



Investigation No. 688

Certain Flat Rolled Steel Products

Exported from the People's Republic of China and the
Republic of Korea.

Comparative variable factors assessment

Hunan Valin Lian Yuan Iron and Steel Co., Ltd

At the time of preparing this assessment, the Anti-Dumping Commission (the Commission) was unable to calculate a preliminary dumping margin and subsidy margin for Hunan Valin Lian Yuan Iron and Steel Co., Ltd (Hunan Valin).

The Commission's approach to the normal value and consideration of all alleged subsidies will be addressed in the *Statement of Essential Facts 688* due to be published on 23 June 2026.

Table 1 is an assessment based on the information currently available and may not reflect the final position of the Commission.

Export Price	Normal Value	Dumping Margin	Subsidy Margin
Section 269TAB(1)(c) ¹	Refer to chapter 3	To be determined	To be determined

Table 1: Summary of preliminary variable factors for Hunan Valin

The Commission determined that no onsite or virtual verification would be conducted for Hunan Valin due to it being subject to a verification for the purpose of Investigation 658 into exports of Hot Rolled Coil (HRC).² This is considered reasonable in the circumstances that HRC and the goods the subject of this investigation share a high degree of commonality with respect to key production processes and supply chain arrangements.

The Commission has therefore had regard to Hunan Valin's response to the exporter questionnaire (REQ), questionnaires responses from other exporters cooperating with the investigation, and relevant findings and conclusions concerning Hunan Valin for Investigation 658 and other anti-dumping cases.

In support of the analysis and findings detailed in this report, the Commission has prepared the comparative analysis work program at **Confidential Attachment 1**.

¹ All legislative references are to the *Customs Act 1901* (Cth) (the Act).

² 658 EPR Item No. 025, refers.

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission and not reflect the Anti-Dumping Commission's final position.

1. Response to the exporter questionnaire

Hunan Valin's response was received within the legislated period and contained relevant information regarding the following:³

- its role in the export of the goods to Australia
- sales of like goods made by it to export and domestic markets
- the cost of production of like goods, including selling, general and administrative expenses (SG&A).

Hunan Valin is considered a cooperative exporter.

The public version of Hunan Valin's REQ is available on the electronic public record (EPR) for this case on the Commission's website at www.adcommission.gov.au.⁴

1.1 Summary of material revisions

The following assessment details revisions performed on the data supplied in the exporter's REQ.

Material revision 1: Australian CTM cost reporting

Description:

Hunan Valin did not report production costs separately by the Model Control Code (MCC) category for thickness. Alternatively, Hunan Valin reported a combined value for the thickness subcategories T1 and T2.

After reviewing Hunan Valin's response to the Commission's deficiency advice on the Australian cost to make (CTM), it was evident that the exporter did not split costs by material thickness when providing the updated CTM listing. The exporter explained it was unable to separately report costs by product thickness.

Resolution:

Apply the same cost to both thickness categories (T1 and T2). This approach will create cost items that align with the corresponding export prices.

Material revision 2: Raw materials CTM listing REQ G-7.2

Description:

Hunan Valin did not initially complete worksheet G-7.2 in relation to the production cost of raw material inputs.

The Commission sent Hunan Valin a request for information on 5 May 2026 seeking the production costs for steel slab which is the principal raw material input used for production of plate steel.

Resolution:

On 14 May 2026, Hunan Valin provided production costs concerning the production of hot rolled coil and steel slab.

³ Hunan Valin's REQ was received on or before the extended legislated due date. In the case of Hunan Valin it received an extension to the initial due date. The revised due date was 2 January 2026. Hunan Valin provided a further response on 5 March 2026 to address deficiencies the commission identified in Hunan Valin's response of 2 January 2026.

² EPR 688 – document 012.

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Material revision 3: Raw materials purchase listing REQ G-7.4

Description:

The initial version of Hunan Valin's purchase listing dated 2 January 2026, and a further version dated 5 March 2026, was found to contain several issues. This included unclear identification of the raw materials in the list, misclassification of the State Invested Enterprise (SIE) status of suppliers and manufacturers, the identity of the raw materials manufacturer, delivery terms of the purchase, the currency value of purchases and reporting of expenses incurred for ocean freight, Chinese port of entry charges and other importation costs.

The 5 March 2026 listing also indicated a much lower volume and value of purchases for iron ore and coal, and unlike the first version, did not report any coke purchases. Examination of other data revealed some suppliers reported in the initial listing were omitted in the later listing and presentation of invoice and raw materials details had varied.

The Commission sent Hunan Valin a request for information (RFI) on 5 May 2026 seeking its initial and more comprehensive 2 January 2026 version be updated. Hunan Valin asked the Commission to adopt its 5 March 2026 listing because it corresponded to the instructions in the questionnaire concerning the requirement to report materials making up 10% or more of the total production cost. Hunan Valin also indicated the later version reflected the removal of random and invalid information such as negative quantities and data mismatching. Hunan Valin provided a revised listing as per the RFI on 13 May 2026 but maintained the 5 March 2026 listing was the relevant version.

Resolution:

Given the differences between each version of Hunan Valin's purchase listing, the Commission has had regard to both versions of Hunan Valin's purchase listings, i.e. 2 January 2026 and 13 May 2026, and compared these to information provided by other cooperating exporters.

Material revision 4: Revised grants listing categories

Description: The team found that Hunan Valin's I-4 grant worksheet did not provide any program type description.

Resolution: The team assessed the grants listing and based on the grant name and other income classification identified the program type.

2. Export price

For the purpose of this report, the Commission proposes to determine an export price for Hunan Valin under section 269TAB(1)(c) of the *Customs Act 1901* (the Act).

For exports relevant to section 269TAB(1)(c), the export price is set having regard to all the circumstances of the exportation. These circumstances concern Hunan Valin's exports that involved an intermediary in the sale of the goods to the Australian importer.

On the basis that the importer did not purchase the goods directly from the exporter, the export price cannot therefore be determined under section 269TAB(1)(a) or section 269TAB(1)(b) of the Act.

As outlined in chapter 2.3 below, the Commission found that Hunan Valin sold the goods to the Australian customer through multiple unrelated steel trading intermediaries. The Commission therefore proposes calculating an export price using the price for the sale of the goods by Hunan Valin to the unrelated intermediary.

2.1 Who is the exporter?

The Commission considers Hunan Valin is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- arranged and paid for inland transport to the port of export
- arranged and paid for port handling charges at the port of export

2.2 Who is the importer?

Hunan Valin sold the goods to the Australian customer through multiple traders. 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:

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

2.3 Were the Australian export sales sold at arm's length?

All of Hunan Valin's exports of the goods to Australia were sold to unrelated importers and transacted through unrelated steel trading intermediaries.

Based on the findings outlined below in chapter 2.3.2, the Commission finds it reasonable to conclude that Hunan Valin sold the goods exported to Australia in arms length transactions as defined under section 269TAA of the Act.

2.3.1 Related customers

Hunan Valin did not have any related Australian customers.

2.3.2 Unrelated customers

For all Australian sales, Hunan Valin exported the goods to unrelated Australian importers transacted through unrelated steel trading intermediaries. The supply chain arrangements in place for the export of plate steel are either identical or cannot be easily distinguished from those observed in relation to Hunan Valin's exports of HRC examined by Investigation 658. The Commission's assessment of Hunan Valin's sales of HRC exported to Australia also concluded these were sold in arms length transactions.⁵

Based on the information available in relation to Hunan Valin's exports of the goods, and having regard to the findings outlined for Investigation 658, the Commission considers it reasonable to conclude Hunan Valin sold the Australian export goods in 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

⁵ EPR 658 – document 022.

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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 Hunan Valin:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market
- appeared to genuinely negotiate the price with unrelated customers

3. Normal value

The Commission has assessed the following matters that are relevant to the calculation of normal value. However, not all aspects of the exporter's normal value calculation have been examined. This is because the Commission has not yet decided to accept or reject a claim concerning an alleged particular market situation in the Chinese domestic market for plate steel. The Commission's consideration of this claim and the determination of normal values will be fully detailed in the Statement of Essential Facts.

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

The Commission finds that, during the investigation, Hunan Valin 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.

3.1.1 Physical likeness

Hunan Valin does not distinguish between domestic like goods and the Australian export goods based on the physical characteristics of the goods.

3.1.2 Production likeness

Hunan Valin produced all goods at the same facilities, using the same types of raw material inputs and production processes.

3.1.3 Commercial likeness

All goods compete in the same market sector, are interchangeable and use similar distribution channels.

3.1.4 Functional likeness

All goods are functionally alike, as they have similar end uses.

3.2 Were the domestic sales sold at arm's length?

The Commission found Hunan Valin sold like goods to both related and unrelated parties during the investigation period.

Based on the findings outlined below in chapter 2.3.2, the Commission finds it reasonable to conclude that Hunan Valin sold like goods in arms length transactions as defined under section 269TAA of the Act.

3.2.1 Related customers

The Commission found Hunan Valin sold like goods to both related and unrelated parties during the investigation period. This supply chain arrangement is similar to that found in relation to Hunan Valin's domestic sales of HRC examined by Investigation 658. The Commission's assessment of Hunan Valin's domestic HRC sales also concluded these were sold in arms length transactions.⁶

Based on the available information in relation to Hunan Valin's domestic sales of like goods, and having regard to the findings outlined for Investigation 658, the Commission considers it reasonable to conclude Hunan Valin made domestic sales of like goods in arms length as defined under section 269TAA.

In evaluating Hunan Valin's domestic selling price to related customers, the Commission observed these to be comparable in terms of price and the volume of profitable sales realised from each customer group.

For Hunan Valin's domestic sales of like goods to related customers, 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.

3.2.2 Unrelated customers

For all unrelated customer transactions, the Commission finds that Hunan Valin sold the domestic goods at arm's 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.

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

The Commission finds that Hunan Valin's accounting records comply with the generally accepted accounting principles of China.

Hunan Valin's financial statements were fully audited and included the accountants finding that the financial accounts comply with the Chinese accounting standards in the annual report.

⁶ EPR 658 – document 022.

3.3.1 Did the production records reasonably reflect competitive market costs?

This investigation includes a claim that cost inputs such as iron ore, coke, coking coal, limestone and electricity, do not reasonably reflect competitive market costs. The Commission considers these claims also extend to semi-finished materials, such as steel slab, or HRC, that is consumed to produce the goods and like goods.

Where the criteria in regulation 43(2) are not satisfied, the Minister is neither required to, nor prohibited from, using an exporter's records pursuant to section 269TAC.

The Commission collected information about iron ore, coke, coking coal and steel slab. The Commission will review this information when assessing the claim.

This report has not fully considered if the exporter's production records reasonably reflect competitive market costs on account of the investigation involving a claim of particular market situation. The Statement of Essential Facts will provide further details concerning the assessment of the exporter's production records.

3.3.2 Related party suppliers

As discussed in chapter 1.1, Hunan Valin provided multiple versions of its raw materials purchases at G-7.4 of its REQ. As the difference between these versions could not be sufficiently reconciled to the extent one version was preferable over the other, the Commission has had regard to the information contained in all versions for assessing Hunan Valin's purchases from related party suppliers.

Hunan Valin's raw materials listing indicated it purchased raw materials in the form of iron ore, coal, coke and scrap metal from both related and unrelated suppliers.

Iron ore

Almost all of Hunan Valin's iron ore purchases were supplied by unrelated entities. A relatively large proportion of iron ore was sourced from China with significant quantities also from Australia, Brazil and South Africa. Most purchases occurred through what appeared to be trading entities based in China rather than directly from the originating mining company.

Hunan Valin's iron ore purchases from related suppliers mostly concerned one entity, who did not appear to be the originating mining company and sourced iron ore from within China. The volume was approximately 5% of all reported iron ore purchases.⁷ Based on the information in Hunan Valin's purchase listings, the price of related party iron ore purchases were comparable to the prices paid to other unrelated suppliers of iron ore originating from China.

Coal

According to Hunan Valin's purchase listing, none of its coal suppliers were a related party. The weighted average prices paid by Hunan Valin were observed to be comparable to the prices paid by other cooperating exporters who also sourced coal originating from China.

Coke

⁷ Based on the version of G-7.4 dated 2 January 2026

Hunan Valin's initial listing of 2 January 2026 reported a relatively low volume of coke purchases, all sourced from unrelated suppliers. The later 5 March 2026 (as amended 13 May 2026) listing contained no coke purchases.

Having regard to the earlier listing, the weighted average price paid by Hunan Valin was observed to be comparable to the prices other cooperating exporters paid to unrelated parties.

Scrap steel

Hunan Valin's initial listing of 2 January 2026 reported a relatively lower volume of scrap steel purchases compared to the later version dated 5 March 2026 (as amended 13 May 2026). The weighted average price of scrap in both listing was comparable. Hunan Valin reported that most of scrap steel purchases are sourced from unrelated suppliers.

3.4 Were domestic sales in the ordinary course of trade?

This report has not assessed if domestic sales were in the ordinary course of trade on account of the investigation involving a claim of particular market situation. The Commission's consideration of this claim and the determination of normal value will be fully detailed in the Statement of Essential Facts.

3.5 Is there a low volume of relevant domestic sales?

This report has not assessed the volume of relevant domestic sales on account of the investigation involving a claim of particular market situation. The Commission's consideration of this claim and the determination of normal value will be fully detailed in the Statement of Essential Facts.

3.6 Domestic sales volumes for each model

This report has not assessed the sales volume of relevant domestic models on account of the investigation involving a claim of particular market situation. The Commission's consideration of this claim and the determination of normal value will be fully detailed in the Statement of Essential Facts.

3.7 Adjustments to compare export price and normal value

This report has not examined adjustments relevant to the comparison of export price and normal value on account of the investigation involving a claim of particular market situation. The Commission's consideration of this claim and the determination of normal values will be fully detailed in the Statement of Essential Facts.

4. Countervailable subsidies

At question of I-3 of its REQ, Hunan Valin reported it was eligible for preferential tax arrangements. Hunan Valin provided information it was recognised as a High and New Technology Enterprise (HNTE) making it eligible for a preferential corporate income tax rate of 15%.

At question of I-4.1 of its REQ, Hunan Valin reported it received benefits in the form of grants payments and amounts relating to income tax handling fee rebates and double deduction of Value Added Tax (VAT).

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Hunan Valin also reported purchasing raw materials from suppliers it identified as a State Owned Enterprise (SOE). This covered purchases of iron ore, coal, coke and steel slab that Hunan Valin reported in a listing of its raw materials purchases at G-7.4 of its REQ (as per its 2 January 2026 and/or 13 May 2026 versions as applicable).⁸

The Commission notes that Investigation 658 found Hunan Valin received a countervailable subsidy in the form of loans at preferential rates of interest.⁹

The Commission's assessment of countervailable subsidies relevant to Hunan Valin will be outlined SEF 688.

⁸ See Material Revision 3 in chapter 1.1

⁹ Program 177 in Termination Report 658, p. 45.

5. Appendices and attachments

Confidential attachment 1: Verification work program