



Exporter verification report

Verification and case details

Company verified	Baowu Group Masteel Rail Transit Materials Technology Co., Ltd.
Case number	690
Initiation Anti-Dumping Notice (ADN)	2025/110
The goods under consideration	Freight railway wheels
Case type	Dumping and subsidy investigation
Location	No 1799 Tianmen Avenue, Yushan District, Ma'anshan City, Anhui Province, China
Verification meeting dates	18/03/2026 to 24/03/2026
Investigation period	1/07/2024 to 30/06/2025

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission.

This report may not reflect the Anti-Dumping Commission's final position.

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1 ABOUT THIS REPORT

The Anti-Dumping Commission (the commission) issued a questionnaire that sought exporter data and information for Dumping and Subsidy Investigation 690 (case 690) into Freight Railway Wheels exported from China during the investigation period.

Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. (Masteel), an exporter of the goods from China, submitted a questionnaire response.

The commission met with Masteel to verify the response and assessed the reliability of the information.

The commission has reviewed the information submitted by Masteel. This report details the commission's verification findings and recommendations about Masteel for case 690.

A finding made in this verification report (verification finding) and verification recommendations (verification recommendations) are made in the context of this verification only. These verification findings and verification recommendations may be referred to and relied on in the Statement of Essential Facts and Final Report for case 690.

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901 (Cth)***
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015 (Cth)***
- the term **ADN** refers to **Anti-Dumping Notice**.

The commission details its process and findings in the verification work program at **Confidential attachment 1**.

2 KEY OUTCOMES

Dumping margin	Cannot yet calculate a dumping margin
Subsidy margin	Cannot yet calculate a subsidy margin
Export price method	269TAB(1)(a)
Normal value method	269TAC(2)(c)
Adjustment method	269TAC(8) or 269TAC(9) as appropriate
Sales data complete, relevant and accurate?	Yes, with material revisions
Cost data complete, relevant and accurate?	Yes, with material revisions
Subsidy data complete, relevant and accurate?	Yes

3 VARIABLE FACTORS

3.1 About this chapter

This chapter details the commission's recommendations about how to set the variable factors used to calculate the rates of dumping and countervailable subsidy for goods that Masteel produced or sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available.

This chapter summarises the commission's recommendations about how to set:

- an **export price**
- a **normal value**
- a **dumping margin**
- a **subsidy margin**.

More information on what variable factors are and how the commission determines variable factors is in **Non-Confidential Appendix 1**.

3.2 Export price

The commission recommends setting an export price for Masteel under section 269TAB(1)(a).

Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

Confidential appendix 1 contains the commission's export price calculations.

3.2.1 Who is the exporter?

The commission considers Masteel is the exporter of the Australian export goods because this company:

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

3.2.2 Who is the importer?

For all transactions, the commission considers the Australian customer is the importer of the Australian export goods. In other words, the Australian customer beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, the Australian customer:

- is named as the importer on import declarations to ABF
- arranged delivery from the port of arrival in Australia.

3.2.3 Were the Australian export sales sold at arms length?

3.2.3.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Masteel sold the Australian export goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a 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 Masteel appeared to genuinely negotiate the price with unrelated customers

3.2.3.2 Related customers

Masteel did not sell to any Australian related customers.

3.3 Normal value

The commission does not recommend how to set a normal value because the commission has not yet decided to accept or reject the applicant for case 690’s claim that affects which normal value section applies to Masteel. The commission will set a normal value after deciding to accept or reject the claim.

Case 690 includes a claim that domestic like goods sales are unsuitable to use in a normal value set under section 269TAC(1), as detailed in **chapter 3.3.3**. The claim states that the situation in Masteel’s market means that domestic like goods sales are unsuitable, as described under section 269TAC(2)(a)(ii).

If the commission accepts this claim and section 269TAC(2)(a)(ii) applies, then the commission must not set the normal value under section 269TAC(1) and if there is sufficient information it must consider setting a normal value under section 269TAC(2)(c) or (d). Otherwise, the commission may set a normal value under a different section.

If the commission sets a normal value under section 269TAC(2)(c), the commission recommends adjusting the domestic like goods sales prices when setting a normal value. The commission recommends these adjustments to properly compare the normal value to the export price to measure the level of dumping, under section 269TAC(9).

The commission recommends the following adjustments:

Adjustment description	How to apply an amount for adjustment
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port charges
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification differences

Table 1: Summary of adjustments

3.3.1 Did the verified company produce and sell like goods for the domestic market?

The commission finds that, during the investigation period, Masteel produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestic goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

3.3.1.1 Physical likeness

Masteel does not distinguish between domestic like goods and the Australian export goods. Masteel has product codes which differentiate the specifics of domestic like goods and the Australian export goods, which share the same physical likeness overall.

3.3.1.2 Production likeness

Masteel produced both the goods and like goods at the same facilities, using the same raw material inputs and production processes.

3.3.1.3 Commercial likeness

Both the goods and like goods produced by Masteel compete in the same market sector, are interchangeable and use similar distribution channels.

3.3.1.4 Functional likeness

All goods are functionally alike with the same end use.

3.3.2 Were the domestic sales sold at arms length?

3.3.2.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Masteel sold the domestic goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a 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 Masteel:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

3.3.2.2 Related customers

For all related customer transactions, the commission finds that Masteel sold the domestic goods **at arms length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price

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- a relationship between a buyer, a seller or their associates appeared to influence the price
- a 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 Masteel sold goods at similar prices to related and unrelated customers.

3.3.3 Do the accounting records comply with generally accepted accounting principles?

The commission finds that Masteel's accounting records for the investigation period comply with the generally accepted accounting principles of China.

Zhong Shen Zhong Huan Certified Public Accountants LLP (Shanghai Branch) audited Masteel's financial statement and included a statement that the financial accounts comply with Chinese Accounting Standards for Business Enterprises in the annual report.

3.3.4 Did the production records reasonably reflect competitive market costs?

The commission finds that Masteel's production records may not reasonably reflect competitive market costs for one or more cost components.

3.3.4.1 Ongoing case claims about production records

Case 690 includes a claim that steel billet costs in China, including the cost paid by Masteel for billet recorded in its records, do not reasonably reflect competitive market costs. The steel billet price comprises part of the cost to make the goods.

The commission collected information about steel billet prices. The commission will review this information when assessing the claim.

Steel billet versus steel bloom

During verification, the commission confirmed that the raw material input used by Masteel to manufacture the freight railway wheels is steel bloom. Masteel refers to the raw material as steel billet (which the commission has also used in this report), however, the Australian Industry recognises this raw material as bloom.

3.3.4.2 The commission's finding about related party suppliers

Masteel purchased the majority of steel billet from a single related supplier during the investigation period.

The commission compared the weighted average unit purchase price paid by Masteel to its related supplier for steel billet against that paid by Masteel to its unrelated suppliers. The commission found that the weighted average price Masteel paid to its related supplier was higher than that paid to its unrelated suppliers. However, purchases from unrelated suppliers constituted a small minority of total billet purchases during the investigation period.

The commission will seek further information to assess if Masteel's related supplier transactions reflect competitive market costs.

3.3.5 Were domestic sales in the ordinary course of trade?

The commission did not assess if Masteel’s domestic like goods sales are in the ordinary course of trade because the commission has not yet decided to accept or reject a claim that affects how to calculate the cost to make and sell.

Case 690 includes a claim that records in China, including Masteel’s records, do not reasonably reflect competitive market costs associated with the cost to make the goods. This report discusses this claim at **chapter 3.3.3**.

3.3.5.1 Domestic sales volumes for each model

Table 3 details the commission’s findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is MCC’s domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
915-NPN-PT-AAR-BMS ¹	No	No domestic sales of 915-NPN-PT-AAR-BMS. Surrogate model 915-PN-PT-AAR-BMS used, with specification adjustment under section 269TAC(8) or 269TAC(9), as appropriate.

Table 2: Export models compared to domestic model by volume

The commission notes there were no domestic sales of 915-NPN-PT-AAR-BMS during the investigation period. As such, domestic model 915-PN-PT-AAR-BMS was selected as a surrogate model, with a specification adjustment under section 269TAC(8) or 269TAC(9), as appropriate.

The commission’s volume analysis is at **confidential appendix 3**.

3.3.6 Calculating a profit margin for the normal value

Where the commission is required to calculate a normal value under section 269TAC(2)(c), an amount of profit must be worked out under regulation 45.

At this stage of the investigation, the commission calculated an amount of profit based on the profit achieved on all domestic sales of like goods in the ordinary course of trade in accordance with regulation 45(2). However, due to a claim that steel billet costs in China do not reasonably reflect competitive market costs, and the commission’s ongoing investigation on whether Masteel’s related supplier transactions reflect competitive market costs (see chapter 3.3.4.2), the commission’s profit calculation may change.

The commission’s preliminary domestic profit calculation is at **confidential appendix 3**.

¹ The MCC categories are outlined in ADN 2025/110. Certain changes to the MCC categories are discussed at chapter 4.3.

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3.3.7 Adjustments to compare export price and normal value

The commission assessed all potential adjustments to properly compare the export price for Australian export goods to the corresponding normal value.

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Credit terms are provided to domestic customers. An adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to domestic customers and an interest rate based on the interest rate on recent loans.	Masteel	Yes
Domestic inland transport	Inland transport expense incurred on domestic sales was found to differ from exports to Australia. An adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the actual inland transport expense, for each individual sale, with reference to the inland transport invoices.	Masteel	Yes
Export inland transport	Inland transport expense incurred on export sales to Australia was found to differ from domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export inland transport expenses with reference to the export inland transport invoices.	Masteel	Yes
Export port charges	Port handling and other export charges expense incurred on export sales to Australia was found, which was not incurred on domestic sales. An adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export port handling expenses with reference to the export port handling invoices.	Masteel	Yes

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Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Export credit terms	Credit terms are provided to Australian customers. An adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to Australian customers and an interest rate based on the interest rate on recent loans.	Masteel	Yes
Specification adjustments	A surrogate domestic model was used as the basis for normal values for exported models with no domestic counterpart. A specification adjustment was necessary to account for the difference in the MCC of the export model and domestic surrogate model.	The commission based the specification adjustments for the surrogate MCC on the difference in the export price between the export MCC its surrogate.	The commission	Yes

Table 3: Assessment of adjustments

3.4 Countervailable subsidies

The commission found that Masteel received a benefit from various grants and preferential tax treatment. The commission's assessment of each program is set out below:

No.	Program name ²	Finding	Category	Attribution	Countervailable
1	Steel billet provided at less than adequate remuneration	Commission to seek further information	Less than adequate remuneration	Company	To be confirmed
5	Preferential Treatments for High and New Technology Enterprises	Masteel are qualified as a high-level enterprise and paid a preferential rate of corporate tax of 15%.	Tax	Company	Yes
684-12	Individual income tax handling fee refund	When a company withholds and pays individual income tax on behalf of its	Tax	Company	Yes (for those payments received during the investigation period)

² Those program names with an asterisk have been renamed by the commission.

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		<p>employees, it can receive a 2% handling fee refund from the tax authorities.</p> <p>This includes a program originally called '2021 Individual Income Tax Handling Fee Refund', but the commission is satisfied it is the same as this program.</p>			
690-3	The Municipal Bureau of Industry and Information Technology has allocated provincial funds for the second batch of projects supported by preferential policies for enterprises in 2024.	Digital transformation policies, rewarding and subsidizing outstanding national intelligent manufacturing scenarios	Limited to specific enterprises	Company	Yes
690-4	* Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2023 China Invention Patent Grant Subsidy	China Invention Patent Grant Subsidy (Enterprise and Institution Portion) (2023 China Invention Patent Grant Subsidy)	Limited to specific enterprises	Company	Yes
690-5	The Municipal Science and Technology Bureau paid out funds for the 2023 science and technology policy "no-review-required" access.	Anhui Province New Product Recognition Award: 50,000 RMB per item	Limited to specific enterprises	Company	Yes
690-6	The Municipal Science and Technology Bureau disburses 2023 science and technology policy "no-approval-required" funding: High-tech enterprise certification reward.	High-tech enterprise certification reward	Limited to specific enterprises	Company	Yes

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690-7	Postdoctoral Research Station Funding Disbursement for 2023-2024	The postdoctoral research station provides the host institution with an annual operating allowance of 50,000 yuan.	Limited to specific enterprises	Company	Yes
690-8	* Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance	Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance	Contingent on export performance	Exports - all	Yes
690-9	* Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - International Market Development Project - Overseas Product Certification	International Market Development Project - Overseas Product Certification	Contingent on export performance	Exports - all	Yes
690-10	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation	Trade conflict - Antidumping response - 2023 Australian antidumping review (case NO.632), consultation fees (80%).	Contingent on export performance	Exports - all	No – unrelated to the goods
690-11	*The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Anhui	To support enterprises in expanding into international markets, in addition to the provincial subsidy, a further subsidy of 20% of the total amount of the aforementioned expenses will be provided for international product certification fees.	Contingent on export performance	Company	Yes

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690-12	* The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Ma'anshan		Contingent on export performance	Company	Yes
690-13	The Development Zone Management Committee disbursed certain foreign trade and economic policy funds from the Anhui Provincial Department of Commerce for 2024 and 2025, including export insurance.	Anhui Province provides subsidies for enterprises' export credit insurance premiums. Among them, small and micro enterprises with export volume of less than US\$5 million in the previous year can enjoy a full subsidy for basic insurance premiums, while other enterprises can also receive premium subsidies according to a certain proportion.	Contingent on export performance	Company	Yes
690-14	* 2015 Intelligent Manufacturing Special Project - Deferred income (Fixed project No.1)	2015 Intelligent Manufacturing Special Project	Capital grant programs	Company	Yes (for those payments received during the investigation period)
690-15	* 2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base Deferred income (Fixed project No.2)	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base	Capital grant programs	Business unit	Yes (for those payments received during the investigation period)
690-16	* 2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base - Deferred income (Fixed project No.3)	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base	Capital grant programs	Business unit	Yes (for those payments received during the investigation period)
690-17	* 2017 New high-speed axle production line project grant -	2017 New high-speed axle production line project	Capital grant programs	Business unit	Yes (for those payments received during the investigation period)

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	Deferred income (Fixed project No.4)				
690-18	* 2017 Construction of the exhibition hall grant - Deferred income (Fixed project No.5)	2017 Construction of the exhibition hall and supporting facilities such as outdoor advertising at the Ma'anshan Industrial Park of Anhui Province Rail Transit Base.	Capital grant programs	Company	Yes (for those payments received during the investigation period)
690-19	* Recording of Input VAT Deduction - Advanced manufacturing enterprises	Advanced manufacturing enterprises can deduct an additional 5% of their current deductible input tax from their payable value-added tax.	Tax	Company	Yes (for those payments received during the investigation period)
690-20	Demonstration application of online automatic measurement of wheel thermal inspection dimensions	Government project funding	Limited to specific enterprises	Business unit	Yes
690-21	Commerce Bureau's 2024 Foreign Trade Development Fund Export Credit Insurance Payment	Support will be provided to eligible export enterprises to purchase credit insurance, with specific standards implemented in accordance with provincial-level optimization policies.	Contingent on export performance	Company	Yes
690-23	* Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy - Unemployment insurance refund	50% of the previous year's unemployment insurance will be refunded.	Limited to specific enterprises	Company	Yes

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690-24	Anhui Branch of China Export & Credit Insurance Corporation	Export Enterprise Credit Fee Subsidy Program(1)Application Requirements2023Import and export enterprises that pay credit investigation fees to the export credit insurance agency annually. The export credit insurance agency will submit the declarations uniformly.	Contingent on export performance	Exports - all	Yes
690-25	* Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy – Campus Recruitment	Campus recruitment will be based on the original standard of 1000 per person.	Limited to specific enterprises	Company	Yes
690-26	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level New Product Certification and Award)	Provincial-level new product certification: 50,000 yuan per item	Limited to specific enterprises	Company	Yes
690-27	Ma'anshan Municipal Bureau of Industry and Information Technology (2023 Provincial-level Technological Innovation Demonstration Enterprise Award)	Provincial-level technology innovation demonstration enterprises will be awarded 200,000 yuan.	Limited to specific enterprises	Company	Yes
690-28	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level Green Factory Enterprise Award)	Provincial-level green factory title award: 200,000 yuan	Limited to specific enterprises	Company	Yes

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690-29	* Adjusting pending write-off items	Government reward disbursements, related) October 2023	Other	Company	No – expensed prior to investigation period
690-30	Policy funding benefits related to the demonstration application of online automatic measurement of wheel thermal inspection dimensions	Government project funding	Limited to specific enterprises	Business unit	Yes
690-31	Related to the policy funding benefits for the research and application of key technologies in the manufacturing of high-grade rail transit wheels	Government project funding	Limited to specific enterprises	Business unit	Yes
690-32	Ma'anshan Municipal Human Resources and Social Security Bureau	A postdoctoral research station award of 100,000 yuan and a postdoctoral living allowance of 100,000 yuan are provided.	Other	Company	No – expensed prior to investigation period
690-33	Industrial Internet Platform Construction Project Subsidy (Ma'anshan Municipal Bureau of Economy and Information Technology)	Industrial Internet Platform Construction Project Subsidy	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-34	2022 Municipal-level Industrial Support Policy Funds (Ma'anshan Municipal Market Supervision Administration)	PCT Invention Patent Grant Subsidy	Other	Company	No – expensed prior to investigation period
690-35	The Municipal Bureau of Economy and Information Technology has allocated the fourth batch of funds for the 2022 policy of "no application required for immediate enjoyment".	For large-scale manufacturing enterprises whose annual per-mu (unit of land area) performance evaluation result is A, and whose actual contribution to local finance	Limited to specific enterprises	Company	No – expensed prior to investigation period

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		(local income generated from value-added tax and corporate income tax paid in the current year) exceeds 20 million yuan and whose contribution growth rate exceeds 20%, the enterprise management team will be rewarded with 10% of the incremental portion, up to a maximum of 1 million yuan.			
690-36	Tax refund policy	1. If the Northern Branch's annual VAT, corporate income tax, and individual income tax payments generate 3 million RMB or more in revenue for the Miyun District government, Beijing Miyun Headquarters Enterprise Management Service Co., Ltd. will provide financial support equal to 60% of the total district-level fiscal revenue generated by these taxes, based on the Northern Company's annual tax payment situation. 2. If the Northern Company's annual VAT, corporate income tax, and individual	Tax	Company	No – expensed prior to investigation period

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		income tax payments generate between 1 million and 3 million RMB in revenue for the Miyun District government, Beijing Miyun Headquarters Enterprise Management Service Co., Ltd. will provide financial support equal to 55% of the total district-level fiscal revenue generated by these taxes, based on the Northern Company's annual tax payment situation.			
690-37	5% additional deduction for input VAT		Tax	Company	No – expensed prior to investigation period
690-38	One-time job expansion subsidy	Each campus recruit will receive a standard salary of 1000 yuan.	Limited to designated regions	Company	No – expensed prior to investigation period
690-39	* Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2022 Invention Patent Grant	2022 Invention Patent Grant (Chinese Invention Patent Grant)	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-40	The Municipal Bureau of Economy and Information Technology has allocated the first batch of funds for the 2022 policy of "no application required, immediate enjoyment".	Awarded the title of National Manufacturing "Single Champion" Demonstration Enterprise	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-41	* Municipal Market Supervision Bureau's policy	In 2022, we received national and	Limited to specific enterprises	Company	No – expensed prior to

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	funds for the transformation and upgrading of payment enterprises - 2022 Excellence awards	provincial patent gold, silver, and excellence awards (receiving national and provincial patent awards).			investigation period
690-42	* The Municipal Science and Technology Bureau has allocated the 2022 Municipal Science and Technology Innovation Recognition Category (Second Batch) Policy Implementation Subsidy Funds - Third prize	Anhui Provincial Science and Technology Award, Third Prize, 50,000 yuan	Limited to designated regions	Company	No – expensed prior to investigation period
690-43	* The Municipal Science and Technology Bureau has allocated the 2022 Municipal Science and Technology Innovation Recognition Category (Second Batch) Policy Implementation Subsidy Funds - Second prize	Anhui Provincial Science and Technology Award, Second Prize, 100,000 yuan	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-44	Foreign trade and economic development policies for electromechanical exports	Enterprises whose exports of electromechanical products exceeded 100 million or 500 million US dollars and showed positive growth in 2022.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-45	Export Credit Insurance Policy	Exporting enterprises that purchased short-term export credit insurance (including pre-shipment insurance) from export credit insurance underwriters (including their	Contingent on export performance	Exports - all	No – expensed prior to investigation period

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		headquarters) in 2022			
690-46	Job stabilization policy refund	30% of the previous year's unemployment insurance will be refunded.	Other	Company	No – expensed prior to investigation period
690-47	Provincial Manufacturing Powerhouse Policy Single Champion Demonstration Enterprise Subsidy	Enterprises that won the title of National Manufacturing Single Champion in 2021 will receive a one-time subsidy of 2 million yuan.	Capital grant programs	Company	No – expensed prior to investigation period
690-48	Intellectual Property Grants in 2021	Each intellectual property (IP) grant is a one-time subsidy of 2,000 yuan; pilot enterprises will receive rewards of 20,000 yuan and 10,000 yuan respectively. IP subsidy rewards include a one-time reward of 100,000 yuan for winning a provincial patent silver award. A one-time reward of 50,000 yuan will be given for a net increase of 5 valid invention patents in the current year. A reward of 50,000 yuan will be given for the first time passing the national intellectual property management standard certification.	Other	Company	No – expensed prior to investigation period

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690-49	Foreign trade promotion policies and funds for new business models such as cross-border e-commerce and overseas warehouses	Support enterprises in building overseas warehouses. Application requirements: enterprises with an overseas warehouse area of more than 3,000 square meters and an annual warehouse cargo transaction volume of more than US\$5 million, and enterprises that have made corresponding fixed asset investments in the current year.	Other	Exports - all	No – expensed prior to investigation period
690-50	Anhui Provincial Science and Technology Progress Award - Second Prize	The second prize of Anhui Provincial Science and Technology Progress Award is worth 100,000 yuan.	Other	Company	No – expensed prior to investigation period
690-51	Anhui Provincial Science and Technology Progress Award - Third Prize	The third prize of Anhui Provincial Science and Technology Progress Award is worth 50,000 yuan.	Other	Company	No – expensed prior to investigation period
690-52	Export credit fees provincial fiscal funds	Export Enterprise Credit Fee Subsidy Project, (1) Application conditions: Export enterprises that paid credit investigation fees to export credit insurance agencies in 2022,	Capital grant programs	Exports - all	No – expensed prior to investigation period
690-53	Tax refund for senior executives		Tax	Company	No – expensed prior to investigation period

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690-54	Deferred revenue transfer (Collaborative research on wheel peeling damage behaviour and optimization of Harmony Electric Locomotives, for passenger transport)	The maximum for a single project is 1 million.	Other	Business unit	No – expensed prior to investigation period
690-55	Job Expansion Subsidy	Each college graduate recruited from universities will receive a subsidy of 1,000 yuan.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-56	2020 third-generation transaction fees	2% rebate for withholding and payment	Tax	Company	No – expensed prior to investigation period
690-57	* Unemployment insurance job retention subsidy - 20%	20% of unemployment insurance refund	Other	Company	No – expensed prior to investigation period
690-58	Encourage the development of high technology	Enterprises that are recognized as high-tech enterprises in 2021 will receive a one-time reward of 200,000 yuan.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-59	Support enterprises to grow bigger and stronger	Industrial enterprises whose first operating revenue exceeds 1 billion yuan will be awarded a reward of 300,000 yuan to their management team.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-60	* Support the development of large-scale strategic emerging enterprises and industries	Rewards for annual growth of main business revenue exceeding 40%.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-61	* Unemployment insurance job retention subsidy - 30%	30% of the unemployment insurance contributions will be refunded.	Other	Company	No – expensed prior to investigation period

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690-62	Enterprise Management System Certification Subsidy (Funding for SMEs to Explore International Markets)	Enterprises that have paid more than 500,000 yuan in international product certification fees, international trademark registration fees, etc. in a year will receive a 20% subsidy.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-63	Domestic product certification subsidy (funds for SMEs to explore international markets)	Enterprises that have paid more than 500,000 yuan in international product certification fees, international trademark registration fees, etc. in a year will receive a 20% subsidy.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-64	Enterprise subsidies for expanding into international markets (cumulative expenses for expanding into international markets exceeding)50(10,000 subsidy)	Enterprises that have paid more than 500,000 yuan in international product certification fees, international trademark registration fees, etc. in a year will receive a 20% subsidy.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-65	Support leading enterprises to reach new heights	Industrial enterprises whose operating revenue exceeds 2 billion yuan for the first time will be awarded 600,000 yuan.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-66	Provincial-level new products	Provincial New Product Award	Limited to specific enterprises	Company	No – expensed prior to investigation period

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690-67	Reduce land costs for businesses (Improvement of per-mu yield evaluation results)	For enterprises whose per-mu yield evaluation results are upgraded to Category A in the current year, the maximum reward for a single enterprise shall not exceed RMB 1 million.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-68	Short-term export credit insurance premium	A 20% premium subsidy will be provided for short-term export credit insurance premiums.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-69	Support the development of foreign trade entities and encourage enterprises to grow bigger and stronger.	Exports increased by more than US\$1 million year-on-year, and the incremental portion will be provided with a logistics subsidy of 0.3% in RMB terms.	Contingent on export performance	Exports - all	No – expensed prior to investigation period
690-70	2020 Special Fund for the Exhibition Industry (Domestic Exhibitions)	Outdoor booths will receive a reward of 150 yuan per standard booth, while indoor booths will receive a reward of 250 yuan per booth.	Limited to specific enterprises	Company	No – expensed prior to investigation period
690-71	Rewards for manufacturing and trading enterprises in this city exporting heavy containers from Ma'anshan Port	Local manufacturing and trading companies will receive a reward of 300 yuan per standard container for exporting heavy containers from Ma'anshan Port.	Contingent on export performance	Exports - all	No – expensed prior to investigation period

Table 4: Subsidy programs

The commission detailed the subsidy margin calculation in **confidential appendix 5**, without *Program 1 - Steel billet provided at less than adequate remuneration*. The commission has not yet determined whether Masteel received a countervailable subsidy under this program. The commission will seek further information to assess if Masteel's purchases of steel billet are at a price that is less than adequate remuneration.

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying Masteel's questionnaire response for case 690.

This chapter first summarises the commission's assessment of Masteel's submitted information. This summary includes a list of material revisions made to this information before the commission finalised the verification.

This chapter summarises verified key details about Masteel, relating to:

- the range of goods produced or sold
- corporate operations and structure.

This chapter then outlines the commission's method to verify and validate Masteel's submitted information.

More information on how the commission verifies information is in **Non-Confidential Appendix 1**.

4.2 Verification findings and material revisions

The commission finds that the information Masteel submitted is complete, relevant and accurate after material revisions.

4.2.1 MCC categories

Material revision 1: Additional MCC categories for freight railway wheels

Description: The original MCC structure set out in ADN 2025/110 had only one MCC category: diameter.

During verification, the commission determined there are 3 characteristics of the goods and like goods which have an effect on price and cost. These are: (1) if the freight railway wheels are punched or not-punched, (2) if the freight railway wheels are painted or not-painted and (3) the billet type used.

Resolution: Masteel provided details on linking its product code to the additional MCC categories, which the commission used to update the B-2 Australian sales listing, D-2 domestic sales listing, G-3 domestic CTM listing, G-4.2 domestic SG&A calculation and the G-5 Australian CTM listing.

4.2.2 Sales

Material revision 2: Australian sale payment period

Description: Masteel reported in its Australian sales listing a payment period based on the payment terms listed on the purchase order. During verification the commission observed that the actual payment period differed significantly to the reported period.

Resolution: As there was only one Australian sale during the investigation period, the commission amended the payment period in the Australian sales listing to the actual payment period.

Material revision 3: Updated MCC details for Australian sales

Description: Masteel provided the Australian sales listing using the original MCC structure set out in ADN 2025/110.

Resolution: The commission updated the Australian sales listing to include additional MCC sub-categories for punched, painted and billet type. See also Exception 1.

Material revision 4: Updated MCC details for domestic sales

Description: Masteel provided the domestic sales listing using the original MCC structure set out in ADN 2025/110.

Resolution: The commission updated the domestic sales listing to include additional MCC sub-categories for punched, painted and billet type. See also Exception 1.

Material revision 5: Updated domestic sales listing

Description: The domestic sales listing included a 'storage fee' as a direct selling expense. During verification, the commission identified that these amounts relate to expenses outside of the domestic sale of the goods.

Resolution: The commission removed the storage fee from the domestic sales listing and added the relevant expense into the SG&A calculation. See also Exception 7.

4.2.3 Cost to make and sell

Material revision 6: Updated domestic MCC details for SG&A

Description: Masteel provided the SG&A listing for the domestic MCCs using the original MCC structure set out in ADN 2025/110.

Resolution: The commission updated the SG&A listing to include additional MCC sub-categories for punched, painted and billet type. See also Exception 1.

Material revision 7: Updated SG&A listing

Description: The SG&A listing contains various direct selling expenses which were excluded in the SG&A calculation. During verification, the commission found accounts marked as direct selling expenses were not included in the B-2 or D-2 listing.

Resolution: The commission added the relevant expense accounts into the SG&A calculation. See also Exception 5.

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Material revision 8: Updated MCC details for CTM

Description: Masteel provided the CTM listing for export and domestic sales using the original MCC structure set out in ADN 2025/110.

Resolution: The commission updated the CTM listing to include additional MCC sub-categories for punched, painted and billet type. See also Exception 1.

Material revision 9: Removal of raw material purchase

Description: Masteel included a single purchase of other raw materials, not associated with the goods under consideration.

Resolution: The commission removed this single purchase of other raw materials, not associated with the goods under consideration, from the raw material purchase listing.

4.3 Types of goods produced or sold in the submitted information

4.3.1 Model control code compliance and amendments

The sales and costs data Masteel submitted complies with the MCC structure detailed in ADN 2025/110.

After comparing prices of different models of the goods, the commission recommends amending the MCC structure by adding the following categories:

1. Punched (PN) or not-punched (NPN)
2. Painted (PT) or not-painted (NPT)
3. Billet type.

4.3.2 Verification of model control codes

Table 6 details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Outside Wheel Diameter (OD)	Based on the nominal width shown on the commercial invoices, contracts and product code where applicable.
Punched (PN) or Not-Punched (NPN)	Based on product codes in commercial invoice and contracts, which was then verified to technical drawings to identify the specific billet type and other attributes, including whether the product is punched or painted.
Painted (PT) or Not-Painted (NPT)	
Billet Type (Billet code)	

Table 5: MCC sub-category determination

4.3.3 List of model control codes

Masteel both produced and sold the following MCCs during the investigation period:

Sales MCC	Australian sales	Domestic sales	Costs MCC
711-NPN-NPT-AAR-B	No	Yes	711-NPN-NPT-AAR-B
711-NPN-NPT-AAR-C	No	Yes	711-NPN-NPT-AAR-C

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720-NPN-NPT-AAR-C	No	Yes	720-NPN-NPT-AAR-C
750-NPN-NPT-ER8	No	Yes	750-NPN-NPT-ER8
750-PN-NPT-MGL65	No	Yes	750-PN-NPT-MGL65
760-NPN-NPT-CL65	No	Yes	760-NPN-NPT-CL65
760-NPN-NPT-MGL65	No	Yes	760-NPN-NPT-MGL65
760-NPN-PT-AAR-B	No	Yes	760-NPN-PT-AAR-B
761-NPN-NPT-AAR-C	No	Yes	761-NPN-NPT-AAR-C
772-NPN-NPT-MGL65	No	Yes	772-NPN-NPT-MGL65
774-PN-PT-AAR-B	No	Yes	774-PN-PT-AAR-B
780-PN-NPT-CL60	No	Yes	780-PN-NPT-CL60
786-NPN-NPT-R7T	No	Yes	786-NPN-NPT-R7T
820-NPN-NPT-CL65	No	Yes	820-NPN-NPT-CL65
828-NPN-NPT-ER9	No	Yes	828-NPN-NPT-ER9
840-NPN-NPT-AAR-B	No	Yes	840-NPN-NPT-AAR-B
840-NPN-NPT-CL60	No	Yes	840-NPN-NPT-CL60
840-NPN-NPT-CL60(H)	No	Yes	840-NPN-NPT-CL60(H)
840-NPN-NPT-CL65	No	Yes	840-NPN-NPT-CL65
840-NPN-NPT-CL70	No	Yes	840-NPN-NPT-CL70
840-NPN-NPT-MGL65	No	Yes	840-NPN-NPT-MGL65
840-NPN-NPT-R7T	No	Yes	840-NPN-NPT-R7T
840-NPN-PT-AAR-C	No	Yes	840-NPN-PT-AAR-C
840-PN-NPT-EN9(55C8)	No	Yes	840-PN-NPT-EN9(55C8)
840-PN-NPT-MGL65	No	Yes	840-PN-NPT-MGL65
840-PN-PT-AAR-BM	No	Yes	840-PN-PT-AAR-BM
840-PN-PT-CL60	No	Yes	840-PN-PT-CL60
844-NPN-NPT-AAR-C	No	Yes	844-NPN-NPT-AAR-C
850-NPN-NPT-MGL65	No	Yes	850-NPN-NPT-MGL65
850-PN-PT-AAR-C	No	Yes	850-PN-PT-AAR-C
856-NPN-NPT-CL60	No	Yes	856-NPN-NPT-CL60
857-NPN-NPT-AAR-C	No	Yes	857-NPN-NPT-AAR-C
857-NPN-NPT-CL70	No	Yes	857-NPN-NPT-CL70
863-PN-NPT-AAR-B	No	Yes	863-PN-NPT-AAR-B
865-NPN-NPT-AAR-C	No	Yes	865-NPN-NPT-AAR-C
870-NPN-NPT-CL60	No	Yes	870-NPN-NPT-CL60
900-PN-NPT-AAR-C	No	Yes	900-PN-NPT-AAR-C
914.4-PN-NPT-AAR-B	No	Yes	914.4-PN-NPT-AAR-B
914-NPN-PT-AAR-C	No	Yes	914-NPN-PT-AAR-C
915-NPN-NPT-AAR-C	No	Yes	915-NPN-NPT-AAR-C
915-NPN-NPT-MGL65	No	Yes	915-NPN-NPT-MGL65
915-NPN-PT-AAR-BMS	Yes	No	915-NPN-PT-AAR-BMS
915-PN-PT-AAR-BMS	No	Yes	915-PN-PT-AAR-BMS
917-NPN-NPT-AAR-C	No	Yes	917-NPN-NPT-AAR-C
920-NPN-NPT-ER7	No	Yes	920-NPN-NPT-ER7

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925-NPN-NPT-AAR-C+	No	Yes	925-NPN-NPT-AAR-C+
931-NPN-NPT-R9T	No	Yes	931-NPN-NPT-R9T
937-NPN-NPT-AAR-C	No	Yes	937-NPN-NPT-AAR-C
940-PN-PT-AAR-BM	No	Yes	940-PN-PT-AAR-BM
711-NPN-NPT-AAR-B	No	Yes	711-NPN-NPT-AAR-B
711-NPN-NPT-AAR-C	No	Yes	711-NPN-NPT-AAR-C
720-NPN-NPT-AAR-C	No	Yes	720-NPN-NPT-AAR-C
750-NPN-NPT-ER8	No	Yes	750-NPN-NPT-ER8
750-PN-NPT-MGL65	No	Yes	750-PN-NPT-MGL65
760-NPN-NPT-CL65	No	Yes	760-NPN-NPT-CL65
760-NPN-NPT-MGL65	No	Yes	760-NPN-NPT-MGL65
760-NPN-PT-AAR-B	No	Yes	760-NPN-PT-AAR-B
761-NPN-NPT-AAR-C	No	Yes	761-NPN-NPT-AAR-C

Table 6: List of MCCs produced or sold

4.4 Corporate information

4.4.1 Company information

Masteel is a railway transportation equipment manufacturer. The products manufactured and sold by Masteel include freight railway wheels, other types of railway wheels, tires, rings, axles and wheel equivalents. Masteel sell these products both in the domestic and international markets.

Masteel have had previous legal/trading names, which are contained below:

Period	English Name
14/03/2012 to 14/08/2015	Ma'anshan Masteel Jinxi Rail Transit Equipment Co., Ltd.
14/08/2015 to 7/04/2024	Masteel Rail Transit Equipment Co., Ltd.
7/04/2020 to 12/08/2024	Baowu Group Masteel Rail Transit Materials Technology Company Limited
12/08/2024 to Present	Baowu Group Masteel Rail Transit Materials Technology Company Limited (By Share)

Table 7: Masteel previous trading names

Masteel have a parent company, Ma'anshan Iron & Steel Company Limited, publicly listed on the Shanghai Stock Exchange and the Hong Kong Exchange.

4.4.2 Related companies

The commission examined the relationships between Masteel and the parties involved in it producing or selling the goods.

4.4.2.1 Related suppliers

The commission found that Masteel purchased majority of its raw materials used in manufacturing freight railway wheels from a single related supplier.

4.4.2.2 Related customers

The commission found that Masteel sell a small percentage of like goods to related customers on the domestic market.

4.5 Method used to verify information

4.5.1 Sales completeness and relevance

The commission:

1. Reconciled the revenue for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the revenue for the period to the trial balance.
3. Reconciled the sales master sales listing for the period to the trial balance.
4. Reviewed the categorisation of the goods in the master sales listing.
5. Reconciled the sales value of the goods from the master sales listing to the domestic and Australian sales listings.

4.5.2 Cost to make completeness and relevance

The commission:

1. Reconciled the cost of goods sold for 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the cost of goods sold for the period to the trial balance.
3. Reconciled cost of goods sales to the total company cost to make for the period.
4. Reviewed the categorisation of the cost to make of the goods and non-goods.
5. Reconciled the cost to make of the goods to the domestic and Australian cost spreadsheets.

4.5.3 Selling, general and administrative expense completeness and relevance

The commission:

1. Reconciled the SG&A listing for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the SG&A listing for the investigation period to the trial balance.
3. Reviewed selected accounts of the SG&A listing to ascertain whether these were relevant for the domestic SG&A calculation and obtained evidence linking these amounts to the SG&A general ledger provided
4. Verified the direct selling expenses and reconciled these to the sales listings.

4.5.4 Subsidies completeness and relevance

The commission identified the following subsidy types:

1. Grants, limited to specific enterprises
2. Grants, limited to designated regions
3. Grants, contingent on export performance
4. Grants for capital expenses (capital grant programs)
5. Other grants
6. Value-add Tax (VAT) deductions (Tax)

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7. Preferential tax rates (Tax)

4.5.5 Cost allocation

Table 9 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Raw Materials	Allocated based on the value of the steel billet consumed in a production order. Steel billet valued using the weighted average inventory value of steel billet consumed to produce the semi-finished product.
Scrap/by-products - Recycle Steel	Allocated based on the actual sales or internal transfer value of total scrap steel generated, at the standard coefficient index rate of scrap generated by each model and the actual production quantity of each model by pieces.
Labour	Allocated based on the labour consumed divided by the actual production quantity for each model by pieces and applying a standard coefficient for each model.
Energy	Allocated based on the actual energy consumed divided by the actual production quantity for each model by pieces and applying a standard coefficient for each model.
Manufacturing overheads	Allocated based on the actual costs for each component of manufacturing overheads, at the standard coefficient index for manufacturing overheads used to produce each model, by the actual production quantity for each model by pieces.
Packaging costs	Allocated based on the packaging consumed divided by the actual production quantity for each model by pieces and applying a standard coefficient for each model.
Depreciation	Allocated based on the depreciation cost, including machine hours, divided by the actual production quantity for each model by pieces and applying a standard coefficient for each model.

Table 8: Cost allocation method

4.5.6 Sales volume unit of measure

Table 10 outlines how the commission verified unit of measure reported for sales volume.

Sales market	Assessment
Australia	The commission confirmed that the quantities listed in the Australian sales listing reported by Masteel at B-2 of its questionnaire response [as amended] reflects singular pieces of the goods sold. For the purposes of calculating a dumping margin, the commission has relied on the verified pieces amount provided by Masteel.
Domestic	The commission confirmed that the quantities listed in the domestic sales listing reported by the exporter at D-2 of its questionnaire response [as amended] reflects singular pieces of like goods sold. For the purposes of calculating a dumping margin, the commission has relied on the verified pieces amount provided by Masteel.

Table 9: Sale volume unit of measure assessment

5 APPENDICES AND ATTACHMENTS

Confidential attachment 1: Verification work program

Confidential appendix 1: Export price

Confidential appendix 2: Cost to make and sell

Confidential appendix 3: Normal value

Confidential appendix 4: Subsidy margin

Non-confidential appendix 1: General definitions and verification method

NON-CONFIDENTIAL APPENDIX 1: GENERAL DEFINITIONS AND VERIFICATION METHOD

What are variable factors?

Variable factors are numerical values that the commission uses to calculate the levels of dumping or countervailable subsidy. By verifying a company's data, the commission aims to set accurate variable factors and accurately calculate the level of dumping or countervailable subsidy.

The commission has explained some concepts relating to variable factors. These explanations are in simple terms and may not reflect the full, technical definitions.

Goods

The goods exported into Australia are **Australian export goods** or the **goods under consideration**.

Goods that are the same or similar to Australian export goods are **like goods**.

Variable factors

Dumping occurs if the price of Australian export goods (the **export price**) is less than the equivalent price of like goods in an exporter's domestic market (the **normal value**).

The **amount of dumping** is the difference between a normal value and the corresponding export price – that is, the normal value minus the export price.

A **subsidy** is a financial contribution, income support or price support, from a China of export Government, public body or a private body being directed by the Government or public body that confers a benefit to Australian export goods.

The Australian government can cancel out – that is, **countervail** – the effect of a subsidy, if that subsidy is specific to Australian export goods. In other words, a subsidy specific to Australian export goods is a **countervailable subsidy**.

The minimum export price to prevent material injury to an Australian industry is the **non-injurious price**. The commission typically relies on information from Australian industry and other sources to calculate this price, which is beyond the scope of this verification. The commission has therefore not calculated a non-injurious price in this report.

Margins calculated using variable factors

A **dumping margin** is the rate of dumping compared to the export price.

A **subsidy margin** is the rate of countervailable subsidy attributable to Australian export goods.

Export price method

Section 269TAB lists different ways to calculate an export price based on the facts available.

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The commission considers these questions, among others, before calculating an export price:

- Did the verified company sell goods for Australian export?
- Who is the exporter?
- Who is the importer?
- Did the exporter sell to the importer at arm's length?

In this chapter, the commission summarises its findings about facts that affect how to calculate an export price.

Who is the exporter method

The commission generally identifies an **exporter** as a company, located in the China of export, who is a principal company involved in an Australian export goods transaction. At least one of the following generally also applies for a company to be an exporter:

- the company knowingly transferred the goods to its own vehicle, or to a freight company, to deliver the goods to Australia
- at the time the goods shipped, the company owned or previously owned the goods.

To identify the exporter, the commission typically relies on information about Australian export transactions from stakeholders and Australian Border Force.

Who is the importer method

An **importer** is the beneficial owner of goods at the time of import. The beneficial owner may differ from the listed or nominal owner of the goods.

For example, a parent company can have direct control over a subsidiary company's assets and decisions. If that parent company lists its subsidiary company as the owner of goods at the time of import, the commission would find that parent company is the importer because it beneficially owns the goods.

To identify the importer, the commission typically relies on information about Australian export transactions provided by stakeholders and Australian Border Force.

Normal value method

Section 269TAC lists different ways to calculate a normal value based on the facts available.

The commission considers these questions, among others, before calculating a normal value:

- Did the verified company, or a party related to the verified company, sell like goods domestically?
- Were there any domestic sales of like goods?
- Was there a low volume of domestic like goods sales?
- Were the domestic like goods sales at arm's length?
- Does any component of the exporter's costs, or producer's costs, not reflect competitive market costs?
- Were the domestic like goods sales in the ordinary course of trade?
- Does the normal value require adjustments to properly compare it to the export price?

Why the commission assesses production records

The commission assesses if a company's production cost records reasonably reflect competitive market costs as required by Regulation 43(2) before selecting which method to recommend for setting a normal value under section 269TAC.

The commission assesses production cost records through methods including:

- analysing transactions for materials or services supplied by a related party to see if they reflect other costs in the market
- considering if the domestic China has generally competitive, or non-competitive, costs for certain materials or services.

If the commission finds that the production cost records reasonably reflect competitive market costs, the commission must use the recorded costs to calculate the cost of production. If the commission finds that production cost records do not reasonably reflect competitive market costs in some part, then the commission may use other information if appropriate to adjust that part of the costs before setting a normal value.

Ordinary course of trade method

The commission assesses if domestic like goods sold in the ordinary course of trade before selecting which method to recommend for setting a normal value under section 269TAC.

Section 269TAAD sets out which sales are in the ordinary course of trade. Under this section, a domestic like goods sale is **not** in the ordinary course of trade if the conditions below apply to the sale:

- the sale is **unprofitable in substantial quantities** over an extended period
- the sale is **unlikely to be recoverable** within a reasonable period.

The commission typically uses this method to assess each step of identifying a sale not in the ordinary course of trade.

1. A sale is **unprofitable** if its unit price is less than the corresponding unit cost to make and sell in the sales month or sales quarter
2. All sales for a model are unprofitable **in substantial quantities** if the volume of unprofitable sales is 20% or more of the total volume of sales
3. A sale is **unlikely to be recoverable** if its unit price is less than the corresponding unit cost to make and sell for the entire reasonable period.

The commission typically sets both the 'extended period' and 'reasonable period' under section 269TAAD as the inquiry, investigation or review period for a case.

Low volume of relevant domestic sales method

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods.

If the commission uses a low volume of domestic like goods to set a normal value, then the normal value does not properly compare to the export price when measuring the level of dumping and the commission cannot set a normal value under section 269TAC(1).

To assess if there is a large enough volume of domestic sales to set a normal value under section 269TAC(1), the commission must compare the domestic and Australian export sales

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volumes for an exporter. If the domestic sales volume is less than 5% of the Australian export sales volume, the commission must also assess if the domestic sales volume is still large enough to use in a normal value that properly compares to the export price.

The commission uses this method to compare domestic and Australian export sales volumes both overall and for each model sold as Australian export goods. When comparing sales volumes for an individual model, the commission may use a surrogate domestic sales model to calculate normal value for the Australian export sales model.

Section 269TAC(14) sets this sufficiency test for dumping investigation cases. The commission also uses this sufficiency test when setting a normal value in other case types.

The figure below summarises the possible outcomes when assessing domestic sales volumes to use in a normal value set under section 269TAC(1).

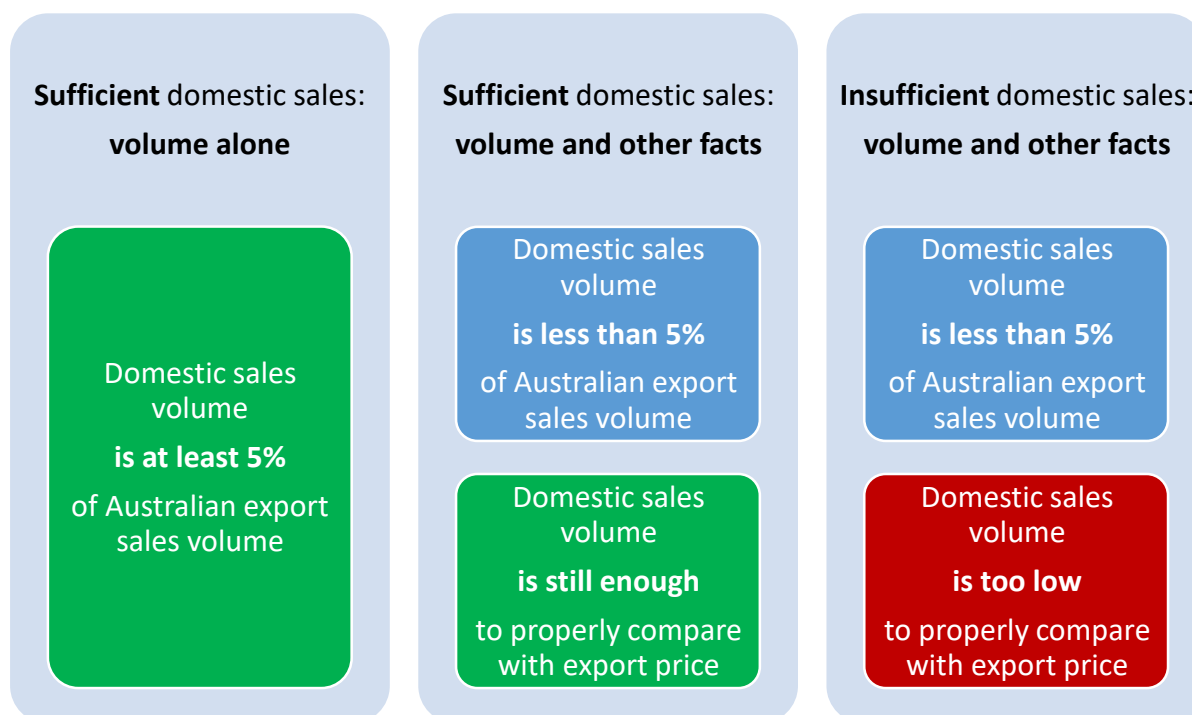


Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

Method to verify information

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs (where relevant).

Before relying on submitted data listings, the commission first verifies if these listings are:

- **complete**, as in, including all the relevant data
- **relevant**, as in, including only relevant data
- **accurate**, as in, including only correct data.

In practice, the commission typically verifies data listings as complete and relevant at the same time.

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[ADN 2016/30](#) describes the commission's standard procedure to verify and validate stakeholder information.

General method to verify information as complete and relevant

The commission verifies data listings as complete and relevant by reconciling each listing's sum total up to audited financial records.

The commission typically reconciles a listing to audited records incrementally. The commission typically links a listing subtotal to management accounts, then links those management accounts to the audited records.

Figure 2 outlines how the commission verifies different topics as complete and relevant.

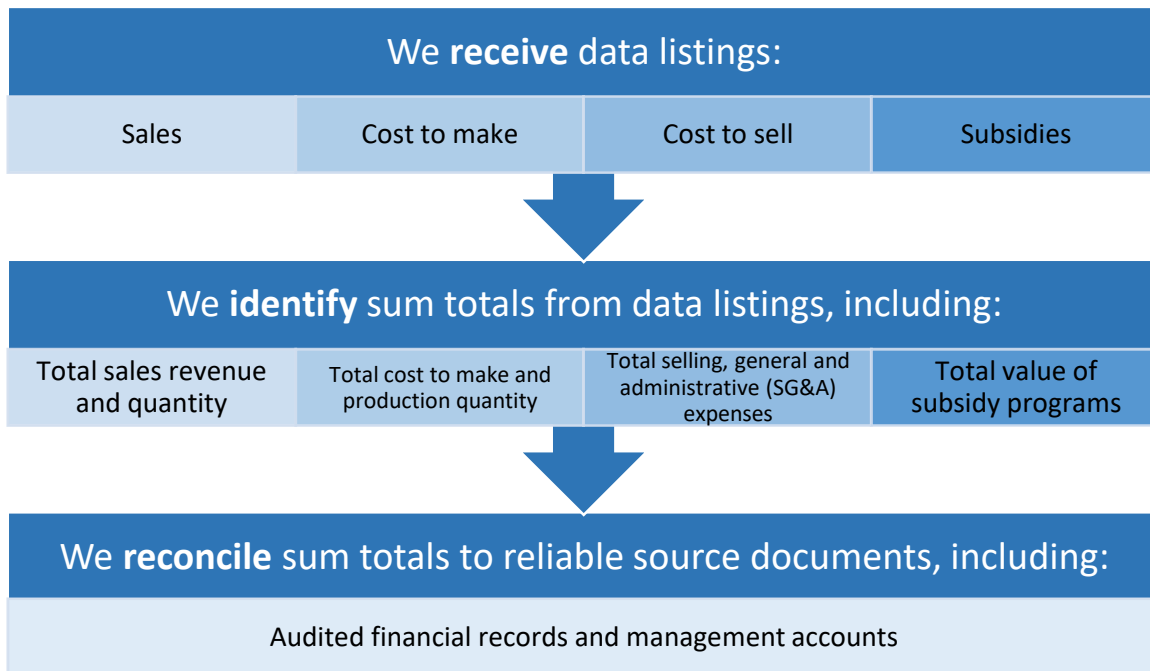


Figure 2 How the commission verifies data as complete and relevant

General method to verify information as accurate

To verify the listings are accurate, the commission typically reconciles key data from a selection of transactions in the listings down to source documents.

Figure 3 outlines how the commission verifies different topics as accurate.

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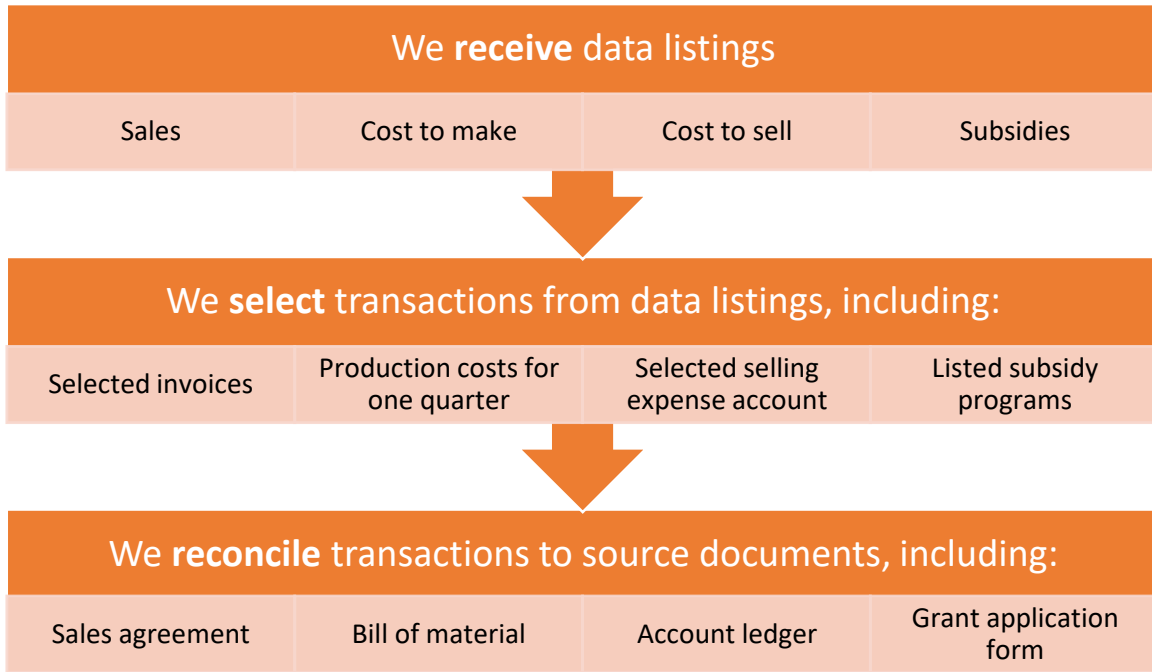


Figure 3 How the commission verifies data as accurate