or even steel products generally.

³⁰⁸ Appellate Body Report, *EU — Biodiesel*, WTO Doc WT/DS473/AB/R (6 October 2016) [6.70].

³⁰⁹ Panel Report, *Australia — A4 Copy Paper*, WTO Doc WT/DS529/R (4 December 2019) [7.146], citing Appellate Body Report *EU — Biodiesel*, WTO Doc WT/DS472/AB/R (6 October 2016) [6.73].

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The commission undertook a review of publicly available information to determine whether an 'economies of scale' adjustment is needed and, if so, to identify a method for calculating such an adjustment. The commission reviewed academic journals, publicly available statistics and other reports about:

- the identity and production volume of the major Chinese and Brazilian manufacturers of steel slab (assuming the MEPS market price data included information from these companies)
- the existence of a benefit from economies of scale for steel manufacturers in recent years, both in general and specific to China or Brazil
- methodologies to quantify an 'economies of scale' benefit for steel manufacturers, whether per company or industry wide, if such a benefit were found to exist.

Based on its research, the commission found some support for the view that economy of scale can be one of the determinants of manufacturer competitiveness,³¹⁰ but no source contained a methodology to estimate an economy of scale adjustment that could be applied in this investigation nor information that could be otherwise used in this investigation. The commission noted it identified few primary sources of evidence dealing with economy of scale in the context of ironmaking or steelmaking.

The commission also examined the selected exporters' data and found that there was no clear correlation between higher company-wide steel production volumes and lower unit cost to produce steel slab.

Further, in consideration of the GOC, LY Steel and Baosteel submissions, the commission notes that it has outlined the distortive effects of state ownership in the Chinese steel industry extensively in Appendix A, chapter A.6. Specifically, the commission notes the findings that GOC influence has led to excess steel production capacity beyond China's domestic demand and the consolidation of smaller steel producers into larger, consolidated, state-owned producers. Therefore, to the extent that an 'economies of scale' benefit is claimed to exist, the commission considers that GOC influence in the steel industry is a key reason for both the large production volumes of the Chinese steel industry as a whole, and the predominance of consolidated large volume producers.

In summary, the commission has not made an 'economies of scale' adjustment to the Brazilian benchmark because the commission could not identify a clear correlation between high steel production volumes and low steel slab production cost, either at a whole-of-industry or individual manufacturer level. Further, even if such a correlation were found to exist, any adjustment would need to take into account GOC influence in the steel industry as a key driver of both industry-wide and individual-producer level large production volumes.

C.7.2.3.4.3. Lower utility rates

With respect to the claim of lower utility rates due to infrastructure investments, the commission has found that the GOC has intervened extensively in the markets for

³¹⁰ See, for example, P Crompton and JB Lesourd, 'Economies of scale in global iron-making', *Resources Policy*, 2008, 33(2):74–82, doi:10.1016/j.resourpol.2007.10.005.

utilities, mainly electricity and thermal coal, used in steel production, resulting in lower utility prices than what would have otherwise prevailed in the absence of GOC intervention. The commission discusses this in more detail in Appendix A, chapter A.6.6 and chapter C.7.1. The commission also notes the purchased electricity identified in the selected exporters' steel production costs came from Chinese SOE sources within the State Grid Corporation of China or other Baosteel subsidiaries, and some coal purchased came from Chinese SOE suppliers. For that reason, the commission considers that adjusting a Brazilian benchmark to reflect actual Chinese electricity costs would likely result in reintroducing the effects of GOC market intervention that the benchmark aims to remove.

C.7.2.3.4.4. Efficiencies from blast furnace operations

The evidence available to the commission indicates that China produced between approximately 85% and 90% of its steel products from blast furnaces in calendar years 2023 and 2024.³¹¹ Brazil produced between approximately 75% and 76% of its steel products from blast furnaces in calendar years 2023 and 2024.³¹² In the absence of any indication to the contrary, the commission assumes the steel slab suppliers for the MEPS price records produced steel slab with roughly a similar proportion of blast furnaces as the countries' total steel production. In that context, the commission considers that both China and Brazil rely heavily on blast furnaces in their steel slab production.

The commission has not identified relevant evidence to support claims that Brazil is an inappropriate country to compare with China due to China's blast furnace operations being 'advanced' and having 'technological efficiencies', as claimed in the submissions. The submissions also did not contain additional information or evidence supporting these claims. After undertaking public record research, the commission did not identify information sources to support the claim that there is a difference between Brazil and China's steelmaking or blast furnace advancements or efficiencies. Accordingly, the commission does not consider that an adjustment to the Brazilian benchmark in relation to blast furnace operations is needed to reach a cost in China.

C.7.2.3.4.5. Brazil imports and trade protections

The commission does not agree that Brazil's use of trade remedies measures renders domestic slab prices inappropriate for the purposes of a benchmark. The GOC's submission states that:

Brazil has imposed anti-dumping duties and import quotas on downstream finished steel products such as carbon steel sheets and heavy steel plate. These indirectly protect domestic slab producers and contribute to higher domestic slab prices than would otherwise prevail without those measures.

The commission observes that the function and purpose of trade remedies measures are to provide a level playing field for a materially injured domestic industry. The commission does not consider that such measures inflate domestic prices. The commission also notes

³¹¹ X Shen and B Schäpe (2025), [Closing the loop: from stalled green steel targets to a strategic reset in China](#), Centre for Research on Energy and Clean Air, page 7.

³¹² Instituto Aço Brasil [Brazil Steel Institute] (2024), [Brazil Steel Databook 2024](#), Brazil Steel Institute website, page 11.

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that the GOC has not provided any empirical data that demonstrates that Brazilian domestic prices for slab are higher than otherwise would be in the absence of measures.

The GOC and LY Steel also submitted that Brazil's steel slab prices are inappropriately high to compare with China's steel slab prices because of Brazil's lower iron ore or steel slab import volumes. The Commission does not accept this submission. The commission considers that it would be incorrect to assume that Brazil's steel slab or iron ore markets were uncompetitively priced merely because it had a lower proportion of imports than China.

C.7.2.3.4.6. Alternative benchmark options

The commission notes that its consideration of viable alternative benchmark data options was comprehensively addressed in SEF 658 and this reasoning is unchanged. This reasoning, that is included above in chapter C.7.2.2 above, includes a consideration of information provided by BlueScope in its application and during verification, information regarding Chinese steel slab import and export data provided by the GOC in the RGQ, third party financial data from commercial sources and third-party production costs from prior commission investigations.

Additionally, the commission has also considered alternative benchmark options proposed in post-SEF submissions. This includes a consideration of Korean slab costs provided in the context of Investigation 688 into certain flat rolled steel products from China and Korea³¹³ in this chapter and the consideration of a different treatment of Australian iron ore in chapter C.7.2.3.5.1.2 below.

In relation to the proposal that uses data obtained in relation to Korean producers, specifically POSCO, the commission notes the information cited by Baosteel concerns exporter questionnaire responses provided for Investigation 688 into plate steel from China and Korea. Notwithstanding that the commission has concluded that slab prices for Brazil are an appropriate benchmark for Chinese producers, the data for Investigation 688 covers only one quarter of the investigation period for this investigation. The commission also has not yet verified the information provided by POSCO, meaning the commission has not yet concluded if it is reliable. The commission considers the Korean production information provided for Investigation 688 is not sufficient to reliably act as a benchmark for normal value calculations.

In addition to the specific consideration of proposed alternative benchmarks, the commission notes that the arguments from the GOC, LY Steel and Baosteel do not provide evidence to support their claim that the Brazilian benchmark is not apt of yielding a cost of production in China, absent the distortions identified in Appendix A. As noted in Appendix A, the interventions of the GOC have precipitated industrial policies and incentives to increase the growth and productivity of the steel sector – whether the resources, environmental capacity, and market conditions supported growth or not. The commission has determined a cost of production in China via third country costs that has been adapted to reflect a market-oriented price of HRC in China but does not reintroduce the factors that warranted recourse to a constructed normal value in the first place.

³¹³ See EPR 688.

C.7.2.3.4.7. Other production costs

The commission has also considered submissions asserting that differences in specific material inputs, including alloying elements and other auxiliary materials, warrant further adjustment to the benchmark. The commission considers that such inputs are appropriately captured within the category of 'other production costs', see chapter C.7.2.3.3. These costs individually comprise a small proportion of the cooperating exporters' total cost of production for steel slab. The commission considers that it cannot find evidence to reliably estimate the difference between these costs for Chinese and Brazilian steel slab manufacturers, nor to support that this difference is material as a proportion of total steel slab costs. In these circumstances, the commission considers that no additional adjustment to the benchmark is warranted for these inputs.

C.7.2.3.5. Baosteel's 9 February 2026 submission

In a further submission from Baosteel dated 9 February 2026 and amended on 25 February 2026,³¹⁴ Baosteel reiterates several of the points raised in their initial submission of 19 January 2026 in response to SEF 658 and also outlines a comparison between market prices for HRC and normal values determined for Baoshan. Baosteel contend the normal value determined by the commission in SEF 658 is not appropriate as it results in a figure that is higher than any of the HRC prices in several key markets globally, including the USA. Baosteel submits that the cause of this higher price is because the benchmark, which references the price for slab exported from Brazil, is inappropriate.

Baosteel's 9 and 25 February 2026 submission also included suggested alternatives to the Brazilian Benchmark used by the commission in SEF 658, including:

- preserving 'undistorted' Australian iron ore costs (as in EU Regulation (EU) 2025/1042³¹⁵), which represent a substantial portion of slab costs and are sourced at competitive international prices unaffected by alleged GOC distortions.
- adopt Korean slab costs from Case 688³¹⁶ as a market-economy benchmark, given operational similarities, identical slab inputs for HRC/HRP, and avoidance of Brazil's structural distortions.
- if any uplift is applied, limit it to the non-iron ore portion of slab costs using the granular formula previously provided.

C.7.2.3.5.1. The commission's assessment

C.7.2.3.5.1.1. Normal values compared to HRC index prices

Following the publication of SEF 658, the commission re-calculated the dumping margins for the 3 Baosteel manufacturers using the amended cost data they provided on 19 December 2025, just prior to the publication of the SEF with minor adjustments, as explained in chapter 6.4.6.1. The amended cost data was provided by Baosteel in

³¹⁴ EPR 658, document number 38.

³¹⁵ European Union, [Commission Implementing Regulation \(EU\) 2025/1042](#), EU website, 28 May 2025, accessed 2 April 2026.

³¹⁶ See EPR 688.

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response to issues raised by the commission in the verification report in relation to the suitability of the all-markets costs data to construct a normal value to compare to export price, where it was clear that the mix of models of HRC exported to Australia was substantially different to the mix of models sold globally. The lack of granularity of Baosteel's costs data resulted in overstated normal values. The normal values used in this report for all 3 Baosteel manufacturers are lower than the normal values used in SEF 658.

In considering Baosteel's 9 and 25 February 2026 submission, the commission has examined the revised normal values for Baoshan for the models highlighted in the submission. In the submission, Baoshan compared its June 2024 quarter normal value for certain models to the May 2024 MEPS prices for HRC referenced in the submission. The commission has replicated this analysis using Baoshan's revised normal values for this report. The commission found that the June 2024 quarter normal values for Baoshan for the selected models were no longer the highest when compared to other markets but were positioned in the upper end of the range of May 2024 HRC prices published by MEPS considering a wide range of countries. A broader analysis of the normal values of the specific models for all quarters in the investigation showed that the commission's revised normal values were also well within the range of global HRC prices published by MEPS for the period, with prices in the first two quarters being mid-range. Similar observations were made for Zhanjiang and Meishan. The commission's assessment is at **Confidential Attachment 30 – Post-SEF normal value analysis**.

The commission considers the normal value revisions resulting from the provision of more granular costs data provided by Baosteel on 17 December 2025 address Baosteel's concerns regarding the magnitude of price variation between global HRC prices, and the normal values calculated for the 3 Baosteel manufacturers for the specific models of HRC referenced. Further, the commission considers that this analysis shows that the normal values calculated in this report are within the expected range.

C.7.2.3.5.1.2. Treatment of iron ore costs as 'undistorted'

The commission also considered the proposal put forward by Baosteel in relation to treatment of its iron ore from Australia are not suitable. While Baosteel's 19 January submission states that Baosteel's iron ore was 'sourced entirely from unrelated suppliers in Australia at international market prices', the commission notes that, according to the raw materials purchase listing provided by Baosteel, across the 3 Baosteel manufacturers, iron ore was sourced entirely through a large number of SIEs (including several related parties) and ultimately sourced from an extensive range of countries (including China, Australia and Brazil). Additionally, the commission considers that Baosteel did not provide sufficient information to enable the commission to reliably verify the original price that the iron ore was purchased from the original source. The commission notes the other selected exporter, LY Steel, also did not provide this information. Baosteel did provide a list of iron ore purchases from one of their related suppliers and the list provided showed that the related supplier purchased iron ore from a range of countries (including Australia, Brazil and others). However, due to the large number of suppliers used by Baosteel (close to 100 suppliers in total across the raw material supply list provided), the commission was unable to verify the records of each supplier and the one related supplier list was also not verified. The commission's review of the suppliers is at **Confidential Attachment 31 – Supplier analysis**. Regarding the related supplier's iron ore listing, the commission considers:

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- the commission could not rely on this supplier's information without first verifying it as reliable
- the commission would have needed to request additional information to confirm information like company structure and price negotiation process before finding the supplier's purchases to reliably reflect arms length transactions
- the commission could not use information from this one related supplier to make conclusions about other suppliers.

The commission therefore considers that it is unable to reliably determine if the iron ore costs incurred in the production of HRC by Baosteel necessarily reflect the price of the iron ore sold by the originating producers.

The commission also considers Baosteel's analysis of the 2 types of Australian and Brazilian iron ore prices in its 19 January 2026 submission dismisses the effect of the Brazilian iron ore having a higher iron content. The commission notes the evidence provided also does not confirm the moisture content of the 2 types of iron ore and disregards potential differences in ocean freight to China from Brazil compared to Australia. Based on the available information, the commission considers there is insufficient information to establish that Brazilian iron ore is materially more expensive than Australian iron ore because the analysis does not account for these factors.

Further, while Baosteel stated in their post-SEF submissions that iron ore purchased from Australia is 'undistorted' and stated that the commission should follow the approach used in EU2025/1042³¹⁷, no evidence was provided by Baosteel to refute the preliminary finding that the CMRG influences imported iron ore prices, as set out in Appendix A, chapter A.6.6.2. The commission considered EU2025/1042 and noted differences in the factual circumstances between the two cases and relevant findings that:

- the CMRG became fully operational in early 2023 and was not fully operational in the investigation period of that case³¹⁸, and
- there was some evidence in that case to show that the CMRG had been involved in iron ore procurement agreements between exporters (including Baosteel) and third country suppliers, but
- the late claim of CMRG influence impacted the EU Commission's ability to fully investigate the claim.

The commission does not consider that the findings of EU 2025/1042 support Baosteel's claim that the iron purchases in this case are 'undistorted' and should be isolated from the benchmark calculation.

C.7.2.4. Procedural fairness and disclosure deficiencies

Baosteel argues that the Commission failed to provide Baosteel procedural fairness by withholding the data, sources, and calculations used to create the 37% uplift. Baosteel

³¹⁷ European Union, [Commission Implementing Regulation \(EU\) 2025/1042](#), EU website, 28 May 2025, accessed 2 April 2026.

³¹⁸ The investigation period of the EU 2025/1042 was 1 April 2023 to 31 March 2024, while the investigation period in this case is 1 October 2023 to 30 September 2024.

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argues that this material is not genuinely confidential and is required for Baosteel to respond to essential facts outlined in SEF.

It also objects to the Commission's use of MEPS data, noting long-standing concerns about MEPS's accuracy, transparency, and limited credibility, and pointing out that the Commission itself has previously avoided MEPS in favour of alternative sources.

C.7.2.4.1. MEPS data and confidentiality

The GOC, Baosteel and LY Steel in their submissions recommended that the commission consider alternative data sources to MEPS, citing concerns with the use of non-public subscription data (as well as reliability compared to alternative data sources). They also requested disclosure of non-sensitive details of the uplift calculations.³¹⁹ Baosteel submitted that MEPS data is not genuinely confidential and requests disclosure of the data used for the benchmark and uplift calculations.³²⁰ Baosteel argued that the commission's approach contravenes the Commissioner's obligations under sections 269ZJ and 269TDAA of the Act, which requires disclosure of relevant information on the public record and a SEF that sets out the material findings on which the commission intends to rely.

MEPS International³²¹ is a highly reputable, independent provider of global steel prices, indices, and forecasts, covering 28 countries across five continents. MEPS is an independent researcher with no ties to steel producers or buyers. The commission considers that the purchased data to be reliable evidence based on market prices. The MEPS data is confidential or commercially sensitive to MEPS and cannot be published by or disclosed by the commission. The commission notes that the data is available to parties directly via a purchased subscription from MEPS.

The commission notes that article 6.5 of the ADA expressly recognizes that confidential information can permissibly be withheld from the parties, provided the requirements in article 6.5 and article 6.5.1 are met.

The commission notes that it provided summarised Brazilian benchmark information to provide transparency to the parties, including adjustments made to the MEPS data, to the extent possible without breaching confidentiality and in a manner consistent with the Act and the WTO Anti-Dumping Agreement.

The commission also notes generally that it found relatively few market price indices for steel slab compared to other commodity steel (like finished HRC). The commission reviewed other market price index providers and considered they did not provide preferable market index alternatives to MEPS for this investigation, even though some appeared broadly equivalent to MEPS.

³¹⁹ EPR 658, document number 33, under heading 'D. Data Reliability and Procedural Considerations'; EPR 658, document number 34, under heading 'D. Data Reliability and Procedural Considerations'.

³²⁰ EPR 658, document number 35, under heading '6. Procedural Fairness and Disclosure Deficiencies': 'Baosteel does not consider that [the MEP's Pricing data] can reasonably be argued to be either confidential or information that would adversely affect a person's business or commercial interests, when any party can pay to receive that data'.

³²¹ See MEPS International, [MEPS International](#) [website], n.d., accessed 30 March 2026.

C.7.2.5. Effect of circumstances on the cooperating exporters' cost of production for steel slab

The commission has calculated that the Brazilian market index price of steel slab was on average 37% higher than the Chinese index price in the investigation period, using a simple average of the monthly market indices. The commission considers that the effect of the circumstance is significant given steel slab represents the largest portion of the cost of production for HRC.

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

- the GOC's influence has resulted in material alterations specific to the steel markets in China, including specifically the raw materials used in steel production (including steel slab)
- the benchmark represents a cost of production for steel slab 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 slab. Accordingly, the commission considers that the difference between the Brazilian and Chinese market price indices for steel slab 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 slab market price, applies to the cooperative exporters' recorded steel slab costs. This means that those costs are not a reliable indication of the cost of production of HRC in China.

The commission considers that relying solely on the cooperating exporters' recorded cost of production for steel slab 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 the cooperating exporters' recorded steel slab costs would reintroduce the very factors that warranted, in the first instance, recourse to constructing the normal value.

C.8. How to determine the cost of production in China

In chapter C.7, the commission explained why it considers there are compelling reasons for determining that circumstances in which the exporters' cost were formed are not 'normal and ordinary' such that using the cooperating exporters' cost records to construct a normal value is not appropriate. More specifically, the commission considers that the cooperative exporters' production records of steel slab costs are not suitable for use to establish the cost of production of HRC in China. The commission considers that the specific facts and evidence in this case, in respect of the cooperative exporters' records, provide compelling reasons to deviate from using their recorded cost of production for steel slab.

The commission considers that the most appropriate method to determine the cost of production for steel slab in China is to use the cooperative exporters' recorded cost of production for steel slab, adjusted to remove the effects of the not normal and ordinary circumstances. To make this adjustment to the cooperating exporters' records, the commission has used the same method as was used to estimate the effect of the

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circumstances on the cooperating exporters' cost of production for steel slab. That is, the commission has relied on the proportional difference between the Brazilian and Chinese steel slab market price indices in USD per MT, applied to the cooperative exporters' steel slab costs. The commission also adjusted this amount to account for differences in the Brazilian and Chinese markets for steel slab and the countries' steel industries, as described in chapter C.7.2.3.

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 China and Brazil that have not been captured in its assessment but is satisfied that these would not be material to its overall assessment.

APPENDIX D ASSESSMENT OF SUBSIDY PROGRAMS

D.1. Finding

The Commissioner has found that:

- countervailable subsidies were received in respect of the goods exported to Australia from China during the period of investigation and
- the level of subsidisation received by all exporters in respect of the goods was not negligible.

The subsidy margins in respect of the goods exported to Australia from China during the investigation period is summarised in Table 34. For ease of reference, this table includes the subsidy margins for the selected exporters terminated in TER 658.

Exporter	Subsidy margin	Negligible? ³²²
Baoshan	1.7%	Yes
Zhanjiang	0.3%	Yes
Meishan	1.4%	Yes
LY Steel	1.4%	Yes
All other exporters	3.4%	No

Table 34: Subsidy margins

D.2. Background

In its application, BlueScope alleged that:

... HRC producers located in China benefit from substantial subsidies conferred by federal and sub-federal levels of government.

At the time of initiation of investigation 658, the Commissioner considered that it was reasonable to accept BlueScope’s claim that HRC producers from China had received benefits in the form of subsidies based on the programs alleged in the application.

In its application, BlueScope identified the subsidy programs from sources, including:

- the commission’s previous reviews and continuations for related steel products:
 - Review 521 and Continuation 611 into zinc coated galvanised steel.
 - Continuation 590 into hollow structural sections.
- programs found to be countervailable by the US Department of Commerce
- programs identified in China’s WTO notifications³²³

The commission has considered all the programs alleged in the application and examined all amounts that the exporters and GOC stated were countervailable subsidies received

³²² Section 269TDA(16)(b) – the negligible level of subsidisation for China is 2%.

³²³ EPR 658, document number 2, Table 10, Row D.

during the investigation period. The commission has also considered the two types of less than adequate remuneration (LTAR) programs alleged in the application.

D.3. Legislative Framework

D.3.1. Definition of ‘subsidy’ and ‘countervailable subsidy’

Under section 269TJ, one of the matters that the Minister must be satisfied of in order to publish a countervailing duty notice is that subsidisation has taken place (to an extent that is not negligible).

According to section 269T(1), a subsidy, in relation to goods exported to Australia, is:

- a **financial contribution** that confers a benefit (in accordance with section 269TACC),
- by a **government, public body or private body** entrusted or directed to carry out a government function.

According to section 269TAAC, a subsidy is a countervailable subsidy if it is **specific**. A subsidy can be specific if access to the subsidy is:

- limited to particular enterprises or within a particular industries or geographical locations, or
- contingent on export performance or the use of domestically produced goods.

The amount of a countervailable subsidy is determined under section 269TACD.

D.3.2. Definition of government, public body or private body carrying out a government function

When determining if the financial contribution is a subsidy under section 269T(1), the commission has regard to whether the entity responsible for providing the financial contribution under the relevant program is a:

- **Government:** As described in section 16.2 of the Manual, the commission considers that the term ‘government’ is taken to include government at all different levels, including at a national and sub-national level.
- **Public body:** Not defined in the Act, determining whether an entity is a ‘public body’ requires evaluation of the entity’s features and its relationship with government, including the following:
 - **Public policy objectives and functions** performed by the body with reference to legislation and other legal instruments, the degree of separation and independence of the entity from a government, and the contribution an entity makes to government policies or interests.
 - **Ownership and management structure** including whether the body is wholly- or partially state owned with reference to the government’s ability to

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make appointments, determine the body's objectives, and direct investment and business decisions.³²⁴

- Private body carrying out a government function: Pursuant to section 16.3 of the Manual, the commission will consider whether a private body:
 - has been 'entrusted' to carry out a government function, which occurs when a government gives responsibility to a private body; or
 - has been 'directed' to carry out a government function where the government exercises its authority over a private body, or
 - is considered a proxy by government to give effect to financial contributions that this test will be satisfied.

D.3.3. Types of financial contributions

According to section 269TACC(3), if a government, public body or private body carrying out a government function to determine if a financial contribution confers a benefit, the Minister must have regard to whether:

- (a) equity capital provided is inconsistent with normal practice of private investors,
- (b) loans with preferential repayment terms to a comparable commercial loan,
- (c) loan guarantees with preferential terms to a comparable commercial loan,
- (d) the provision of goods or services at less than adequate remuneration, and
- (e) the purchase of goods or services for more than adequate remuneration.

According to 269TACC(4), the adequacy of remuneration for goods or services is to be determined with regard to prevailing market conditions in the country where those goods or services are provided or purchased.

A financial contribution or income or price support may confer a benefit in relation to goods exported to Australia if that contribution or support is made in relation to goods or services used in relation to the production, manufacture or export of the goods exported to Australia (per section 269T).

D.3.4. Non-cooperation by relevant entities

Section 269TAACA provides that where importers, exporters or the government of the country of export have not provided information the Commissioner considers to be relevant or has significantly impeded the investigation, the Commissioner may:

- act on the basis of 'all the facts available', and
- make 'such assumptions as considered reasonable'.

³²⁴ This approach is consistent with *DS379 United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China*: In that case, the Appellate body referred to three indicia for assessing whether an entity was a public body vested with, or exercising, government authority: 1) Where a statute or other legal instrument expressly vests government authority in the entity concerned; 2) Where there is evidence that an entity is, in fact, exercising governmental functions; and 3) Where there is evidence that a government exercises meaningful control over an entity and exercises governmental authority in the performance of government functions.

D.4. Summary of investigated programs

The commission has considered all the programs alleged in the application and examined all amounts that the exporters and GOC stated were countervailable subsidies received during the investigation period. The commission has also considered the two types of less than adequate remuneration (LTAR) programs alleged in the application.

The assessment of the programs has been conducted with reference to the category of the financial contribution considered (grants, tax programs, preferential loans, and less than adequate remuneration), with consideration also given to the source of the information provided about the programs and the level of evidence available. Table 35 outlines the categories and sub-categories used by the commission in assessing the subsidy programs.

Type	Category	Chapter reference	Sub-category description
Grants	A	D.5.2.1	Grant programs alleged in the application
		D.5.2.2 and D.5.2.3	Grants identified by the exporters A1: Payment types including an official reference A2: Payment types with a descriptive name A3: Payments with non-descript names
Tax	B	D.6.2.1	Tax programs alleged in the application
		D.6.2.2	B1: Tax program identified by the GOC and exporters – Preferential tax policies for value-added tax (VAT) additional deductions for advanced manufacturing enterprises B2: Other value added tax deduction programs B3: Other tax programs identified by the exporters
Loans	C	D.7	Preferential loan programs identified by the exporters
LTAR	D	D.8.4 to D.8.8	Raw materials and utilities provided at LTAR
		D.8.9	Hot rolled steel provided at LTAR

Table 35: Categories used for the subsidy assessment

D.5. Category A – Grant programs

D.5.1. Finding

The Commissioner has found that all the amounts declared by the exporters to be countervailable subsidies during the investigation period to be countervailable subsidies. This finding was made in accordance with section 269TAACA based on a consideration of all the facts available and reasonable assumptions. The Commissioner found that of the 179 grants declared, 17 were not attributable to the production of the goods. Those amounts found not to be attributable to the production of the goods have not been included in the calculation of the total benefit received in relation to the goods exported to Australia.

D.5.2. Grant programs identified

D.5.2.1. Grant programs alleged in the application

In the application, BlueScope claimed that producers of HRC received subsidies in the form of grants. BlueScope identified the grants using a range of sources, including:

- the commission's previous reviews and continuations for related steel products:
 - Review 521 and Continuation 611 into zinc coated galvanised steel
 - Continuation 590 into hollow structural sections
- programs identified in China's WTO notifications.³²⁵

In their REQs, all exporters provided information regarding grants received from governments and other public bodies during the investigation period. During verification, the commission was satisfied that the grant lists provided by the exporters contained all the grants received during the investigation period and the amounts received were accurate. Details of the assessment of these grants and whether they are countervailable subsidies is contained in chapter D.5.3 below. That said, as explained in chapter D.5.2.3 below, there was a significant amount of information that was not provided in relation to the grants received. For almost all grants declared, it was not possible to identify the name or any details about the grant program under which the grants were provided. As a result, it was not possible for the commission to determine whether any of the grants received by the exporters during the investigation period were received under the subsidy programs alleged in the application. Therefore, the commission has not attempted to link the grants declared to the programs alleged and the Commissioner finds that there was insufficient information provided to make a finding in relation to the grant programs alleged.

D.5.2.2. Information provided by the GOC

The commission sought information in relation to subsidy programs in Part D of the government questionnaire. In its response to section D-3,³²⁶ the GOC requested that the commission refer to exporter specific the responses provided by the selected exporters in their REQs in relation to grants.

The commission notes that GOC did not provide a full response to Part D-3 of the government questionnaire. Specifically, the commission requested information and documentation in relation to both the subsidy programs identified by the applicant and any other new program relevant to manufacturers of HRC. The GOC did not provide the requested information and requested the commission refer to the exporters' REQs.

D.5.2.3. Information provided by exporters

In their REQs, all exporters provided information regarding grants received from governments and other public bodies that were extracted from their company income ledgers. The lists reflected all the individual payment transactions that the companies had received from government bodies.

³²⁵ EPR 658, document number 2, Table 10, Row D.

³²⁶ EPR 658, document number 8.

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Table 36 summarises the number of transactions declared by each exporter to be subsidies in the form of grants. During verification, the commission verified that the transaction listings were complete and represented all amounts received from government bodies in the form of direct payments in the respective companies' financial systems during the period.

Exporter	Number of grant payments records provided
LY Steel	41
Baoshan	679
Meishan	276
Zhanjiang	1006

Table 36: Number of grant payment receipts declared in REQ by exporters

Upon reviewing the list of payments received by Baoshan, Meishan, and Zhanjiang, the commission grouped together payments that appeared to be identical under a single name and summed the amounts received so that a total amount received was reflected. The commission has named each payment type as a 'program' for ease of reference, while acknowledging that the names of the payments provided by the exporters were not the names of government programs, but the names given to the payments in the accounting systems, which usually reflected the purpose the payments were used for, rather than a program name.

The commission also noted that some of the payments were received by more than one company. These payments have been listed as one program in the list of programs in Appendix E, with the benefit received calculated in accordance with the amount received by each exporter.

The commission assessed all the payments received and identified a small number of payments for which the names seemed to include the name of the government program that the payments were received under. These payments have been listed separately from those with unclear program names.

D.5.3. Grant payments assessment

The commission examined the grant payments received (that had already been consolidated in payments with identical descriptions) into three sub-categories of grants based on the description provided in relation to each payment. In applying section 269TAACA, the Commissioner considered all facts available (which differed slightly for each sub-category of grants) and then made reasonable assumptions to assess whether the payments were countervailable subsidies. The sub-categories and the assessment of each type of program based on the assumptions that were made for each are set out in the following chapters.

It is important to note, that for all payments listed in the REQ listings as 'grants', neither the exporters nor the GOC provided information regarding:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided
- the eligibility criteria upon which the grants are awarded.

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The exporters did, however, state during verification that they consider the grants to be subsidies received from government bodies (the exporters specified name or level of granting authority). During and after verification, the commission provided the exporters with multiple opportunities to provide further information about the grant payments to enable the commission to assess whether the subsidies are specific and therefore countervailable, but the exporters declined to provide further information. The commission explained that in the absence of relevant information, the Commissioner may make reasonable assumptions.

D.5.3.1. Sub-category A1 – Payments including an official reference

The commission identified 6 payment types (Programs 1 to 6 in Appendix E) for which the payment description included an official reference, for example, a grant reference number: 4 for LY Steel, 2 for Meishan. For each of these payment types, the commission assessed the following:

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies (local and central government agencies), as declared by the exporters.
- The information available did not enable the commission to assess the criteria for determining which companies are eligible to receive these payments, but based on the information available, it is reasonable to assume that the payments were only available to enterprises in specific industries.
- The payments could be attributed to the production of the goods. For the 4 LY Steel payment types, the payments were attributed to the whole company and the 2 Meishan payment types, the payments were attributed to the goods.

D.5.3.2. Sub-category A2 – Payment types with a descriptive name

The commission identified 51 payment types (Programs 7 to 57 in Appendix E) for which the name of the payment had a descriptive name that provided the commission with some information about the nature of the payment. For each of these payments, the commission assessed the following:

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the descriptive name of the payment) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to particular enterprises operating in specific industries.
- Of the 51 payment types considered, 34 payment types were attributed to the goods at varying levels (whole company, carbon steel production, HRC production and export production). There were also 17 payment types for which the commission assessed that the payments should not be attributed to the goods, for example, e.g. where the payment description specified that the payment related to 'cold rolling' which is not a part of the process of manufacturing HRC.

D.5.3.3. Sub-category A3 – Payments with non-descript names

The commission noted that the remaining 110 payment types (Programs 58 and 169 in Appendix E) included descriptions which contained very limited information that the commission could use to make an assessment. For each of these payments, the commission assessed the following:

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of each payment) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to particular enterprises operating in specific industries.
- These payments were attributed to the goods at varying levels (whole company, carbon steel production, HRC production and export production) based on the name of the payment. However, where the purpose of the payment was not clear, the commission assumed that the payments should be attributed to the production of steel/the goods.

D.5.3.4. Determination of amount of benefit attributable to the goods

As mentioned in chapter 7.4.1, the selected exporters provided their proposed attributions of the amounts of countervailable subsidy as part of the grant’s listings in their REQs as well as revised listings provided during verification. The exporters explained that the attributions were assumptions considering the information contained in the accounting system transaction descriptions and the accounting team’s business knowledge. For most programs identified, neither the exporters nor the Government of China provided evidence to support the exporters’ proposed subsidy attributions.

In the absence of evidence or relevant information to support the exporters’ proposed attributions, the Commissioner has acted on all the facts available and made reasonable assumptions, in some cases this included determining to attribute the amount received by the exporters to a different level than what was proposed by the exporters (for example, the exporter may have proposed that the payment be attributed to the whole company, but the commission has determined that it should be attributed to steel production).³²⁷

D.6. Category B – Tax Programs

D.6.1. Finding

The Commissioner has found that all the amounts declared by the exporters to be countervailable tax subsidies during the investigation period to be countervailable subsidies. This finding was made in accordance with section 269TAACA based on a consideration of all the facts available and reasonable assumptions.

³²⁷ Section 269TAACA(1).

D.6.2. Tax programs identified

D.6.2.1. Tax programs alleged in the application

In the application, BlueScope claimed that producers of HRC received subsidies in the form of tax programs. BlueScope identified the tax programs using a range of sources, including:

- The commission's previous reviews and continuations for related steel products:
 - Review 521 and Continuation 611 into zinc coated galvanised steel.
 - Continuation 590 into hollow structural sections.
- Programs identified in China's WTO notifications³²⁸

D.6.2.2. Information provided by the GOC and exporters

In their REQs, all exporters provided information regarding the tax benefits received from governments and other public bodies during the investigation period. During verification, the commission was satisfied that the lists provided contained all the tax benefits received by the exporters during the investigation period. However, for the tax benefits declared by the exporters alone, the only information that was provided about the nature of the tax benefit was the transaction details as recorded in the company accounting system. There was no information provided by the exporters or the GOC regarding:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the grants are awarded.

As a result, it was not possible for the commission to determine whether any of the grants received by the exporters during the investigation period were received under the subsidy programs alleged in the application. Therefore, the commission has not attempted to link the grants declared to the programs alleged and the Commissioner finds that there was insufficient information provided to make a finding in relation to the grant programs alleged.

Details of the assessment of these tax incentives and whether they are countervailable subsidies is contained in chapter D.6.3 below.

D.6.3. Assessment of tax programs

D.6.3.1. Tax program identified by the GOC and exporters – Preferential tax policies for value-added tax (VAT) additional deductions for advanced manufacturing enterprises

This program is Programs 170 in Appendix E. The Government of China identified this program in section D-3.1 of the RGQ.³²⁹ The program is established according to Announcement on the Policy of Value-Added Tax Additional Deduction for Advanced

³²⁸ EPR 658, document number 2, Table 10, Row D.

³²⁹ EPR 658, document number 8, 'Foreign Government - Government of China - Response to - Government questionnaire'.

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Manufacturing Enterprises (Announcement No. 43 of 2023 by the Ministry of Finance and the State Administration of Taxation).

The commission noted that Baoshan, Meishan and LY Steel stated that they received a benefit under this program and provided an amount for the benefit received. All three companies stated that the benefit received should be attributed to the whole company. The commission assessed that:

- The tax deductions were subsidies because they conferred a financial benefit and were provided by the government, as declared by the GOC and the exporters.
- The tax deductions are only available to particular enterprises that are operating in the advanced manufacturing sector as identified by the governing law.
- The payments could be attributed to the production of the goods at the whole company level, as claimed by the exporters.

In relation to specificity, the GOC claims that:

according to Article 2.1(b) of the WTO SCM Agreement, where the granting authority, or the legislation pursuant to which the granting authority operates, establishes objective criteria or conditions governing the eligibility for, and the amount of, a subsidy, specificity shall not exist.

The commission considers that this exception to specificity is similar to the exception noted in section 269TAAC(3). The commission has considered the applicability of the section 269TAAC(3) exception and determined that insufficient evidence was provided to demonstrate that the eligibility criteria are neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. The commission considers that it therefore does not satisfy the exception to specificity in section 269TAAC(3). Further, section 269TAAC(3) is subject to section 269TAAC(4) which provides that the Minister may have regard to the fact that the subsidy predominantly benefits particular enterprises (under section 269TAAC(4)(b)) to determine that the subsidy is specific. In this case, as the criteria providing access to the subsidy favours particular enterprises over other enterprises (i.e. advanced manufacturing enterprises over other enterprises), this program is assessed as specific. This subsidy program is therefore countervailable.

The amount of benefit conferred via this program has been determined with reference to the specific amounts declared by each exporter and attributed at the whole company level.

D.6.3.2. Other value added tax deductions

There were two other types of value added tax deductions (Programs 171 and 172 in Appendix E) identified by all selected exporters in their REQ. As described in D.6.2, the exporters only provided limited information about these other tax programs that included:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

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There was no information provided by the exporters or the GOC regarding:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the grants are awarded.

The Commissioner has, in accordance with section 269TAACA, considered all facts available and made reasonable assumptions to assess whether these tax related payments were countervailable subsidies. For each of these tax related benefits, the commission assessed the following:

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.
- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

D.6.3.3. Other tax programs identified by the exporters

There were 4 other tax programs (Programs 173 to 176 in Appendix E) identified by the exporters (Baoshan, Zhanjiang and LY Steel) in their REQ. As described in chapter D.6.2, the exporters only provided limited information about these other tax programs that included:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

There was no information provided by the exporters or the GOC regarding:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the grants are awarded.

The Commissioner has, in accordance with section 269TAACA, considered all facts available and made reasonable assumptions to assess whether these tax related payments were countervailable subsidies. For each of these tax related benefits, the commission assessed the following:

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of tax benefit) and reasonable assumptions, the commission

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has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.

- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

D.7. Category C – Preferential loans

D.7.1. Finding

The Commissioner has found that all the amounts determined to be provided to the exporters as preferential loans during the investigation period are countervailable subsidies. This finding was made in accordance with section 269TAACA based on a consideration of all the facts available and reasonable assumptions.

D.7.2. Assessment of preferential loans

During verification, the exporters provided accounting system extracts for loan sub-accounts with added details for the loan provider and loan interest rates. Baoshan and LY Steel's loans were analysed.

For the 3 Baosteel manufacturers, Baoshan was the only company with short-term or long-term borrowings recorded in its trial balance during the period of investigation. Baoshan was the majority owner of Zhanjiang and Meishan over the investigation period. The commission's assessed that Baoshan appeared to take on loans on behalf of itself and its subsidiaries and, therefore, Baoshan's borrowings should be allocated across all 3 of the Baosteel manufacturers, calculating:

- value of the goods under consideration as the total value exported to Australia in the investigation period by the 3 Baosteel manufacturers, and
- value of the subsidy attribution as the total company turnover for the 3 Baosteel manufacturers for the period of the investigation.

LY Steel also received preferential interest rates relating to loans obtained from state-owned enterprises during the investigation period.

Preferential loan programs have been found to be countervailable in previous commission investigations, including REP 469 (Program 45). In accordance with section 16.3 of the Dumping and Subsidy Manual, the commission considers a loan is a direct transfer of funds and therefore a financial contribution, in this case it is from state-owned banks.

The Dumping and Subsidy Manual provides that:³³⁰

In the case of a loan from the government (where repayment does take place), the subsidy is the difference between the amount of interest paid on the government loan and the interest normally payable on a comparable commercial loan during the investigation period.

³³⁰ Dumping and Subsidy Manual, page 73

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Both Baoshan and LY steel considered all the banks that provided the loans to be SOEs. The commission is satisfied, based on the information examined during verification, that the loans examined were on terms more favourable than the recipient could actually obtain on the market, with the benefit being the difference between the interest rates paid by the exporters and the interest rate that would be payable on the market. Accordingly, the commission is satisfied that a loan provided under this program meets the definition of a subsidy under section 269T.

According to section 269TAAC, a subsidy is a countervailable subsidy if it is specific by being limited to particular enterprises. Neither the GOC nor the exporters provided information relevant to the determination of whether the preferential loans were provided to the exporters as particular enterprises and therefore the Commissioner may make reasonable assumptions under section 269TAACA. The Commissioner considers that it is reasonable to assume that if the loans are offered at below market rates, then these rates are not available to all enterprises. Further, the commission has previously found similar preferential loan programs to be countervailable. Therefore, the Commissioner finds that the preferential loans are countervailable subsidies.

As the loan has been provided in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of relevant company turnover, as outlined above for LY Steel and the 3 Baosteel manufacturers, during the investigation period, in accordance with section 269TACD(2).

D.7.2.1. Post-SEF revision on long-term borrowing double-count

The Commissioner considers that Baosteel correctly identified that SEF 658 double counted Baoshan's borrowings when calculating subsidy margins for the 3 Baosteel manufacturers, as described in chapter 7.6.1.

The Commissioner reviewed Baosteel's proposed methodology to revise the long-term borrowing calculations, which Baosteel provided confidentially. The Commissioner suggested revisions to Baosteel's proposed methodology to more accurately calculate interest accruals based on remaining loan balances during the investigation period. The commission sent calculations for Baosteel to review and Baosteel did not identify any errors with the revised calculations. The Commissioner has relied on the revised borrowing calculations in the subsidy margin calculations.

D.8. Category D – LTAR Programs

D.8.1. BlueScope's LTAR allegation

In its application, BlueScope alleged that the GOC provided the goods and raw materials and utilities for LTAR. In section B-3.1 of the application, BlueScope alleged that the raw materials of iron ore, coke, coking coal, limestone and electricity were provided at LTAR. In section C-1 of BlueScope's application, BlueScope also noted the commission 'has previously concluded that goods manufactured from HRC attract a broad range of subsidies' and that 'it is reasonable to conclude that the identified programs' in those cases also benefit 'Chinese producers and exporters of HRC'. Included in the list of programs BlueScope claimed to be relevant to the production of HRC was the program

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'Hot rolled steel provided at less than fair market value'. Therefore, the commission considers that BlueScope has alleged two types of LTAR programs:

- Raw materials and utilities provided at LTAR (Program 178)
- Hot rolled steel (the goods) provided at LTAR (Program 179).

D.8.2. Finding

The Commissioner has found that certain raw materials and utilities were provided to the selected exporters by public bodies, but the Commissioner does not have sufficient information to support a conclusion that there was a benefit because they were provided at LTAR (Program 178). As such, the Commissioner has not found there to be countervailable subsidies in relation to Program 178. The Commissioner has made this revised finding after further consideration of the methodology applied in SEF 658 with specific regard to the nature of the information provided by the selected exporters and in light of submissions received in response to SEF 658.

The Commissioner has also found that Program 179 does not meet the definition of a 'subsidy' under s 269T(1).

D.8.3. Legislative background – Is there a subsidy?

Section 269T(1) defines a subsidy, in relation to goods exported to Australia, as:

- a financial contribution that confers a benefit (in accordance with section 269TACC) in relation to goods exported to Australia,
- by a government, public body or private body entrusted or directed to carry out a government function.

In determining whether a financial contribution confers a benefit, the Minister must have regard to the following guidelines:

- the provision of goods or services by a government or body does not confer a benefit unless the goods or services are provided for LTAR in accordance with section 269TACC(3)(d)
- the adequacy of remuneration in relation to goods or services is to be determined having regard to prevailing market conditions in the country where those goods or services are provided or purchased in accordance with s269TACC(4).

D.8.4. Program 178 – Introduction – Raw materials and utilities provided at LTAR

This chapter refers to Program 178 in Appendix E. In its application, BlueScope alleged that iron ore, coke, coking coal, limestone and electricity were provided at LTAR. As noted in Appendix A chapter A.6.6 of the SEF, the commission considers that main raw materials involved in the production of HRC include iron ore, coal (thermal and coking) and steel scrap.³³¹ There are also other raw materials and utilities used in the production of HRC but these account for a smaller proportion of the total cost of production of the goods. These include, for example, electricity, natural gas, oxygen, nitrogen and alloying

³³¹ These are the primary raw materials used in BF-BOF steel production. EAF steel production does not use iron ore or coal and instead uses a larger amount of steel scrap.

elements. The 3 Baosteel manufacturers and LY Steel are integrated producers of HRC. This means that they purchase raw materials and utilities, and complete all of the production processes, including the extraction of iron from iron ore, the creation of liquid steel, the production of slab, the conversion of slab to HRC and any additional processes applied to the HRC (for example, pickling).

D.8.5. Program 178 – The ‘public body’ test

In SEF 658, the Commissioner made a preliminary finding that companies which supplied major raw materials (that is, materials constituting at least 10% of the total cost to make — iron ore, coal, and coke for the Baosteel manufacturers, and iron ore, coking coal, and scrap for LY Steel) to the exporters were public bodies to the extent that the selected exporters in their REQs identified the suppliers as SOEs.

In SEF 658, the Commissioner also made certain assumptions, relying on facts available, that:

- where the exporters’ immediate supplier was a non-SOE Chinese company, the supply chain was likely to include SOEs
- that raw materials and utilities for which the commission did not have complete purchase information had similar supply chains involving SOEs as direct or indirect suppliers.

D.8.5.1. Submissions in response to SEF regarding the ‘public body’ test

The GOC and LY Steel submitted that SEF 658 introduced a ‘systemic influence’ criterion not supported by the text of the ASCM or WTO case law. They referred to the Appellate Body’s decisions in *DS379 US — Anti-Dumping and Countervailing Duties (China)*³³² and *DS296 US — Countervailing Duty Investigation on DRAMs*.³³³

The GOC and LY Steel state that in DS379, the Appellate Body interpreted the term ‘public body’ in article 1.1(a)(1) of the ASCM as referring to any entity that ‘possesses, exercises, or is vested with governmental authority’. They state that the Appellate Body ‘rejected the U.S. Department of Commerce’s (USDOC) approach of classifying certain Chinese SOEs as public bodies primarily on majority government ownership, finding that ownership or control alone is insufficient without evidence that the entity is empowered to perform government functions’. They submit that public body determinations require case-specific evidence, that, ‘without evidence of suppliers exercising power to enforce LTAR, [the commission’s] approach is inconsistent with DS379’, and that the commission appeared to favour generalisations over specific facts. They also submitted that reliance on prior cases and external sources like USDOC findings introduced potential biases without fresh, case-specific verification.

³³² Appellate Body Report, *United States — Definitive Anti-Dumping and Countervailing Duties on Certain Products from China*, WTO Doc WT/DS379/AB/R (11 March 2011).

³³³ Appellate Body Report, *United States — Countervailing Duty Investigation on Dynamic Access Memory Semiconductors (DRAMs) from Korea*, WTO Doc WT/DS296/AB/R (27 June 2005).

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The GOC and LY Steel state that DS296 clarified the interpretation of ‘entrusts or directs’ under article 1.1(a)(1)(iv) of the ASCM and submitted that the inference of ‘direction’ in SEF 658 lacked the affirmative and specific acts required.

Baosteel made similar submissions and additionally referred to the Appellate Body’s decision DS437 *US — Countervailing Measures (China)*³³⁴ as reinforcing the Appellate Body’s interpretation of ‘public body’ in DS379. Baosteel also submitted that its iron ore purchased from unrelated suppliers in Australia should be isolated from any assessment of LTAR as they could not plausibly be deemed subject to LTAR or any form of subsidisation.

D.8.5.2. Commission’s assessment

As a preliminary matter, the commission clarifies that in SEF 658, the Commissioner did not make a preliminary finding that private bodies were entrusted or directed by government within the meaning of article 1.1(a)(1)(iv) of the ASCM. The Commissioner’s preliminary finding was that the bodies providing raw materials to the selected exporters were public bodies. This rested on an assumption that, even where the exporters’ immediate supplier was a non-SOE Chinese company, an SOE was likely involved in the supply chain.

The commission agrees with the GOC, LY Steel and Baosteel that the Appellate Body decision in DS379 established an interpretation of the term ‘public body’ as an entity that possesses, exercises or is vested with government authority. The commission notes the following conclusions from DS379:³³⁵

We see the concept of ‘public body’ as sharing certain attributes with the concept of ‘government’. A public body within the meaning of Article 1.1.(a)(1) of the SCM Agreement must be an entity that possesses, exercises or is vested with governmental authority. Yet, just as no two governments are exactly alike, the precise contours and characteristics of a public body are bound to differ from entity to entity, State to State, and case to case. Panels or investigating authorities confronted with the question of whether conduct falling within the scope of Article 1.1.(a)(1) is that of a public body will be in a position to answer that question only by conducting a proper evaluation of the core features of the entity concerned, and its relationship with government in the narrow sense.

In some cases, such as when a statute or other legal instrument expressly vests authority in the entity concerned, determining that such entity is a public body may be a straightforward exercise. In others, the picture may be more mixed, and the challenge more complex. The same entity may possess certain features suggesting it is a public body, and others that suggest that it is a private body. We do not, for example consider that the absence of an express statutory delegation of authority necessarily preclude a determination that a particular entity is a public body. What matters is whether an entity is vested with authority to exercise governmental functions, rather than how that is achieved. There are many different

³³⁴ Appellate Body Report, *United States — Countervailing Duty Measures on Certain Products from China*, WTO Doc WT/DS437/AB/R (18 December 2014).

³³⁵ Appellate Body Report, *United States — Definitive Anti-Dumping and Countervailing Duties on Certain Products from China*, WTO Doc WT/DS379/AB/R (11 March 2011) [317]–[318].

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ways in which government in the narrow sense could provide entities with authority. Accordingly, different types of evidence may be relevant to showing that such authority has been bestowed on a particular entity. Evidence that an entity is, in fact, exercising governmental functions may serve as evidence that it possesses or has been vested with governmental authority, particularly where such evidence points to a sustained and systematic practice. It follows, in our view, that evidence that a government exercises meaningful control over an entity and its conduct may serve, in certain circumstances, as evidence that the relevant entity possesses governmental authority and exercises such authority in the performance of governmental functions. We stress, however, that apart from an express delegation of authority in a legal instrument, the existence of mere formal links between an entity and government in the narrow sense is unlikely to suffice to establish the necessary possession of governmental authority. Thus, for example, the mere fact that a government is the majority shareholder of an entity does not demonstrate that the government exercises meaningful control over the conduct of that entity, much less that the government has bestowed it with governmental authority. In some instances, however, where the evidence shows that the formal indicia of government control are manifold, and there is also evidence that such control has been exercised in a meaningful way, then such evidence may permit an inference that the entity concerned is exercising governmental authority.

D.8.5.3. Raw material and utility suppliers identified in REQs as SOEs

The Commissioner accepts that the suppliers of major raw materials identified by the selected exporters as SOEs in the REQ raw material purchase listings are SOEs. The Commission also accepts that the utility suppliers identified as SOEs in the production systems of the selected exporters are SOEs.³³⁶

Specifically, the commission notes that Baosteel submitted that it sourced iron ore 'entirely from unrelated parties in Australia'. In the context of the 'public body' test, the commission notes that the raw material purchase listings provided by the 3 Baosteel manufacturers in the REQs and verified by the commission show that, although some iron ore purchased by the 3 Baosteel manufacturers originates from Australia, the direct suppliers to the 3 Baosteel manufacturers are entirely SOEs (including some SOEs related to the 3 Baosteel manufacturers). The commission has considered this information further in chapter D.8.6.3.2.1 below.

The Commissioner's preliminary finding that these SOE suppliers of major raw materials and utilities are public bodies was not based merely on the fact of government ownership. As described in Appendix A of SEF 658, particularly in A.6.4 and A.6.6.5, there is extensive evidence that SOEs in the Chinese steel market, and more generally, are subject to GOC control beyond the role of GOC as a shareholder, and possess, exercise, or are vested with government authority. The commission notes, in particular, the following evidence from SEF 658 Appendix A.

³³⁶ Based on findings from the verification reports relating to LY Steel and the 3 Baosteel manufacturers, described further in the confidential work programs: EPR 658, document numbers 22 and 25.

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- A.6.4.3: There is a path of control from the GOC and the CPC to SOEs. Firstly, the State Council upholds the leadership of the CPC.³³⁷ Secondly, the State Council administers the SASAC of the State Council. Thirdly, the SASAC of the state council administers SOEs, including appointing board members and approving major matters.³³⁸
- A.6.4.3: Article 170 of the *Company Law* provides that 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.’³³⁹
- A.6.4.3: Article 36 of the *SOE Law* provides that SOEs ‘shall make investments in compliance with the industrial policy of the state’.³⁴⁰
- A.6.4.3: The EC Report 2024 finding that the GOC was involved in managerial appointments of SIEs and integrated the CPC into corporate governance.³⁴¹
- A.6.4.3: The paper by Jin et al. illustrating that SOEs are controlled by the CPC through political governance, via state ownership of SOEs, appointment of managers by the CPC, and involvement of CPC organisations in SOE decision-making³⁴².
- A.6.4.4.3: OECD research finding SIEs are larger recipients of subsidies than other China-based firms.³⁴³
- A.6.6.5: In the RGQ, the GOC recognises that electricity is an important public utility and is subject to government price setting and guiding under the law³⁴⁴. SOEs have a strong presence in the electricity and the entire energy sector, with EC research finding 18 centrally owned SOEs operating in the energy sector.³⁴⁵ Further research shows that almost the entire transmission grid and more than 50% of power generation capacity is state-owned.³⁴⁶ This indicates that SOEs in the electricity sector provide a public utility and thereby perform a governmental function.

The Commissioner considers this evidence that raw material and utility suppliers identified by the selected exporters as SOEs are entities possessing, vested with or exercising governmental authority. The Commissioner therefore finds that the raw

³³⁷ 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’.

³³⁸ EPR 658, document number 8, GOC – Response to Government Questionnaire, question D-5.1.

³³⁹ EPR 658, document number 8, Non-Confidential Attachment – Attachment D4(d)(1) The new Company Law.

³⁴⁰ EPR 658, document number 8, Non-Confidential Attachment – Attachment D5.3b Law on State-Owned Assets.

³⁴¹ EC Report 2024, section 5.5.2.

³⁴² 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.

³⁴³ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, Figure 5.

³⁴⁴ EPR 658, document number 8, section D-5.10 (w) ‘energy costs’.

³⁴⁵ EC Report 2024, page 265.

³⁴⁶ M Walker, ‘[Electricity Transmission and Distribution in China – Market Research Report \(2015-2030\)](#)’, *IBISWorld*, July 2025, accessed 3 November 2025.

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material and utility suppliers identified by the selected exporters as SOEs are public bodies.

D.8.5.4. Raw material and utility suppliers not identified as SOEs in the REQs

The commission notes the GOC and LY Steel submission that, in SEF 658, the commission introduced a 'systemic influence' criterion into its assessment of public bodies. The commission does not accept that it introduced such a criterion into its assessment of whether particular entities are public bodies. The submission has, however, led the Commissioner to reconsider the preliminary assumptions made in the SEF in regard to public bodies.

The Commissioner notes that the information provided by the selected exporters in the REQs demonstrated that their major raw materials were predominantly, though not entirely, supplied directly by SOEs, as shown in Table 37.

Combined SIE supplier % for raw material purchases reported in questionnaire response listings	Baoshan	Zhanjiang	Meishan	LY Steel
Allocated by value in CNY (excluding VAT)	92%	89%	71%	43%

Table 37: Proportion of the certain raw materials supplied by SIEs to exporters according to REQs

The Commissioner also notes it found that for LY Steel, 79% by value of its major raw materials were supplied by companies based in China, including SOEs and non-SOEs, meaning 21% of its major raw materials were supplied by companies based outside of China.

The Commissioner maintains that the major raw materials and utilities, about which it received information from the selected exporters, were predominantly supplied by SOEs. In relation to raw materials, the commission received detailed information from the selected exporters for those accounting for 10% or more of the total cost to make, based on the purchase price of those raw materials,³⁴⁷ and the commission accepted this information at verification. The commission also requested less detailed information relating to a broader range of raw material purchases in the exporter questionnaire³⁴⁸ but, when the selected exporters responded to this request by referring back to the detailed listings that were limited to raw materials accounting for 10% or more of the total cost to make, the commission did not raise this response as deficient.³⁴⁹

The Commissioner therefore considers that it is not open to proceed on the basis of facts available and the assumption that:

- where the selected exporters' immediate supplier was a non-SOE Chinese company, the supply chain was likely to include SOEs, and

³⁴⁷ Worksheet 'G-7.4 Raw material purchases' in the exporter questionnaire.

³⁴⁸ Worksheet 'I-2 Provision of goods' and corresponding question I-2.2 in the exporter questionnaire.

³⁴⁹ The commission received some information about the origin of supply for raw materials accounting for less than 10% of total cost to make within production cost information extracted from the selected exporters' accounting system (where, for example, the cost input description includes a supplier name) but this information is not comprehensive.

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- that raw materials and utilities for which the commission did not have complete purchase information had similar supply chains involving SOEs as direct or indirect suppliers.

D.8.6. Program 178 – Determination of benefit

Under s 269T(1) (definition of ‘subsidy’), a financial contribution by a government, public body, or private body entrusted or directed by a government or public body must confer a ‘benefit’ to be a subsidy. Under section 269TACC(3)(d), provision of goods or services by a government, public body, or entity entrusted or directed by a government, public body, or private body entrusted or directed by a government or public body unless the goods or services are provided for LTAR. Under section 269TACC(4), the adequacy of remuneration in relation to goods or services is determined having regard to prevailing market conditions for like goods or services in the country where those goods or services are provided or purchased.

D.8.6.1. Change to the approach to benefit from SEF 658

In SEF 658, the Commissioner preliminarily determined that raw materials and utilities were provided for LTAR through the use of a steel slab benchmark, which was compared to the selected exporters’ recorded cost of self-producing steel slab, to determine if a benefit was conferred. Steel slab is the semi-finished good produced prior to being rolled into coils and the selected exporters’ records indicate that steel slab costs comprise on average over 90% of the selected exporters’ cost to make for HRC. The steel slab benchmark was intended as a proxy for comparison with the cost of all raw materials and utilities which were preliminarily found to be supplied by public bodies in SEF 658.

However, given that the Commissioner has considered the submissions in relation to public bodies and is not proceeding on that basis that almost all raw materials (including raw materials other than major raw materials) and utilities are provided by public bodies, the commission has assessed that the steel slab benchmark is no longer a suitable method to assess whether the cost inputs which have been found to be provided by public bodies were provided for LTAR. This is because the use of the steel slab benchmark relies on certain assumptions that all raw material and utility cost inputs were provided by SIEs at some point in the supply chain.

D.8.6.2. Submissions in response to SEF regarding determination of benefit and commission’s assessment

The GOC, LY Steel, and Baosteel made submissions expressing concern that the slab benchmark used by the commission in SEF 658 did not adequately reflect prevailing market conditions for the raw materials and utilities in China. They suggested alternative benchmarks, such as the exporters’ recorded costs, Platts market index iron ore or coke prices adjusted for China, or Korean manufacturer POSCO’s steel slab production costs provided in the commission’s ongoing investigation 688 into alleged dumping and subsidisation of certain flat rolled steel products from China and Korea. The commission notes that the submissions did not object in principle to comparing the selected exporters’ steel slab production costs with a steel slab benchmark as a proxy for determining whether raw materials and utilities were provided at LTAR. However, as explained above, because, in this report, the commission has not relied on facts available or the assumptions made in the SEF, as outlined in chapter D.8.5 above, the commission

considers that determining benefit at the steel slab level is no longer a suitable approach with the information available in this case. In this report, the consideration of 'benefit' is limited to the raw materials and utilities supplied by SOEs (which have been found to be public bodies). Because this report has departed from the SEF in the public body findings, the commission considers that it is necessary to reconsider the benefit analysis and findings afresh.

D.8.6.3. Benefit assessment

To determine whether the selected exporters received raw materials at less than adequate remuneration, the commission considered a benchmark price for the raw materials. The commission considers that the potential benchmarks for comparison include:

- selected exporter direct purchase prices from domestic non-SOE suppliers
- selected exporter direct purchase prices from international suppliers
- data from other commission cases
- commercially available data.

D.8.6.3.1. Selected exporter purchase prices from domestic non-SOE suppliers

The commission considered whether it was appropriate to use the selected exporters purchases from domestic non-SOE suppliers of raw materials as a benchmark to determine adequate remuneration.

The commission found that selected exporters' direct purchases of raw materials from domestic non-SOE suppliers of raw materials could not be used for the following reasons:

- While the direct supplier of the raw materials was stated to be a non-SOE, the commission does not have information to confirm whether there were SOEs involved in the supply chain from the ultimate producer of the raw material and whether that producer is an SOE.
- There is a high level of variance in price between subtypes of raw materials, particularly subtypes of iron ore and coal. The price variance appears largely due to underlying physical differences between those subtypes, including level of processing, product size and chemical composition. The commission did not identify sufficient information to account for these differences when comparing prices, specifically:
 - LY Steel did not provide information to identify the subtypes in its raw material purchases, meaning the data is insufficient to accurately establish a difference between LY Steel's purchase prices of equivalent materials from SOEs and non-SOEs.
 - For the 3 Baosteel manufacturers, the commission found only a small minority of raw materials subtypes were supplied by both SOEs and non-SOEs in the same month or quarter, meaning only very limited data is available for reliable comparison. Because of physical differences between raw material subtypes, the limited comparison does not reliably extend beyond the few subtypes with comparable purchase data for SOEs and non-SOEs.
- Across the selected exporters only a very small proportion of total raw materials were purchased directly from domestic non-SOE suppliers. For the 3 Baosteel

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manufacturers, there was only a very small proportion of total raw materials supplied by domestic non-SOE suppliers (only coal and coke). For LY Steel, the overall proportion of raw materials supplied by domestic non-SOEs was moderate, but this was largely dominated by iron ore which was a very small volume compared to total iron ore purchased by all selected exporters. The commission considers the small proportion of total raw materials purchases from non-SOE suppliers indicates those purchases are less likely to accurately reflect the full range of materials purchased from SOE suppliers and, further, may have higher prices due to relatively low volumes.

- The commission did not receive detailed information about the price negotiation process between the selected exporters and their non-SOE suppliers nor company information about the ultimate suppliers, including corporate structure and the presence or absence of GOC investment into the ultimate suppliers.

The commission did not receive any information from any of the selected exporters about utility purchases from non-SOEs.

D.8.6.3.2. Selected exporter purchases from international suppliers

The commission considered whether it was appropriate to use the selected exporters purchases from international suppliers of raw materials and utilities as a benchmark to determine adequate remuneration.

The commission found that selected exporter direct purchase data for raw materials from international suppliers could not be used for the following reasons:

- According to the purchase lists provided, of the selected exporters, only LY Steel buys any raw materials directly from international suppliers and the only raw material that LY Steel buys directly from overseas is iron ore. Therefore, iron ore is the only raw material for which the commission could consider using exporter data for purchases from international suppliers, with LY Steel's internationally purchased iron ore accounting for a very small portion of the total iron ore purchased by the selected exporters.
- As noted above in chapter D.8.6.3.1, LY Steel did not provide sufficient detail about the subtypes of iron ore purchased and, further, the commission did not have sufficient information to accurately account for price differences between subtypes. The commission noted that iron ore prices vary significantly across subtypes.
- The commission did not receive detailed information about the price negotiation process between LY Steel and its international iron ore suppliers nor company information about the ultimate overseas suppliers (of which there were close to 10), including corporate structure and the presence or absence of GOC investment into the ultimate overseas suppliers.
- As a result, the commission does not consider LY Steel's purchases of iron ore directly from international suppliers is sufficient or reliable to establish a benchmark.

D.8.6.3.2.1. Baosteel's submission on Australian iron ore

As noted above in chapter D.8.5.3, Baosteel submitted that it sourced iron ore 'entirely from unrelated parties in Australia'. Baosteel stated that these purchases were at

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'prevailing international market prices' and represented undistorted iron ore input prices. As stated in the public body finding, the commission found that the 3 Baosteel manufacturers purchased 100% of iron ore from SOEs. In this chapter, the commission has considered whether any purchase information Baosteel provided about iron ore purchases could be used as a benchmark to determine adequate remuneration for iron ore.

The commission notes that the selected exporters – the 3 Baosteel manufacturers and LY Steel – provided the following information in relation to iron ore purchases:

- a purchase listing from each of the selected exporters that included a column for country of origin that stated that iron ore was sourced from a large range of countries (including Australia, China and Brazil).
- a sample of purchase documents to support the purchase listings, which included country of origin information, that showed that the selected manufacturers purchased iron ore ultimately originating from both China and overseas.

The commission verified the above information as reliable, noting this information came from the selected exporters' own records.

The 3 Baosteel manufacturers additionally provided an iron ore purchase list from one of their related raw material suppliers. This information was provided in response to the exporter questionnaires, although the commission did not explicitly request it. In the REQs,³⁵⁰ the 3 Baosteel manufacturers explained that the listing was provided to show the supplier is 'supplied by foreign suppliers' and the ship routes are 'all foreign ship route, such as Australian ship route, Brazilian ship route, Canada ship route and north and south Africa ship route etc'.

The commission notes the 3 Baosteel manufacturers had more than 10 SIE iron ore suppliers. The commission observes the following in relation to this additional information:

- The supplier for which the 3 Baosteel manufacturers provided this additional purchase list was a related company and part of the Baosteel group.
- The additional purchase list stated that this company was an intermediary supplier, meaning it was not the company that originally mined (and first sold) the iron ore.
- This list showed the intermediary supplier purchased iron ore from several countries and from many different suppliers.
- This list indicated this intermediary supplier purchased only iron ore that was ultimately mined overseas.

Due to the large number of raw materials suppliers to the 3 Baosteel manufacturers (almost 100), the commission did not verify any of the suppliers, and it would not have been appropriate to accept this information without undertaking some form of verification. Further, the commission assessed that this data was not suitable for verification due to the absence of information relating to:

- samples or source documents to verify the accuracy of the listing
- the pricing process between this intermediary supplier and its suppliers

³⁵⁰ See G-7, Question 7 in EPR 658 items 11, 12 and 13.

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- the supply chain between this intermediary supplier and the ultimate overseas supplier, including any companies acting as additional intermediaries
- company information about the ultimate overseas suppliers, including corporate structure and the presence or absence of GOC investment into the ultimate overseas supplier.
- For the reasons outlined above, the commission does not consider that the information provided by the 3 Baosteel manufacturers in relation to iron ore purchased by one of its related party intermediary companies is sufficient or reliable to establish a benchmark.

D.8.6.3.3. Manufacturer data from other commission cases

The commission considered if it had sufficient information available from manufacturers or exporters who participated in other related commission cases which could be used as a benchmark for any of the raw materials or utilities.

The commission verified manufacturers from countries other than China in previous hot rolled coil steel and hot rolled plate steel cases. Most recently, the commission verified the Taiwanese exporter China Steel Corporation in Continuation inquiry 594,³⁵¹ including receiving and verifying raw material and utility purchase information. The commission notes that most recent verification related to data from calendar year 2021, ending over 2 years before the start of Investigation 658's investigation period. The commission considers this information is not contemporaneous and therefore not a reliable benchmark for the current investigation.

The commission also notes that Baosteel submitted that data from the Korean manufacturer POSCO, submitted to the ongoing hot rolled plate steel case, Investigation 688,³⁵² may be suitable to establish a benchmark for steel slab costs. The data from POSCO in Investigation 688 only overlaps with the last quarter of the 658 investigation period. At the time of preparing this report, the commission has not yet verified the information provided by POSCO, meaning the commission has not yet concluded if it is accurate, reliable or complete. The commission therefore considers the Korean exporter information from Investigation 688 is not a reliable benchmark for the current investigation.

For previous cases' verified exporter data and the unverified exporter data in Investigation 688, the commission also notes potential difficulty aligning the subtypes of raw materials purchased by those exporters with the raw material subtypes purchased by the selected exporters in Investigation 658. For further details, see chapter D.8.6.3.1.

For the reasons outlined above, the commission does not consider that manufacturer raw material purchase data is suitable in this case to establish an adequately remunerated price for comparison to the selected exporters' iron ore purchases from public bodies.

³⁵¹ EPR 594, document number 14.

³⁵² EPR 688, document number 7.

D.8.6.3.4. Commercial market index benchmarks

The commission noted in the SEF that it had identified some market benchmarks for some subtypes of iron ore, coal, and scrap steel;³⁵³ however, for many of the raw materials, the benchmarks identified by the commission lacked the granularity to enable the commission to ensure the benchmark was appropriately comparable to the raw materials purchased by the selected exporters. There were other complexities relating to raw materials data, including, for example, that per unit prices calculated using the selected exporters' records varied between wet and dry weights for coal, the differences in the delivery terms of raw materials used, and differences in the treatment of VAT. Further, the benchmarks identified did not specify, in relation to one or more of these details, the calculation basis for the benchmark, for example, wet or dry weight, VAT inclusion, delivery terms.

As noted above, the commission was unable to identify commercial benchmarks at the raw materials and utilities level in SEF 658. The commission has not since identified any other benchmarks which could be used at the raw materials and utilities level that would enable the commission to have assessed whether the raw materials and utilities were provided at LTAR by reference to the raw materials and utilities found to have been provided to the selected exporters by SOEs consistent with the public body findings in this report.

D.8.6.3.5. Benefit finding

As noted above, the commission does not consider that the selected exporters' recorded costs from non-SOE suppliers can be used as a benchmark. The commission has also been unable to identify a suitable external benchmark from other commission cases or commercial sources, to determine whether the price paid to SOE suppliers was adequate remuneration. The commission also no longer considers a slab benchmark a suitable method to determine a benefit.

Therefore, in this investigation, and for the purposes of establishing the legislative requirements of a subsidy under section 269T(1)(definition of 'subsidy') and s269TACC, the commission considers there is not sufficient evidence available to make a finding as to whether raw materials and utilities provided by public bodies were provided at LTAR.

The Commissioner therefore considers there is insufficient information available to find that raw materials and utilities provided by public bodies conferred a benefit. This means the Commissioner considers that there is not sufficient information to find that Program 178 is a subsidy within the meaning of section 269T(1).

D.8.6.4. Response to BlueScope's submission

BlueScope made a submission expressing concern that the use of a steel slab benchmark failed to take into account cost inputs at the hot strip mill stage of HRC

³⁵³³⁵³ Based on the 3 Baosteel manufacturers' data, the commission identified over 300 subtypes of iron ore, coal and steel scrap comprising the largest of the 'raw material' subtotals. The commission considers that each of these subtypes may have their own costs which cannot always be compared directly to other subtypes – for example, iron ore may be sold in fines, lumps, or pellets, with further complexity found in varieties of each subtype because of differing size and chemical composition.

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production, which it alleged might be provided at LTAR. As noted above, the Commissioner's public body finding is now limited to the suppliers of major raw materials identified as SOEs in the selected exporters' REQs, and there is insufficient evidence before the commission on which it can base a finding that cost inputs at the hot strip mill stage are provided by public bodies. Therefore, it is unnecessary to assess whether such cost inputs were provided at LTAR.

BlueScope's submission identified programs 45, 46, 47, 48, 49, 54, 55, 62, 63, 66, 67, 79, 96 from Appendix E as programs which may constitute provision of goods and services for LTAR relevant to the hot strip mill processing, and requested clarification of whether the commission had assessed these programs as potential sources of LTAR benefits or only as grants.

The commission confirms that all of these programs were assessed as grants. The commission notes that all of these programs were assessed to be subsidies because they constituted a financial contribution that conferred a benefit and were provided by government bodies, as declared by the selected exporters and all of these programs were assessed as countervailable subsidies under section 269TAAC. As noted in chapter D.5.3.2 and Appendix E, Programs 62, 63, 66, 67, 79, and 96 were also assessed as attributable to the production of HRC and included in the benefit received for the subsidy margin calculation. Programs 45, 46, 47, 48, 49, 54, and 55, were assessed to not be attributable to the production of the goods because the payments related to processes that are not part of production of the goods, for example, cold rolling, silicon steel and thick plate.

D.8.7. Program 178 – Subsidy finding

For the reasons given above, the Commissioner has found that certain raw materials were provided to the selected exporters by public bodies, but the Commissioner does not have adequate information to conclude that the raw materials were provided at LTAR and thereby conferred a benefit. The Commissioner has not made a finding that Program 178 is a subsidy within the meaning of section 269T(1).

D.8.8. Program 178 – Countervailability

Because the Commissioner has not made a finding that Program 178 meets the definition of subsidy under section 269T(1), there is no basis to assess whether it is specific and therefore countervailable.

As noted in Chapter 12 of SEF 658, where the calculation of the amount of benefit under an LTAR program and the adjustment made to the selected exporters' cost of production with reference to a competitive benchmark are made on the same basis, it is necessary for the commission to avoid the impact of the 'double count' by removing this amount from the combined duty rate. Therefore, even if Program 178 were found to be a countervailable subsidy, the amount of subsidy margin attributable to Program 178 would be removed from the combined duty rate.

D.8.9. Program 179 – Hot rolled steel at LTAR

In SEF 658, the commission did not assess, under Program 179, whether hot rolled steel (the goods) was being provided by a public body at LTAR and was a countervailable

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subsidy on the basis that it had preliminarily found Program 178 to be a countervailable subsidy and there would be a double-count if both programs were included in the subsidy margin. As the Commissioner has not found Program 178 to be a countervailable subsidy in this report, the commission has considered whether it can assess Program 179.

The commission notes that no interested parties made submissions after the publication of SEF 658 regarding Program 179.

Hot rolled steel provided by public bodies at LTAR was one of the subsidy programs found in continuation inquiry 611 into zinc coated steel from China, Korea and Taiwan and continuation inquiry 590 into hollow structural sections from China, Korea, Malaysia and Taiwan, which was listed in the BlueScope's application for this investigation. However, those inquiries are an inapt comparison: in those cases, hot rolled steel was an input, with a benefit conferred on the exporter of the final product, whereas in this case hot rolled steel is the 'finished' product exported to Australia. To the extent the reference to those inquiries was intended to allege that purchasers of the finished product exported to Australia were the recipients of a subsidy, because the purchase of the hot rolled steel was at LTAR, the commission does not accept that this is a 'subsidy' within the definition of section 269T(1).

Because the Commissioner has not made a finding that Program 179 meets the definition of subsidy under section 269T(1), there is no basis to assess whether it is specific and therefore countervailable.

As noted in Chapter 12 of SEF 658, where the calculation of the amount of benefit under an LTAR program and the adjustment made to the selected exporters' cost of production with reference to a competitive benchmark are made on the same basis, it is necessary for the commission to avoid the impact of the 'double count' by removing this amount from the combined duty rate. Therefore, even if Program 179 were found to be a countervailable subsidy, the amount of subsidy margin attributable to Program 179 would be removed from the combined duty rate.

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APPENDIX E ALL SUBSIDY PROGRAMS ASSESSED

#	Type	Exporter	Program name	Countervailable subsidy for the goods?
1	A1	Meishan	National Key Research and Development Program of China – Grant number 2017YFC0805105	Yes
2	A1	Meishan	National Key Research and Development Program of China – Grant number 2017YFC0805107	Yes
3	A1	LY Steel	280 desulfurization project – Government subsidies for air pollution prevention and control funds <i>Reference: Xiang Cai Zi Huan Zhi (2022) No. 55</i>	Yes
4	A1	LY Steel	Hualing Liangang Construction: Product Structure Adjustment and Upgrading Project Guided by Advanced Steel Materials <i>Reference: Hualinglian Steel Letter [2022] No. 91</i>	Yes
5	A1	LY Steel	Overall road crossing renovation project within the factory area <i>Reference: Xiangjiao Comprehensive Regulations [2017] No. 191</i>	Yes
6	A1	LY Steel	Financial subsidy for the 360m ² sintering machine head full flue gas desulfurization and denitrification renovation project <i>Reference: Hualing Liangang Xiangcai Asset and Environmental Index (2023) 0073</i>	Yes
7	A2	Meishan	2015 The second batch of municipal pollution prevention and control special funds for the year	Yes
8	A2	Meishan	2017 provincial environmental protection guidance fund subsidy for hazardous waste warehouse environmental improvement and renovation project	Yes
9	A2	Meishan	2018 central air pollution prevention and control special funds	Yes
10	A2	Meishan	2018 pollution source automatic monitoring facility installation subsidy	Yes
11	A2	Meishan	2019 industrial enterprise technology equipment investment universal reward and subsidy funds	Yes
12	A2	Meishan	2019 provincial environmental protection guidance funds	Yes
13	A2	Zhanjiang	2020 provincial special funds for promoting high-quality economic development	Yes
14	A2	Baoshan, Meishan, Zhanjiang	Subsidy for handling fee	Yes
15	A2	Meishan	Central air pollution prevention and control funds	Yes
16	A2	Baoshan	Special fund for skilled masters	Yes
17	A2	Meishan	Grant for high-temperature molten metal operation accident prevention and control technology research	Yes
18	A2	Meishan	Grant for high-temperature molten metal operation accident virtual interaction and comprehensive prevention and control warning system development	Yes
19	A2	Meishan	Nanjing Social Insurance Management Centre Job Stability Refund	Yes
20	A2	Meishan	2023 Nanjing Tourism Development Special Fund	Yes
21	A2	Meishan	No. 1 and No. 3 blast furnace relocation and major renovation project	Yes
22	A2	Baoshan	Manufacturing Process and Industrial Production of New Stainless Steel Oil Well Pipes	Yes

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
23	A2	Baoshan	Mineral Processing Technology Decision-making and Control Integrated Optimization Software for Green Production with 'Dual Carbon' Goals	Yes
24	A2	Baoshan	Shanghai Baoshan District Disabled Persons Labor Service Centre Dispersed Employment Subsidy Dispersed Employment Subsidy	Yes
25	A2	Baoshan	Baoshan District standardization promotion special funds	Yes
26	A2	Baoshan	Shanghai Baoshan District Employment Promotion Centre Sixth Batch of One-time Employment Subsidy for Key Groups	Yes
27	A2	Baoshan	Special fund for promoting standardization in Shanghai income	Yes
28	A2	Baoshan	Chief technician subsidy income	Yes
29	A2	Baoshan	Subsidy for the Skill Master Studio income	Yes
30	A2	Meishan	Soil pollution prevention and control funds saved from the previous year	Yes
31	A2	Baoshan	Subsidy for employment stabilization granted by Unemployment Security Fund	Yes
32	A2	Zhanjiang	Special funds for fighting the battle against pollution in 2020	Yes
33	A2	Meishan	Subsidy (power plant)	Yes
34	A2	LY Steel	2023 Enterprise R&D Financial Award Subsidy Fund Project	Yes
35	A2	LY Steel	2023 Hualing Lianyuan Steel Research Fund Incentive Support	Yes
36	A2	LY Steel	2023 Non-Economic and Trade Cooperation Funds	Yes
37	A2	LY Steel	Central Foreign Trade and Economic Development Fund in 2023	Yes
38	A2	LY Steel	Special Fund for Advanced Manufacturing Highland Construction in Loudi City in 2023	Yes
39	A2	LY Steel	Special Funds for Supporting the Development of Foreign Trade Ports and E-commerce in 2023	Yes
40	A2	LY Steel	Special Work Award for the Industrial Development Zone Management Committee of Louxing District, Loudi City in 2022	Yes
41	A2	Baoshan	2030 cold rolling added automobile plate rewinding unit	No
42	A2	Baoshan	2030 cold rolling added home appliance plate rewinding unit project	No
43	A2	Baoshan	Subsidy for handling fee for precision steel pipe factory	No
44	A2	Baoshan	Added high-grade non-oriented silicon steel production line project	No
45	A2	Meishan	Cold rolling mill acid wastewater, biochemical wastewater and converter turbid ring drainage treatment project	No
46	A2	Baoshan	Cold rolling plant 1550 unit added automobile plate rewinding unit project	No
47	A2	Baoshan	Cold rolling plant 1730 unit hot-dip galvanizing workshop intelligent transformation project	No
48	A2	Baoshan	Cold rolling plant C008 unit intelligent manufacturing-unit inlet and outlet automation transformation	No
49	A2	Baoshan	Cold-rolled thin plate plant coal-fired boiler renovation project	No

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
50	A2	Baoshan	Deferred income – fiscal appropriations – amortization	No
51	A2	Baoshan	Non-oriented silicon steel product structure optimization	No
52	A2	Baoshan	Oriented silicon steel product structure optimization	No
53	A2	Baoshan	Renovation of the 2030 pickling unit of the cold rolling plant	No
54	A2	Baoshan	Silicon steel follow-up project	No
55	A2	Baoshan	Thick plate department 5m production line finishing mill spindle transformation	No
56	A2	Zhanjiang	Zhanjiang Iron and Steel Cold Rolled Ultra-High Strength Steel Manufacturing Technology and Equipment Development Project	No
57	A2	Zhanjiang	Zhanjiang Steel 2030, 1550 Cold rolling acid regeneration unit environmental emission system transformation project	No
58	A3	Baoshan	Grant for Research on desulfurization and purification technology of high-concentration CO2 tail gas captured by blast furnace gas	Yes
59	A3	Baoshan	Grant for Demonstration Platform for the Production and Application of Special Motor Materials	Yes
60	A3	Baoshan	Grant for key technology research and comprehensive demonstration of carbon dioxide storage and utilization based on steel slag collaborative resource utilization	Yes
61	A3	Baoshan	Grant for Research on Key Technologies for Industrial Manufacturing of Ultra-High Strength and High Toughness Casing	Yes
62	A3	Baoshan	1580 hot rolling intelligent workshop-intelligent detection and diagnosis	Yes
63	A3	Baoshan	1580 hot rolling intelligent workshop-intelligent energy-saving transformation	Yes
64	A3	Baoshan	1580 hot-rolled slab warehouse area and crane automation transformation	Yes
65	A3	Baoshan	2010 Industrial Enterprise Energy Management Centre construction demonstration project	Yes
66	A3	Baoshan	2050 hot rolling finishing added heat treatment line project	Yes
67	A3	Baoshan	2050 hot rolling heating furnace energy-saving renovation project	Yes
68	A3	Meishan	Boiler full coal gas transformation project	Yes
69	A3	Baoshan	Grants for Research on key technologies for strengthening and toughening of low-loss soft magnetic alloys	Yes
70	A3	Baoshan	Added desulfurization device to the 3# unit of the power plant	Yes
71	A3	Baoshan	Added laser scoring device to the 1#FCL unit and induction heating device to the 1#DCL unit	Yes
72	A3	Baoshan	Added metallurgical iron-containing dust and mud resource regeneration device	Yes
73	A3	Baoshan	Added wet desulfurization device project to the second sintering machine of the ironmaking plant	Yes
74	A3	Zhanjiang	Additional pellet finished bulk material conveying device transformation project	Yes
75	A3	Zhanjiang	Grant for the construction of its pellet plant – Air Conditioner	Yes
76	A3	Meishan	Ambient air automatic monitoring system renovation	Yes
77	A3	Zhanjiang	Subsidy for Data Recognition and Production Decision-Making Technology and Applications in Intelligent Manufacturing of Steel	Yes

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
78	A3	Zhanjiang	Grant for Baosteel Zhanjiang Iron and Steel Hydrogen-based Vertical Furnace System Project (One-step) Direct Reduction Vertical Furnace Project	Yes
79	A3	Zhanjiang	Grant for Baosteel Zhanjiang Steel three blast furnace system project hot rolling project	Yes
80	A3	Baoshan	Grant for corrosion-resistant steel and protection technology for marine building structures	Yes
81	A3	Baoshan	Grant for Dynamic Evolution Mechanism of Observation Data of High-temperature Molten Metal Container Reaction Process	Yes
82	A3	Baoshan	Grant for Research on Corrosion Behaviour and Failure Mechanism of Composite Plate Layers	Yes
83	A3	Baoshan	Grant for Research on durability maintenance technology of long-span suspension bridges under complex and harsh environmental conditions	Yes
84	A3	Baoshan	Special reward for the Intelligent Manufacturing Competition	Yes
85	A3	Baoshan	Grant for Research and Application of Key Technologies for Manufacturing and Connection of Special Threaded Joints of High-Load Titanium Alloys	Yes
86	A3	Baoshan	Coke oven added spare flue gas purification device	Yes
87	A3	Baoshan	Comprehensive renovation of the OG system of the 300T converter of the first steelmaking	Yes
88	A3	Baoshan	Comprehensive renovation of the slag treatment of the second steelmaking (Phase II)	Yes
89	A3	Baoshan	Construction of the National Key Laboratory of Development and Application Technology of Automotive Steel (Phase I)	Yes
90	A3	Zhanjiang	Desalination Project Unit 1 and Unit 2	Yes
91	A3	Baoshan	Grant for DQR (data quality rating)	Yes
92	A3	Zhanjiang	Grant for the construction of its pellet plant – Equipment	Yes
93	A3	Zhanjiang	2023 Zhanjiang City Industrial Energy Conservation, Water Conservation, and Recycling Fund	Yes
94	A3	Zhanjiang	Zhanjiang City 2023 One-time Subsidy for Expanding Employment Opportunities	Yes
95	A3	Baoshan	Grant for Data Cognition and Production Decision-making in the Process of Intelligent Manufacturing of Steel	Yes
96	A3	Meishan	Hot rolling process temperature control-deformation coupling-performance matching and surface quality intelligent control technology and application demonstration	Yes
97	A3	Zhanjiang	Grant for the construction of its pellet plant – House	Yes
98	A3	Meishan	Grant for steelmaking added a tertiary dust removal system	Yes
99	A3	Meishan	Grant for steelmaking refining, desulfurization and dust removal system upgrade and transformation	Yes
100	A3	Zhanjiang	Reward for technological transformation of industrial enterprises in 2019	Yes
101	A3	Baoshan	Grant for core technology of dynamic decision-making based on working condition pattern recognition in complex steel industry production process	Yes
102	A3	Baoshan	Grant for research and development of multilayer boards for special purposes	Yes
103	A3	Meishan	Ironmaking plant dry quenching flue gas purification project	Yes

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
104	A3	Meishan	Ironmaking plant environmental improvement project	Yes
105	A3	Zhanjiang	Ironmaking Plant Raw Material Addition C-Type Ore Material Yard Project	Yes
106	A3	Zhanjiang	Ironmaking Plant Raw Material Yard Addition D-Type Coal Yard	Yes
107	A3	Meishan	Grant from Meishan Subdistrict Office of the People's Government of Yuhuatai District, Nanjing after visiting key enterprises.	Yes
108	A3	Meishan	Nanjing Water Resources Management Centre grants subsidies for 2023 Nanjing water conservation technology projects	Yes
109	A3	Meishan	Nanjing Municipal Transportation Bureau issues reward subsidies for 2023 transport structure adjustment demonstration projects	Yes
110	A3	Meishan	Subsidy for expanding employment opportunities issued by the Nanjing Social Insurance Management Centre	Yes
111	A3	Meishan	New ECIA-M type environmental protection material yard project	Yes
112	A3	Meishan	No. 3 sintering machine denitrification system transformation project	Yes
113	A3	Meishan	Renovation of flue gas desulfurization of No. 3 sintering machine	Yes
114	A3	Meishan	No. 3 sintering machine replacement system renovation	Yes
115	A3	Meishan	No. 3 sintering machine tail and batching area dust removal system renovation	Yes
116	A3	Meishan	No. 4 and No. 5 sintering area environmental improvement project	Yes
117	A3	Meishan	No. 4 and No. 5 sintering flue gas purification device upgrade and transformation project	Yes
118	A3	Meishan	Social Insurance Subsidies for Enterprises During Maternity Leave	Yes
119	A3	Zhanjiang	Grant for the construction of its pellet plant – Others	Yes
120	A3	Baoshan	Shanghai patent subsidy	Yes
121	A3	Zhanjiang	Pellet energy medium transformation/renovation project	Yes
122	A3	Zhanjiang	Pelletizing unit main process dust removal transformation	Yes
123	A3	Baoshan	Phase I and II mines OC and OD material strip C-type closed transformation	Yes
124	A3	Meishan	Pollution source automatic monitoring system	Yes
125	A3	Baoshan	Performance evaluation of low-cost titanium alloy plates and tubes, preparation and application assessment of full-size typical parts	Yes
126	A3	Meishan	Renovation of the dust removal system in the coke oven area	Yes
127	A3	Meishan	Renovation of the new dust removal system in the A2 transfer station area	Yes
128	A3	Meishan	Renovation of the purchased coke and coal silo	Yes
129	A3	Baoshan	Renovation of the three-electric system of the 1580mm production line of the hot rolling plant	Yes
130	A3	Zhanjiang	Renovation project of waste heat utilization of sintering flue	Yes

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
131	A3	Zhanjiang	Sea area usage fee	Yes
132	A3	Baoshan	Shanghai Industry-University-Research Excellent Project Award income	Yes
133	A3	Baoshan	Shanghai Baoshan District Employment Promotion Centre	Yes
134	A3	Baoshan	R&D and key manufacturing technology research of high-performance steel for engineering structures	Yes
135	A3	Baoshan	Development and Application of High-temperature Molten Salt Special Alloys for Solar Thermal Power Generation	Yes
136	A3	Baoshan	Research on parameter optimization of hot-rolled strip shape control model based on industrial big data	Yes
137	A3	Baoshan	Steel full process intelligent benchmark project	Yes
138	A3	Zhanjiang	Steel industry industrial Internet testing and verification project	Yes
139	A3	Meishan	Steelmaking desulfurization slag treatment project	Yes
140	A3	Meishan	Steelmaking products, energy conservation and environmental protection comprehensive technology transformation project	Yes
141	A3	Baoshan	Shanghai Industry-University-Research Excellent Project Award income	Yes
142	A3	Baoshan	Industrialization and application demonstration of high-power infrared and ultraviolet picosecond lasers	Yes
143	A3	Meishan	The first funding for vehicle lightweight materials project	Yes
144	A3	Zhanjiang	Unit 2 of the desalination project – transmission equipment	Yes
145	A3	Meishan	Upgrade and renovation of the dust removal system of No. 2 blast furnace	Yes
146	A3	Zhanjiang	2022 Provincial Foreign Trade Stabilisation Project Plan Funds	Yes
147	A3	Zhanjiang	Zhanjiang Iron and Steel Hydrogen-based Vertical Furnace Direct Reduction Ironmaking Key Process and Equipment R&D and Application Demonstration Project	Yes
148	A3	Zhanjiang	Zhanjiang Iron and Steel Ironmaking Plant Blast Furnace Spray Tower Water System Reconstruction Project	Yes
149	A3	Zhanjiang	Social insurance subsidies for hiring people who have a hard time finding work	Yes
150	A3	Zhanjiang	Subsidy for employment	Yes
151	A3	Zhanjiang	Invention patent subsidy issued by the Zhanjiang Market Supervision and Administration Bureau	Yes
152	A3	Zhanjiang	Zhanjiang Steel 1 and 2 sintering new main flue gas denitrification and equipment function improvement project	Yes
153	A3	Zhanjiang	Zhanjiang Steel Coke Burning Area Waste Heat Resource Comprehensive Efficiency Improvement Project	Yes
154	A3	Zhanjiang	Zhanjiang Steel ironmaking plant 1 and 2 sintering machine head electrostatic precipitator efficiency improvement and adaptability transformation project	Yes
155	A3	Zhanjiang	Zhanjiang Steel Ironmaking Plant Coal Mineral Addition Desulfurization Regeneration System Project	Yes
156	A3	Zhanjiang	Zhanjiang Steel ironmaking plant No. 1, No. 2, No. 3 coke oven coke removal and flue gas desulfurization transformation project	Yes
157	A3	Zhanjiang	Zhanjiang Steel Ironmaking Plant Sintering Addition of Acid Making Unit and Its Supporting Project	Yes

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#	Type	Exporter	Program name	Countervailable subsidy for the goods?
158	A3	Zhanjiang	Zhanjiang Steel Ironmaking Plant Type B material yard closure transformation project	Yes
159	A3	Zhanjiang	Zhanjiang Steel network security upgrade and transformation project	Yes
160	A3	Zhanjiang	Zhanjiang Steel New pellet finished bulk material conveying device renovation project of iron and steel plant	Yes
161	A3	Zhanjiang	Zhanjiang Steel No. 2 blast furnace gas tank construction project	Yes
162	A3	Zhanjiang	Zhanjiang Steel smart energy system	Yes
163	A3	Zhanjiang	Zhanjiang Steel three blast furnace hot blast furnace additional flue gas desulfurization device	Yes
164	A3	Zhanjiang	Zhanjiang Steel water system centralized control project	Yes
165	A3	Baoshan	Zhoushan Port and Shipping Development Centre refund of Majishan port fee	Yes
166	A3	LY Steel	Central budget funds for motor energy-saving technology renovation project	Yes
167	A3	LY Steel	Construction project of high-strength steel production line for construction machinery	Yes
168	A3	LY Steel	Energy consumption online system subsidy project for key energy consuming units	Yes
169	A3	LY Steel	Grant for paying employee personal income tax	Yes
170	B1	Baoshan, Meishan, LY Steel	Value Added tax deduction for advanced manufacturing	Yes
171	B2	Baoshan, Meishan, LY Steel	Value added tax additional deduction	Yes
172	B2	Zhanjiang	Value-added tax deduction for enterprises employing poor people	Yes
173	B3	Zhanjiang	Deferred income – tax refunds – amortization	Yes
174	B3	Baoshan	Refund of personal income tax fees	Yes
175	B3	LY Steel	1580 Project Site – Tax	Yes
176	B3	LY Steel	Corporate income tax benefit	Yes
177	C	All exporters	Preferential loan	Yes
178	D	All exporters	Raw materials and utilities at LTAR	No
179	D	All exporters	Hot rolled steel at LTAR	No