



CUSTOMS ACT 1901 - PART XVB

**STATEMENT OF ESSENTIAL FACTS
NO 688**

**ALLEGED DUMPING OF CERTAIN FLAT ROLLED STEEL
PRODUCTS**

EXPORTED FROM

**THE PEOPLE'S REPUBLIC OF CHINA AND THE
REPUBLIC OF KOREA**

AND

**ALLEGED SUBSIDISATION OF CERTAIN FLAT ROLLED
STEEL PRODUCTS**

EXPORTED FROM

THE PEOPLE'S REPUBLIC OF CHINA

23 June 2026

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ABBREVIATIONS

\$	Australian dollars
ABF	Australian Border Force
the applicant	BlueScope Steel Limited
the Act	<i>Customs Act 1901 (Cth)</i>
ADN	Anti-Dumping Notice
Anti-Dumping Agreement	<i>Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994</i>
AUD	Australian dollars
the Australian industry	BlueScope AIS
Bao Australia Pty Ltd	Bao Australia
Baoshan Iron & Steel Co., Ltd	Baoshan
Baosteel Zhanjiang Iron and Steel Co., Ltd	Baosteel Zhanjiang
BlueScope Steel Limited	BlueScope
BlueScope Steel (AIS) Pty Ltd	BlueScope AIS
China	the People's Republic of China
CFR	Cost and freight
China subsidy notification	<i>New And Full Notification Pursuant to Article XVI:1 of The Gatt 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures, dated 25 August 2025</i>
CMRG	China Mineral Resources Group Limited
COGS	Cost of goods sold
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTM	Cost to make
CTMS	Cost to make & sell
CTS	Cost to sell
the Customs Direction	<i>Customs (Extensions of Time and Non-cooperation) Direction 2015</i>
CTMS	cost to make and sell
CNY	Chinese yuan
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
FOB	Free On Board
FIS	Free into Store
GAAP	Generally accepted accounting principles
GOC	Government of China
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
Guidelines	<i>Guidelines on the Application of Forms of Dumping Duty November 2013</i>

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ICD	interim countervailing duty
IDD	interim dumping duty
Initiation notice	Anti-Dumping Notice 2025/111
injury period	1 July 2021 to 30 June 2025
the investigation	Investigation 688
investigation period	1 July 2024 to 30 June 2025
Korea	the Republic of Korea
Manual	Dumping and Subsidy Manual
MCC	model control code
MEPS	MEPS International Ltd
MPa	Mega pascals
Material Injury Direction	the Ministerial Direction on Material Injury 2012
mm	millimetres
the Minister	the Minister for Industry and Innovation and Minister for Science
NIP	non-injurious Price
OCOT	ordinary course of trade
PAD	preliminary affirmative determination
the PAD Direction	<i>Customs (Preliminary Affirmative Determinations) Direction 2015</i>
the Regulations	<i>Customs (International Obligations) Regulation 2015</i>
REQ	response to exporter questionnaire
R&D	Research and Development
RIQ	response to importer questionnaire
SEF	Statement of Essential Facts
SOE	state-owned enterprise
USD	United States Dollar
USP	Unsuppressed Selling Price
VAT	value added tax
WTO	World Trade Organization

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This statement of essential facts (SEF) sets out the facts on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base their recommendations to the Minister for Industry and Innovation and Minister for Science (the Minister) concerning Investigation 688 (the investigation).

The investigation is into the alleged dumping and subsidisation of certain flat rolled steel products (plate steel, or the goods) exported to Australia from the People's Republic of China (China) and the Republic of Korea (Korea) (the subject countries).

The Commissioner initiated this investigation on 24 October 2025 following an application from BlueScope Steel Limited (BlueScope, or the applicant). BlueScope's related entity, BlueScope Steel (AIS) Pty Ltd (BlueScope AIS) is an Australian manufacturer of plate steel and represents the Australian industry for the goods.¹

The Commissioner has preliminarily found that during the investigation period, the goods exported to Australia by certain exporters from China and Korea were dumped and subsidised. The Commissioner has also found that the dumped and subsidised goods have caused material injury to the Australian industry producing like goods. Accordingly, the Commissioner proposes to recommend that the Minister publish a dumping and countervailing duty notice in respect of the goods exported to Australia from China and Korea.

The Commissioner's final recommendations to the Minister will be contained in a report due to the Minister by 7 August 2026.

Interested parties should note that the SEF may not represent the final views of the Commissioner. The Commissioner invites interested parties to make submissions in response to the SEF (see chapter 2.2).

1.2 Preliminary findings

The Commissioner has preliminarily found that exporters from China exported the goods to Australia at dumped and subsidised prices during the investigation period, which is the period of 1 July 2024 to 30 June 2025 (the investigation period). The Commission has also found that exporters of the goods from Korea, except for POSCO, exported the goods at dumped prices during the investigation period.

The Commissioner is preliminarily satisfied:

- exports of the goods from China during the investigation period were dumped by all exporters from China and the dumping margins are not negligible
- exports of the goods from China were subsidised in relation to Baoshan Iron and Steel Co., Ltd (Baoshan), and non-cooperating entities and the subsidy margins are not negligible.

¹ See discussion in chapter 4 (The Australian Industry) below.

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- exports of the goods from China were subsidised in relation to Baosteel Zhanjiang Iron and Steel Co., Ltd (Baosteel Zhanjiang) and Hunan Valin Lian Yuan Iron and Steel Co., Ltd (Hunan Valin) but the subsidy margin was negligible (i.e. not more than 2%)
- exports of the goods from Korea by POSCO during the investigation period were not dumped
- exports of the goods from Korea during the investigation period by all other exporters from Korea were dumped and the dumping margins are not negligible
- the volume of dumped exports from China and Korea **was not** negligible.
- the volume of subsidised exports from China **was not** negligible.

Accordingly, the Commissioner proposes to recommend that the Minister publish:

- a dumping duty notice in respect of exports of the goods from China and Korea that were dumped, with dumping margins that were not negligible.
- a countervailing duty notice in respect of exports of the goods from China that were subsidised, with subsidy margins that were not negligible.

The Commissioner's preliminary findings and conclusions in this SEF are based on the available information at this stage of the investigation. A summary is provided in the paragraphs below, and the remainder of this SEF provides greater detail.

The Commissioner invites interested parties to provide submissions and further evidence on these findings within 20 days (i.e. by 13 July 2026) of this report being placed on the public record.

1.2.1 Preliminary affirmative determination (PAD) (Chapter 13)

Having regard to the preliminary findings outlined in this report, the Commissioner has determined that it is appropriate to make a preliminary affirmative determination (PAD). Pursuant to section 269TD(1)(a), the Commissioner is satisfied that there appears to be sufficient grounds for the publication of

- a dumping duty notice in respect of the goods exported to Australia from China and Korea (except for POSCO)
- a countervailing duty notice in respect of the goods exported to Australia from China (except for Baosteel Zhanjiang and Hunan Valin)

As a result, the Commissioner has made a PAD, pursuant to section 269TD. Securities will be taken in relation to interim dumping duty (IDD) and interim countervailing duty (ICD) that may become payable for imports of the goods that are entered for home consumption on or after 24 June 2026.

In accordance with section 269TD(4) and (5), the Anti-Dumping Commission (the commission) has given notice of the preliminary affirmative determination and the decision to take securities in Anti-Dumping Notice (ADN) 2026/083. Securities will apply to imports of the goods exported from China as set out in Table 1 below.

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Country	Exporter	Duty method	Rate of IDD (%) ²	Rate of ICD (%)	Effective rate of ICD and IDD (%)
China	Baoshan	IDD: Combination ICD: as a proportion of the export price (<i>ad valorem</i>)	16.1	3.2	19.3
	Baosteel Zhanjiang		9.4	N/A	9.4
	Hunan Valin		26.4	N/A	26.4
	Uncooperative and all other exporters		51.2	4.5	55.7
Korea	Uncooperative and all other exporters	IDD: Combination	21.6	N/A	21.6

Table 1: Securities payable by importers of the goods

1.2.2 Termination of investigation

Based on these preliminary findings and, subject to any submissions received in response to this SEF, the Commissioner proposes

- to terminate the dumping investigation as it relates to POSCO from Korea on the basis its exports were not dumped.³
- to terminate the subsidy investigation as it relates to Baosteel Zhanjiang and Hunan Valin on the basis that the subsidy margin found in relation to their exports was negligible.⁴

1.2.3 Background and conduct of the investigation (chapter 2)

As specified in the initiation notice, the Commissioner set an investigation period of 1 July 2024 to 30 June 2025. The Commissioner also set an injury period from 1 July 2021 to 30 June 2025 to assess the economic condition of the Australia industry and assess potential injury factors.

The investigation received cooperation from 4 overseas entities located across both subject countries. The commission undertook one verification visit to POSCO in Korea.

The commission also received cooperation from 5 Australian importers of the goods. The commission had regard to the information provided by all other importers.

In addition to importers and exporters, the commission performed a verification visit to BlueScope at its steel mill at Port Kembla in New South Wales.⁵

At the time of finalising this report, the commission had received five submissions from a range of interested parties that included the Australian industry, importers and exporters.

² As Programs 688-14 and 658-178 are in respect of steel slab and raw materials and utilities provided at less than adequate remuneration (LTAR), and because the commission has adjusted the steel slab as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel slab adjustment on exporters' costs. To avoid double counting, the commission has adjusted the combined interim duty payable.

³ Chapter 6.10 refers.

⁴ Chapter 7.10 refers.

⁵ EPR 688 Item no. 014

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The matters canvassed by these submissions broadly fall into categories relating to the commission's approach to accepting BlueScope' application, production specifications, questionnaire responses and material injury claims. The full list of submissions is provided in Table 5 at chapter 2.7.

Submissions in response to the preliminary findings and conclusion outlined in this report should be received by the Commissioner no later than **13 July 2026**. Full details on the submission process are provided in chapter 2.2.

1.2.4 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, comprised of BlueScope AIS.

BlueScope AIS is a subsidiary of the applicant, BlueScope, and is the entity responsible for the production and sale of plate steel the subject of the investigation. BlueScope AIS constitutes the only member of the Australian industry producing plate steel and the goods are wholly manufactured in Australia.

Exemptions

Chapter 3.7 outlines that the commission notes there are five exemption notices currently in force in relation to the goods. One of these exemptions, *Ministerial exemption instrument No.1 of 2015*, concerns Tariff Concession (TC) 1413674 which the commission has established is no longer active.⁶ The commission proposes to recommend that the Minister revoke this exemption.

The commission invites submissions on whether any of the notices should be reviewed and revoked in light of this investigation and the preliminary recommendations made in this SEF.

Subject to any submissions received, and the affording of procedural fairness, the commission may conduct its review of an exemption in the course of this investigation. The Commissioner may then recommend in their report to the Minister that an exemption or exemptions be revoked. Where this is not possible and a separate exemption inquiry is warranted, the commission will conduct that inquiry following the conclusion of this investigation.

1.2.5 Australian market (chapter 5)

The Commissioner the Australian plate steel market comprises the Australian industry, of which BlueScope AIS is the sole member, exporters, importers and customers who are typically involved in a mix of steel trading and processing. Some customers will directly import plate steel. During the investigation period, Korea was the main source of Australian plate steel imports. Imports from China were the second largest source. Imports from these countries represented the majority of imports.

⁶ [EX002 Ministerial exemption instrument no.1 of 2015](#)

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Imported goods and domestically produced like goods compete directly in the Australian market. Price is the material factor in the purchasing decisions of customers.

1.2.6 Current anti-dumping measures (chapter 2)

There are currently no anti-dumping measures on imports of plate steel.

Measures were previously applicable to imports of plate steel from China and Korea following the completion of Investigation 195 in December 2013. These measures expired on 19 December 2018 because the Commissioner did not receive any application seeking their continuation.

One other investigation conducted during 2015, Investigation 284, involved imports of plate steel from Korea and Taiwan. This investigation was terminated in its entirety on account of finding that the exports from these countries were either not dumped, or the volume of dumped goods was negligible. Further detail on the outcomes of both investigations is outlined in chapter 2.4.

1.2.7 Dumping investigation (chapter 6)

The commission's preliminary assessment of dumping margins is set out in Table 2. Dumping margins above 2% ranged between 9.4% and 52.4%. As outlined above, the Commissioner proposes to terminate the dumping investigation in relation to exports by POSCO.

Country	Exporter	Dumping margin
China	Baoshan	17.0%
	Baosteel Zhanjiang	9.4%
	Hunan Valin	26.4%
	Uncooperative Exporters	52.4%
Korea	POSCO	Negative 5.0%
	Uncooperative Exporters	21.6%

Table 2: Summary of dumping margins

1.2.8 Subsidy Investigation (chapter 7)

The commission's preliminary assessment of subsidy margins is set out in Table 2. Subsidy margins above 2% ranged between 3.2% and 4.5%. As outlined above, the Commissioner proposes to terminate the subsidy investigation in relation to exports by Baosteel Zhanjiang and Hunan Valin.

Country	Exporter	Subsidy margin
China	Baoshan	3.2%
	Baosteel Zhanjiang	0.9%
	Hunan Valin	1.8%
	Uncooperative Exporters	4.5%

Table 3: Summary of subsidy margins

1.2.9 Economic condition of the Australian industry (chapter 8)

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

- lost sales volume
- market share foregone
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced return on investment
- lower production volumes
- reduced capacity utilisation
- reduced productivity.

1.2.10 Material injury from dumping (chapter 9)

The Commissioner is preliminarily satisfied that dumped and subsidised exports of the goods from China and dumped exports by uncooperative exporters from Korea has caused material injury to the Australian industry with respect to factors concerning volume and price.

In investigating the cause of injury to the Australian industry, the Commissioner had regard to the following:

- changes in the economic condition of the Australian industry
- the size of dumping and subsidy margins
- the prices of exports from the subject countries
- the importance of price in the market
- evidence concerning competition between Australian industry and exporters
- changes in the volume of plate steel sold by various market participants, and
- changes in the market share held by imports and the Australian industry.

1.2.11 Whether dumping and subsidisation may continue (chapter 10)

Based on the available evidence, the Commissioner is satisfied that exports of the goods may continue in the future at dumped prices in relation to all exporters from China and Korea (except for POSCO) and at subsidised prices in relation to exports from China (except for Baosteel Zhanjiang and Hunan Valin).

In assessing whether dumping may continue, the Commissioner considered prior evidence of dumping, the trend in export volumes after the investigation period, distribution links between the subject exporters and Australian importers and competitive factors in the Australian market.

Based on the magnitude of the dumping and subsidy margins found (see chapter 1.2.7 and 1.2.8), the importance of price in the Australian plate steel market, price competition between suppliers, and the established links and volumes maintained by exporters from China and Korea, the Commissioner considers that dumping may continue.

1.2.12 Non-injurious price (chapter 11)

The commission has calculated a non-injurious price (NIP) for exports of the goods in relation to Korea only. The commission has calculated the NIP by deducting relevant importation costs from the Australian industry's unsuppressed selling price (USP).

The Commissioner determined that the NIP was not less than the normal value for any exporters from China and Korea. As a result, the NIP should not be the operative measure for exports from China and Korea. Accordingly, the Commissioner proposes to recommend that measures be imposed in relation to the goods exported to Australia from China and Korea at the full dumping margin and the full margin of subsidy in relation to China.⁷

1.2.13 Proposed measures (chapter 12)

The Commissioner proposes to recommend to the Minister that anti-dumping measures be imposed in the form of a dumping duty and countervailing duty notice in relation to exports from China, and in the form of a dumping duty notice in relation to exports from Korea.

The Commissioner also proposes to recommend that the combination duty method is used to determine the amount of IDD payable by importers of the goods from China and Korea. The commission had regard to the following considerations concerning variation in product and prices and company structures for selecting the combination duty method:

- Low price variation - although exports of the goods involved 13 different models of plate exported by cooperating exporters, 5 models made up approximately 80% of volume and prices across these models were comparable.
- Complex company structures - where there are complex company structures with related parties, the combination duty method is appropriate. The commission observed that Chinese and Korean exporters of the goods operate under a range of corporate structures that include related parties within supply chain structures, including exporters that both manufacture and export the goods directly, as well as exporters that form part of larger corporate groups involved in steelmaking or the supply of intermediate inputs

The Commissioner further proposes to recommend to the Minister that the proportion of export price method (equivalent to a "fixed price" or "*ad valorem* method") is used to determine the amount of ICD payable by importers of the goods from China.

Full details concerning the Commissioner's selection methodology for the form of measures are outlined in chapter 12

⁷ Less any amounts concerning a double count introduced by the inclusion of a subsidy for programs involving LTAR.

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 section 269TG, 269TJ or 269TJA.

Under sections 269TG, 269TJ and 269TJA, in order to publish a dumping duty notice 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 Statement of essential facts

Section 269TDAA(1) requires the Commissioner to publish a statement of the facts on which they propose to base their recommendations to the Minister in relation to the application. This is referred to as the SEF.

Section 269TDAA(2) requires the Commissioner, in formulating the SEF, to have regard to the application and any submissions received within 37 days of the initiation of the investigation. Under section 269TDAA(3), the Commissioner is not obliged to have regard to a submission received by the Commissioner after the 37 days if to do so would, in the Commissioner's opinion, prevent the timely placement of the SEF on the Electronic Public Record (EPR).⁸

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

2.1.3 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

⁸ The EPR contains non-confidential submissions by interested parties, the non-confidential versions of the commission's visit reports and other publicly available documents. It is available online at www.adcommission.gov.au.

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- 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 preparation of the report to the Minister.

2.2 Responding to this SEF

This SEF sets out the essential facts on which the Commissioner proposes to base their final recommendations to the Minister. This SEF represents an important stage in the investigation. It informs interested parties of the facts established and allows them to make submissions in response to the SEF.

It is important to note that the SEF may not represent the final views of the Commissioner.

Interested parties have 20 days to respond to the SEF. The Commissioner will consider these responses in making their final report to the Minister. The report will recommend whether or not a dumping duty notice or countervailing duty notice, should be published, and the extent of any interim duties that are, or should be, payable.

Responses to this SEF should be received by the Commissioner no later than **13 July 2026**. The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date, if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.

The Commissioner must report to the Minister by **7 August 2026**.

Submissions should be emailed to investigations4@adcommission.gov.au.

Confidential submissions must be clearly marked. A non-confidential version of any submission for publication on the EPR is also required. A guide for making submissions is available on the commission's website, www.adcommission.gov.au.

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

2.3 Application and Initiation

On 18 September 2025, BlueScope lodged an application with the Commissioner under section 269TB(1) alleging that the Australian industry for the goods has suffered material injury caused by the goods being exported to Australia from China and Korea at dumped prices and from China at subsidised prices. A non-confidential version of the application is available on the EPR.⁹

Having considered the application, the Commissioner decided not to reject the application and initiated the investigation on 24 October 2025.

⁹ EPR 688, Item no. 001, Application.

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Anti-Dumping Notice (ADN) 2025/111 (initiation notice) and *Consideration Report 688* provide further details on Commissioner’s consideration of the application and the initiation of the investigation.¹⁰

2.4 Previous cases

There have been two prior investigations into plate steel, Investigation 198 and Investigation 284. There are minor differences in goods descriptions, but essentially these prior investigations covered the same goods subject to this application.

Investigation 198 into hot rolled plate steel from China, Indonesia, Japan, Korea and Taiwan was initiated on 12 February 2013. INV 198 found that:

- a market situation existed in the domestic market for plate steel in China during the investigation period.
- plate steel exported to Australia from China, Indonesia, Japan, Korea (except for Hyundai and POSCO) was dumped during the investigation period.
- plate steel exported to Australia from China was subsidised.

The dumping investigation was terminated on 10 September 2013 so far as it related to exports by JIGANG (China), Hyundai and POSCO (Korea), and all exports from Taiwan, following the publication of *Termination Report No 198*.

After consideration of International Trade Remedies Report No 198, the then Minister for Industry imposed the following anti-dumping measures by a dumping duty notice and countervailing duty notice on 19 December 2013.

Country	Manufacturer/Exporter	Dumping Margin	Subsidy Margin	Effective Rate of Duty
China	JIGANG	<2%	2.6%	0.0%
	All other exporters	22.1%	36.9%	54.9%
Indonesia	PT Gunung Rajapaksi	8.6%	N/A	8.6%
	PT Krakatau Steel	11.3%	N/A	11.3%
	PT Gunawan Dianjaya Steel	11.3%	N/A	11.3%
	All other exporters	19.3%	N/A	19.3%
Japan	All exporters	14.3%	N/A	14.3%
Korea	Dongkuk Steel Mill, Co., Ltd	18.4%	N/A	18.4%
	All other exporters (except Hyundai and POSCO)	20.6%	N/A	20.6%

Table 4: Summary of measures after Investigation 198

These measures resulting from Investigation 198 expired on 19 December 2018, with no application received for their continuation.¹¹

Investigation 284 into hot rolled plate steel from Korea and Taiwan was initiated on 31 March 2015. On 25 November 2015, the then Commissioner terminated the investigation, having found that exports from Korea and Taiwan were either not dumped, or the volume

¹⁰ EPR 688, Items 2 and 3, *Consideration Report 688* and ADN 2025/111.

¹¹ Relating to [Anti-Dumping Notice No 2017/183](#).

of dumped goods was negligible. These findings were published in Anti-Dumping Notice No 2015/143 and Termination Report No 284.

2.5 Conduct of the investigation

2.5.1 Investigation period and injury period

As specified in the initiation notice, the Commissioner set an investigation period of 1 July 2024 to 30 June 2025.

The Commissioner also set an injury period from 1 July 2021 to 30 June 2025 to assess the economic condition of the Australia industry and assess potential injury factors.

2.5.2 Australian industry

BlueScope Steel (AIS) Pty Ltd

The Commissioner is satisfied that BlueScope AIS, is the sole Australian producer of like goods. It therefore represents the entirety of the Australian industry producing like goods to the goods the subject of the application. Production of like goods by BlueScope AIS 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.

The commission conducted a verification visit to BlueScope AIS at Port Kembla in New South Wales during February 2026. The resulting verification report is available on the EPR.¹²

2.5.3 Exporters

The notice announcing the initiation of the investigation invited exporters of the goods to Australia from each country the subject of the investigation to complete the exporter questionnaire available on the commission's website. The initiation notice stated exporter questionnaires were due by 1 December 2025.¹³

The commission received requests from several exporters seeking an extension of time to lodge their questionnaire responses.¹⁴ Fully completed questionnaire responses were received from 4 exporters of the goods across the 2 countries the subject of the investigation. The non-confidential versions of each exporter's questionnaire responses are available on the commission website.

The commission considers that the following entities are cooperating exporters for the purposes of this inquiry:

- Baoshan Iron & Steel Co., Ltd (Baoshan)
- Baosteel Zhanjiang Iron & Steel Co., Ltd (Baosteel Zhanjiang)

¹² EPR 688, Item 14, BlueScope AIS verification report

¹³ ADN 2025/111 refers.

¹⁴ Details of the extensions granted are outlined in ADN 2025/126.

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- Hunan Valin Lianyuan Iron and Steel Co., Ltd (Hunan Valin) and
- POSCO

Uncooperative exporters

Where an exporter or entity did not give the Commissioner 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'.

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.

2.5.4 Foreign governments

On 3 October 2025, the commission invited the Government of China (GOC) for consultation during the Commissioner's consideration of the application.

On 18 October 2025 the GOC provided a written submission in response to the application. The GOC's consultation comments raised the following key points regarding the dumping and subsidy allegations:

- The subsidy claims in the application are simple assertions without basic evidence regarding the existence, amount and nature of subsidies.
- There is no subsidy for the provision of raw materials, electricity or land at LTAR in China.
- The subsidy allegations based on the United States (US) Department of Commerce determinations are unwarranted and unsubstantiated.
- 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.

Following the initiation of this investigation, the commission sent a questionnaire to the GOC for completion. The questionnaire included questions relating to claims in the application concerning subsidisation and the claimed particular market situation. The questionnaire included questions relating to the Chinese steel industry and market. The commission did not receive a response to this questionnaire.

2.5.5 Importers

The commission received 5 responses to the importer questionnaire (RIQ) that was made available on the commission's website.

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- Adsteel Brokers Pty Ltd (Adsteel)
- DITH Australia Pty Ltd (DITH)
- GP Marketing International Pty Ltd (GPMI)
- GS Global Australia Pty Ltd (GS Global)
- Marubeni Itochu Steel Oceania Pty Ltd (MISO)

Information contained in importer questionnaire responses has been used by the commission where it was relevant to do so.

2.5.6 Submissions on conduct of the investigation

POSCO

POSCO's submission dated 25 February raises its concerns with the way in which BlueScope's application was received and procedures concerning advice provided to the applicant in respect of deficiencies present in their application.¹⁵ POSCO also cites what it considers was a lack of detail concerning BlueScope's description of the alleged injury caused by dumping and subsidisation. POSCO contends the application, 'as amended', did not comply with the requirements of section 269TB(4) of the Act and ought to have been rejected under section 269TC(1)(a).

The commission notes the matters raised by POSCO's submission and reiterates that the Commissioner was satisfied the application from BlueScope established their appeared to be reasonable grounds for the publication of a dumping duty and countervailing duty notice. The commission can also confirm the application data cited in POSCO's submission was provided by BlueScope.

BlueScope

The submission from BlueScope dated 6 May 2026 raises its concerns regarding the adequacy of questionnaire responses from Baoshan, Baosteel Zhanjiang and Hunan Valin.¹⁶

The commission assessed the questionnaires from Baoshan, Baosteel Zhanjiang and Hunan Valin by performing deficiency review. This process included issuing each exporter with a list of deficiencies for rectification, which each exporter subsequently addressed to the commission's satisfaction. Each exporter's questionnaire was also subject to a comparative analysis process which identified issues with the data initially accepted by the commission. The exporters' cooperated with the commission by responding to requests for further information in the circumstance this was deemed necessary. Where certain responses in questionnaires lacked what may be perceived as a lack of detail, the commission has resorted to using other relevant information.¹⁷

2.6 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

¹⁵ EPR 688 Item no. 008.

¹⁶ EPR 688 Item no. 015.

¹⁷ EPR 688, Item nos. [017](#), [018](#), [019](#).

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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 23 December 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.

In accordance with the *Customs (Preliminary Affirmative Determinations) Direction 2015* (the PAD Direction), 60 days after the initiation of such an investigation, the Commissioner must make either a PAD or provide a Status Report outlining the reasons why a PAD has not been made.

On 23 December 2025, the Commissioner published a Day 60 Status Report.¹⁸ In it, the Commissioner stated that a PAD was not yet warranted because the Commissioner was not yet satisfied there appeared to be sufficient grounds for the publication of a dumping duty or countervailing duty notice.

The PAD Direction also requires the Commissioner to reconsider making a PAD after the publication of a status report at least once prior to the publication of the SEF. In preparing this SEF, the Commissioner has reconsidered whether to make a PAD in view of the additional evidence available.

The Commissioner considers that the Commonwealth should take securities under section 42 in respect of interim dumping duty and/or interim countervailing duties that may become payable in relation to the goods exported to Australia from China and Korea.

The Commissioner is satisfied that securities are necessary to prevent material injury to the Australian industry occurring while the investigation continues. A detailed discussion of this is set out at chapter 13 of this report.

Securities will apply to imports of like goods from China and Korea entered for home consumption on or after **24 June 2026**, except for goods exported by POSCO from Korea.

2.7 Submissions by interested parties

The commission received the submissions listed in Table 5 before publishing this SEF. The non-confidential versions of these submissions are available on the EPR.

EPR no	Interested party	Date received	Issues raised	Reference
004	Adsteel Brokers Pty Ltd	1 December 2025	Australian industry production capability and MCC structure for material thickness	3.8

¹⁸ EPR 688, Item 6, ADN 2025/126.

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EPR no	Interested party	Date received	Issues raised	Reference
008	POSCO	25 February 2026	<ul style="list-style-type: none"> • BlueScope application deficiencies • BlueScope's economic condition • POSCO's exporters are non-injurious • Material injury assessment • Causation factors 	2.5.6, 9.11
009	BlueScope AIS	3 March 2026	POSCO verification visit briefing	6.8
013	BlueScope Steel Limited	2 April 2026	<ul style="list-style-type: none"> • Response to POSCO submission on 25 Feb 2026. • POSCO sales volume and pricing was materially injurious during investigation period • POSCO reliance on published financial statements 	9.11
015	BlueScope Steel Limited	6 May 2026	Observations and comments regarding exporter questionnaire responses made by Baoshan, Baosteel Zhanjiang and Hunan Valin	2.5.6

Table 5: Submissions received

The Commissioner has had regard to these submissions in making the preliminary findings outlined in this SEF.

3 THE GOODS AND LIKE GOODS

3.1 Preliminary finding

The Commissioner finds that:

- locally manufactured plate steel is 'like' to the goods the subject of the application
- the like goods are wholly manufactured in Australia.

3.2 Legislative framework

Section 269TC(1) requires that the Commissioner must reject an application for a dumping duty and countervailing 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
- iv. production likeness.

The Commissioner must also consider whether the Australian industry manufactures 'like' goods in Australia. Section 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under section 269T(3), 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.

3.3 The goods

The goods are:

Flat rolled products, of non-alloy or other alloy steel (excluding stainless steel, silicon-electrical steel, tool steel, and high-speed steel), not clad, plated, or coated, not in coils, with a thickness equal to or greater than 4.75 millimetres, of widths greater than or equal to 600 millimetres, with or without patterns in relief.

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Further information concerning the specification of the goods and exclusions is provided below.

Plate steel is typically produced in one of two ways:

1. *plate steel manufactured from steel slab. The steel slab is rolled directly into plate steel products, or*
2. *plate steel manufactured by cutting and flattening lengths of hot rolled coil steel (HRC).*

Different terms apply for plate steel made from HRC and plate steel made from steel slab. Plate steel made directly from steel slab is often referred to as 'plate'. Plate steel made from HRC is often referred to as 'coil plate', 'hot rolled sheet' or 'sheet'.

Plate steel with patterns in relief (a distinctive raised pattern, sometimes called lozenges) is more commonly referred to by the generic names checker plate, floor plate or tread plate. These products are either manufactured from steel slab or from HRC, depending on thickness.

Imported non-alloy and other alloy plate steel products are most commonly offered in nominal yield strengths of 250 megapascals (MPa) and 350 MPa, depending on application and end use.

Plate steel is manufactured to meet certain Australian and/or international standards or equivalent standards that define specific grade designations, including the recommended or guaranteed properties of each of these product grades. The applicant provided a listing of these Australian standards and their international equivalents at Non-Confidential Attachment A-4.2 of the application, which is available on the public record .

Goods excluded from this application are:

- *stainless steel, silicon-electrical steel, tool steel, and high-speed steel*
- *heat treated quenched & tempered (Q&T) grades of plate steel, and*
- *Q&T greenfeed grades of plate steel (Q&T greenfeed is supplied only in the 'non heat-treated' condition).*

3.4 Tariff classification

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

Tariff classification				
Tariff code	Statistical code	Unit	Description	Duty rate
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			
7208.40.00	39	t	- Not in coils, not further worked than hot-rolled, with patterns in relief.	5% DCS: Free ¹⁹

¹⁹ DCS denoted Developing Countries and Places listed in Part 4 of Schedule 1 to the *Customs Tariff Regulations 2004*.

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Tariff classification				
Tariff code	Statistical code	Unit	Description	Duty rate
7208.5	- Other, not in coils, not further worked than hot-rolled:			
7208.51.00	40	t	-- Of a thickness exceeding 10 mm	5%, DCS: Free
7208.52.00	41	t	-- Of a thickness of 4.75 mm or more but not exceeding 10 mm	5%, DCS: Free
7208.90.00	30	t	- Other	5% DCS:4% DCT:5%
7225	Flat-rolled products of other alloy steel, of a width of 600 mm or more			
7225.40	- Other, not further worked than hot-rolled, not in coils			
7225.40.00	22	t	High alloy: .Other	5% DCS:4% DCT:5%
7225.40.00	24	t	Other: .Other	5% DCS:4% DCT:5%

Table 6: 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 description. Please refer to the goods description for authoritative detail about goods subject to this investigation.

3.5 Model control code

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 used in the investigation

The commission has used the MCC structure in Table 7 in this investigation.

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Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Type	Standard plate	P1	Mandatory	Mandatory
		Floorplate	P2		
		Pressure vessel plate	P3		
2	Thickness	<=9.99mm	T1	Mandatory	Mandatory
		>9.99mm to <=50.00mm	T2		
		>50.00mm	T3		
3	Nominal Yield Strength	<325 MPa	Y1	Mandatory	Mandatory
		>=325 MPa	Y2		
		N/A	Y3		
4	Production Process	Plate from coil	PC	Mandatory	Mandatory
		Plate from slab	PS		

Table 7: MCC Structure

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 assesses whether plate steel produced in Australia is identical to, or closely resemble, the goods the subject of the investigation and are therefore like goods. The assessment relies on information obtained from the Australian industry, an examination of sales records provided in questionnaire responses from exporters in the subject countries and findings resulting from visit to BlueScope AIS.

3.6.1 Physical likeness

Locally produced plate steel is either identical to or closely resembling the imported goods in terms of its thickness, width, grade, chemistry, surface condition and form. Both include standard plate, floorplate and pressure vessel grades.

3.6.2 Commercial likeness

Both imported and Australian plate steel are sold to identical or similar customer segments

3.6.3 Functional likeness

Plate steel produced in Australia is interchangeable with imports of the goods under consideration for major end uses, including structural fabrications, pressure vessels, infrastructure, transport and mining equipment.

3.6.4 Production likeness

The processes used to manufacture plate steel in Australia are the same core processes used to produce plate steel in China and Korea

3.7 Exempt imports of plate steel

The commission notes that five exemption notices listed below are currently in force in relation to the goods. One of these exemptions, *Ministerial exemption instrument No.1 of 2015*, concerns Tariff Concession (TC) 1413674 which the commission has established is no longer active.²⁰ The commission proposes to recommend that the Minister revoke this exemption.

- [ADN 2018/023 \(EX0058\) Ministerial exemption instrument no.4 of 2018](#)
- [ADN 2017/85 \(EX0050\) Ministerial exemption instrument no.7 of 2017](#)
- [EX002 Ministerial exemption instrument no.1 of 2015](#)
- [EX0019 Ministerial exemption instrument no.9 of 2014](#)
- [EX0018 Ministerial exemption instrument no.8 of 2014](#)

The commission invites submissions on whether any of the exemption notices should be reviewed and revoked in light of this investigation and the preliminary recommendations made in this SEF.

Subject to any submissions received, and the affording of procedural fairness, the commission may conduct its review of an exemption in the course of this investigation. The Commissioner may then recommend in their report to the Minister that an exemption or exemptions be revoked. Where this is not possible and a separate exemption inquiry is warranted, the commission will conduct that inquiry following the conclusion of this investigation.

3.8 Submissions on the goods and like goods

In its submission dated 1 December 2025, Adsteel Brokers outlines a range of plate steel products that it claimed BlueScope does not produce.²¹ Adsteel also advised that its imports are outside of the range of plate steel produced by BlueScope. Adsteel further contend that the upper limit in the MCC category for thickness should stipulate 150mm, rather than it being open ended as indicated in the MCC thickness sub-category T3 for 'greater than 50mm', with 150mm allegedly being the maximum thickness of plate that BlueScope is capable of producing.

Adsteel cites the marketing materials on BlueScope's website to support its submission. Adsteel claimed BlueScope's website states a maximum plate thickness of 150mm.

²⁰ Full details about the goods covered by TC 1413674 are contained in the exemption instrument.

²¹ EPR 688, Item no. 4.

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Adsteel compared this to BlueScope's application which mentioned an upper limit of 180mm in relation to BlueScope's XLERPLATE product for boiler and pressure vessels.²²

The commission tabled Adsteel's submission for discussion during a verification visit to BlueScope in February 2026. BlueScope confirmed it could produce plate steel with a thickness above 150mm in relation to a range of product specifications detailed in Adsteel's submission.²³

In relation to the products listed in Adsteel's submission, a review of product availability listed on BlueScope's website is provided below. BlueScope also indicated that not all of its available options are listed but are subject to inquiry.

- structural plate steel to AS/NZS 3678 grade 250 to 450 in a thickness up to 150mm.²⁴
- analysis grade plate to AS/NZS 3678 A1006 and K1042 up to 100mm and counterweight grade up to 200mm.²⁵
- pressure vessel grade plate AS/NZS 1548 PT430, PT460, PT490 and PT540 between 5mm and 100mm as applicable.²⁶

Product specification details outlined in Adsteel's importer questionnaire response show that Adsteel sourced plate from China that was produced by exporters who have not cooperated with the investigation. Some of its plate steel imports were of a thickness that exceeds the maximum thickness detailed in BlueScope's web-based product catalogue.

Adsteel's submission and questionnaire response did not cite the full specification of its plate steel imports and whether like or directly competitive goods are offered for sale in Australia by BlueScope.

In the MCC thickness sub-category T3 for '*greater than 50mm*', the volume reported by cooperating exporters concerned no plate above 150mm. The total volume of plate above 50mm represented a very low proportion of total exports by cooperating exporters, who covered approximately 50% of plate steel exported to Australia from all countries. Similar levels were observed for BlueScope. The commission considers the range of material thickness covered by the MCC structure appears suitable. The absence of an upper limit has not prevented the commission from properly comparing export prices and normal values relevant to the T3 thickness category.

The exemptions detailed above also demonstrate that where the Australian industry does not sell like goods in a certain production specification, the Minister may exempt imports from anti-dumping measures.

²² Table A-4.4.2 in BlueScope's application refers.

²³ EPR 688, Item No. 14, Confidential Attachment 1, pp. 27-28.

²⁴ [BlueScope XLERPLATE structural products](#), viewed 17 June 2026 .

²⁵ [BlueScope XLERPLATE analysis products](#), viewed 17 June 2026.

²⁶ [BlueScope XLERPLATE boiler and pressure vessel products](#), viewed 17 June 2026.

4 THE AUSTRALIAN INDUSTRY

4.1 Preliminary finding

The Commissioner is preliminarily 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
- there is an Australian industry, consisting of BlueScope AIS producing like goods to the goods exported to Australia.

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 Production process

BlueScope AIS manufactures plate steel in Australia from liquid steel, using an integrated, continuous flat steel production process. The process involves the follow stages.

1. Ironmaking – iron ore, coke (from coal) and fluxes are combined in the blast furnace to produce molten iron
2. Steelmaking (BOS) – molten iron, scrap and alloying materials are refined in the BOS vessel
3. Slab casting – refined liquid steel is cast into long slabs
4. Plate rolling – slabs are rolled directly into heavy plate (XLERPLATE® steel) or rolled into hot rolled coil which is then levelled and cut to length to create coil-plate (TRU-SPEC® steel).

The production process outlined above is either identical or very similar to much of the plate steel production processes performed in other countries. This supports the premise that the plate steel produced in Australia by BlueScope AIS, in terms of production likeness, is like to the imported goods the subject of the investigation.

4.4 Commission assessment

The Commission considers the locally produced plate to be like to imported plate steel.

This is based on:

- an examination of the manufacturing process for the goods and that part of the process which 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 during the verification.

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

5 AUSTRALIAN MARKET

5.1 Preliminary finding

The Australian plate steel market comprises the Australian industry, of which BlueScope AIS is the sole member, exporters, importers and customers who are typically involved in a mix of steel trading and processing. Some customers will directly import plate steel. During the investigation period, Korea was the main source of Australian plate steel imports. Imports from China were the second largest source. Imports from these countries represented the majority of imports.

Imported goods and domestically produced like goods compete directly in the Australian market. Price is the material factor in the purchasing decisions of customers.

5.2 Approach to analysis

The commission assessed the Australian market size based on data supplied in the application from BlueScope Steel and import statistics from the ABF import database using tariff classifications consistent with the application and the initiation notice

In addition to identifying imports by tariff subheading, the commission has further refined import volume data using the following criteria.

- green feed steel plate for production of quench and tempered steel, identifiable by the overseas supplier of the goods.
- plate with a thickness less than 4.75mm.
- steel plate descriptions including specific brand names indicating the imports are not relevant to the investigation.
- plate with a FOB price per tonne of more than AUD\$500 but less than AUD\$2,500 (this filters out those declarations that were either made in error or are goods of a specification that causes the price to be elevated and indicating they are not likely relevant to the investigation)

The commission's analysis of the Australian market is at **Confidential Attachment 1**.

5.3 Market structure

5.3.1 Market segmentation and end uses

The application from BlueScope outlines the following typical end-use applications for the plate steel produced in Australian and of imported sources.²⁷

- bridge girders
- water reservoir construction
- wind towers
- mining equipment
- pressure vessels
- structural sections
- racking and shelving
- guard rails and road barriers

²⁷ EPR 688, Item No. 001, Section A-5.1, p.25.

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- automotive components
- steel tubing

BlueScope also provided the following description of segmentation for the Australian plate steel market.

The Australian market is segmented by product (for example – commodity grade plate steel vs speciality grades, and thick v's thin products), and geography (for example – the Australian east coast is primarily focussed on construction, infrastructure, and manufacturing; Western Australia is focussed on the resources sector; and South Australia is focussed on ship building).²⁸

5.3.2 Distribution arrangements

Relying on the application from BlueScope, distribution arrangements in the Australian market appear to fall into the following two categories.

- distributors or steel service centres, supplied by either the Australian industry or overseas steel mills, may perform additional processing (cutting, levelling, profiling) before selling to end customers
- direct supply to major end-users, supplied by either the Australian industry or overseas steel mills, includes large fabricators, mining equipment manufacturers, pipeline contractors and infrastructure contractors.

5.3.3 Supply

Plate steel supply in Australia is via the following two key channels to market.

- BlueScope AIS, the sole domestic producer
- Overseas steel mills via Australian based importers, distributors and traders, who sourced plate steel from China, Korea and other countries.

5.4 Market pricing

BlueScope AIS 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's application states it sets pricing in the same way for all customers, whether related or unrelated. BlueScope operates an import parity pricing mechanism where known import offers in the market are used to determine levels of pricing.²⁹ BlueScope's application was accompanied with a sample of commercial documents in the form of supply agreements and price lists.

BlueScope has not commented on other factors that are likely to be price determinants or key cost drivers such as changes in the value of raw materials, e.g. iron ore and coal, or utility expenses in the form of gas.

²⁸ EPR 688, Item No. 001, Section A-5.1, p.26.

²⁹ EPR 688, Item No. 001, Section A-6.4, p.28.

5.5 Key drivers of demand

BlueScope identifies the main demand drivers for plate steel as follows.

- activity in the construction and infrastructure sector
- investment and output in the mining and resources sector
- demand in manufacturing and heavy engineering
- major project cycles in defence and energy (e.g., shipbuilding and wind towers)

BlueScope also describes the following additional factors influencing demand for plate steel.

- seasonal construction cycles influenced by the Australian wet season and industry closures during the months of December and January.
- economic conditions (import competition, availability of capital, broader domestic demand)
- government regulation, procurement policies and industry standards³⁰

In a discussion on factors other than dumping that may have caused injury, BlueScope's application states in relation to contractions in demand that the company is not aware of any material changes in patterns of consumption (outside of the factors concerning changes in the size of the Australian market that are outlined above and referenced in Section A-5.2 of BlueScope's application) in the proposed investigation period.³¹

5.6 Market size

The commission assessed the Australian market size based on data supplied in the application from BlueScope and import statistics from the ABF import database using tariff classifications consistent with the application and the initiation notice

The relevant tariff subheadings used to identify imports of the goods are outlined below.

Tariff Subheading	Statistical Code	Description
7208.40.00	39	Hot-rolled, not in coils, ≥10 mm thickness (non-alloy)
7208.51.00	40	Hot-rolled, not in coils, ≥4.75 mm but <10 mm (non-alloy)
7208.52.00	41	Hot-rolled, not in coils, ≥10 mm but <50 mm (non-alloy)
7208.90.00	30	Other flat-rolled, not in coils, hot-rolled, width ≥600 mm (non-alloy)

Table 8 Tariff heading 7208 goods description

Tariff Subheading	Statistical Code	Description
7225.40.00	22	Alloy steel, hot-rolled, not in coils – specific alloy variants
7225.40.00	24	Alloy steel, hot-rolled, not in coils – remaining variants

Table 9 Tariff heading 7225 goods description

In addition to identifying imports by tariff subheading, the commission has further refined import volume data using the following exclusion criteria.

³⁰ *Ibid.*

³¹ EPR 688, Item No. 001, Section A-10.6, p.51.

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- green feed steel plate for production of quench and tempered steel, identifiable by the overseas supplier of the goods.
- plate with a thickness less than 4.75mm.
- steel plate descriptions including specific brand names indicating the imports are not relevant to the investigation.
- plate with a FOB price per tonne of more than AUD\$500 but less than AUD\$2,500 (this filters out import declarations that were either made in error or are goods of a specification that causes the price to be elevated indicating they are not likely relevant to the investigation)

Figure 1 below shows sales volumes of Australian plate steel produced by BlueScope AIS and imported plate steel expressed in metric tonnes (MT), in each 12 month period aligned to the financial year ending 30 June (FY). The chart outlines market size for the injury analysis period 1 July 2021 to 30 June 2025 specified for the investigation. The data for imports relies on volumes obtained from the ABF import database, as adjusted by the process outlined above.

Based on the data shown in Figure 1, the commission finds the Australian market appears to have been undergoing a period of contraction, with the largest changes occurring in the investigation period.

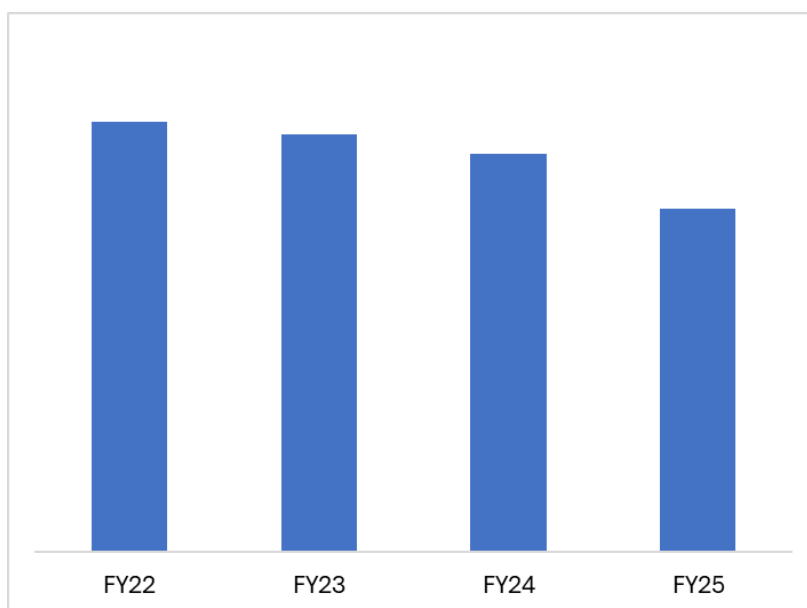


Figure 1 – Australian market size (MT) 1 July 2021 to 30 June 2025

The commission observes that the Australian plate steel market has contracted by approximately 20% in the four year period commencing 1 July 2021 (FY22).³² This trend continued into the investigation period 1 July 2024 to 30 June 2025 where the market size contracted by approximately 14% compared to the prior year. The rate of change in the investigation period appears to represent a material deviation, when compared to the three prior years which represent a change of approximately 4%.

Further analysis of the quarterly trend in market size during the investigation period as shown below in Figure 2 reveals the market continued to contract and ended down by approximately 17% overall.

³² Base year FY22.

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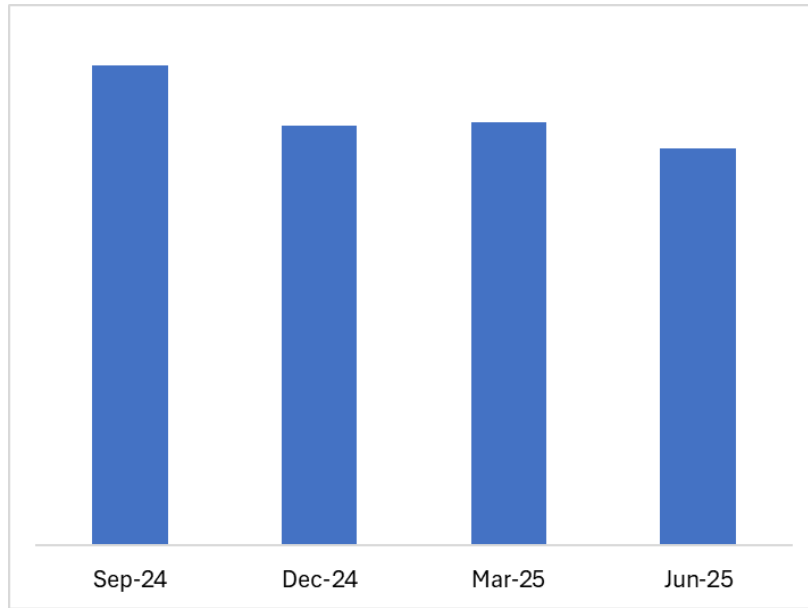


Figure 2 – Australian market size (MT) investigation period

The supporting calculations and evidence are provided in **Confidential Attachment 1**.

6 DUMPING INVESTIGATION

6.1 Preliminary finding

The Commissioner is preliminarily satisfied that, during the investigation period:

- exports of the goods from China in relation to all exporters from that country were dumped and the dumping margins are not negligible.
- exports of the goods from Korea by POSCO were not dumped.
- exports of the goods from Korea in relation to all exporters (except POSCO) from that country were dumped and the dumping margins are not negligible.
- the volume of dumped exports from China and Korea was not negligible.

The commission has calculated dumping margins in respect of goods exported to Australia from the subject countries during the investigation period for each exporter, at the rates set out in the table below.

Country	Exporter	Dumping margin
China	Baoshan	17.0%
	Baosteel Zhanjiang	9.4%
	Hunan Valin	26.4%
	Uncooperative Exporters	52.4%
Korea	POSCO	Negative 5.0%
	Uncooperative Exporters	21.6%

Table 10: Summary of dumping margins

6.1.1 Proposed termination of dumping investigation for POSCO

As the Commission established that POSCO's exports of the goods were not dumped during the investigation period, the Commission proposes to terminate the dumping investigation as it relates to POSCO.³³

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 of matters of which the Minister *must* be satisfied before publishing a dumping duty notice under section 269TG.

Under section 269TG, one of the matters of which the Minister must be satisfied before publishing a dumping duty notice is that goods that have been exported to Australia were dumped.

Dumping occurs when the export price of goods is less than the normal value of those goods. The export price and normal value of goods are determined under sections 269TAB and 269TAC, respectively. To determine whether dumping has occurred and the

³³ Chapter 6.10 refers.

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level of dumping (the dumping margin), the Minister must compare export prices with normal values under section 269TACB.

Under section 269TDA(1), the Commissioner must terminate an 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%.

6.2.1 Export price

The export price is determined in accordance with section 269TAB, considering whether the purchase or sale of goods are arms length transactions under section 269TAA.

Section 269TAB(1)(a) generally provides that, subject to certain conditions, 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.

Where the conditions in section 269TAB(1)(a) are not met, such as when the export transactions are not arms length or the importer(s) have not purchased the goods from the exporter, the export price is determined under sections 269TAB(1)(b) or (c).

Section 269TAB(3) provides that, where the export price cannot be established under the preceding provisions, the export price is determined having regard to all relevant information.

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(2)(a)(i) applies in the situation where the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms length transactions and sold in the OCOT.

Section 269TAC(2)(a)(ii) applies in the situation where the normal value cannot be ascertained under section 269TAC(1) where the situation in the market of the country of export is such that the sales are not suitable for determining a price section 269TAC(1). The commission refers to such a situation as a 'particular market situation'.

If either circumstance described in section 269TAC(2)(a)(i) or 269TAC(2)(a)(ii) applies, the normal value is ascertained in accordance with section 269TAC(2)(c).

Section 269TAC(2)(c) provides that the normal value is 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, such

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amounts as the Minister determines are the SG&A costs associated with the sale and the profit on that sale.

Section 269TAC(5A) and (5B) provide that these amounts must be worked out in such manner, and taking account of such factors, as the regulations provide. The relevant regulations are regulations 43, 44 and 45 of the *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 Anti-Dumping Agreement which requires that the records:

- are consistent with generally accepted accounting principles
- reasonably reflect the cost associated with the production and sale of the goods, and
- are normal and ordinary.

Section 269TAC(9) provides that where the normal value is 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.

Pursuant to section 269TACAB(1), the normal values for all uncooperative exporters are to be worked out under section 269TAC(6).

6.2.3 Dumping margin

Under section 269TACB, the Minister must determine whether dumping has occurred, by comparing:

- export prices in respect of the goods the subject of the application exported during the investigation period established under section 269TAB and
- corresponding normal values in respect of like goods during that period established under section 269TAC.

The methods of comparison include a comparison of the weighted averages (sections 269TACB(2)-(3)).

If the Minister is satisfied that export prices (or weighted average export prices) are less than corresponding normal values (or weighted average normal values), then the goods exported to Australia are taken to have been dumped. The dumping margin for that exporter is the difference between that export price and normal value (or difference between those weighted averages) (sections 269TACB(4)-(6)).

Any comparison must be worked out in respect of similar units of goods, whether determined by weight, volume or otherwise (section 269TACB(10)).

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Section 269TACAB prescribes how to calculate the export price and normal value of goods for different categories of exporters (uncooperative exporters and residual exporters).

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.

6.3.1 Cooperative exporters

The commission examined the exports of each of the selected exporters listed in Table 11 below, who are considered cooperative exporters. The dumping margins determined for these exporters is outlined below in chapters 6.5 to 6.8.

Country	Entity
China	Baosteel Zhanjiang
	Baoshan
	Hunan Valin
Korea	POSCO

Table 11: Selected exporters

6.3.2 Uncooperative exporters

After having regard to section 269T(1) and the Customs Direction, the Commissioner has determined that exporters from the subject countries that did not provide information requested of them through an exporter questionnaire response are uncooperative exporters for the purposes of this investigation. Dumping margins determined for uncooperative exporters are outlined in chapter 6.9.

6.4 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).

6.4.1 Introduction

BlueScope asserted in its application that a particular market situation exists in China due to distortions in the Chinese steel and plate steel markets, such that domestic selling prices in China are affected and are unsuitable for use in determining normal value.

BlueScope has based its claim on previous findings by the Commissioner. The application specifically refers to findings of Investigation 198 concerning exports of hot rolled plate steel to Australia from China and Continuation Inquiry 611 concerning exports of Zinc coated (galvanised) steel to Australia from China.

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In both cases, the commission found a particular market situation to have existed in the Chinese iron and steel industry, and that dumped and subsidised Chinese exports were causing material injury to the Australian industry.

While Continuation Inquiry 611 does not directly address the existence of a particular market situation for plate steel, it does assess the significance of HRC costs in the production of metallic coated steel goods. BlueScope claimed the Commission's raw material price comparison of HRC for Chinese metallic coated steel producers would apply equally to a price comparison of the price of the main raw materials for Chinese plate steel made from HRC (i.e. in a thickness greater than or equal to 4.75 mm).

BlueScope submitted that the prices of HRC and steel slab, being the raw material input for plate steel, is distorted. BlueScope asserted that due to these distortions in the Chinese domestic market for plate steel, the domestic selling prices are therefore unsuitable for determining normal values under section 269TAC(1).

The Commissioner considered BlueScope's claim that a particular market situation exists in the Chinese plate steel market was reasonable for the purpose of deciding whether to initiate an investigation.³⁴

Since receiving BlueScope's application, the Commission has finalised Investigation 658 concerning exports of hot rolled coil steel into Australia from China. In the *Final Report* for Investigation 658, the Commission 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.³⁵

Similarly, the Commission has released the *Statement of Essential Facts* for Investigation 690 concerning exports of freight railway wheels into Australia from China. In this case the Commission has preliminarily found that a particular market situation exists in the Chinese steel market.³⁶

Accordingly, the commission examined whether a particular market situation existed in the Chinese plate steel market during the investigation period, and whether, because of that situation, sales of like goods in that market are not suitable for determining a price under section 269TAC(1).

The questions in the commission's exporter questionnaire sought information that the Commissioner considered relevant to whether a particular market situation in respect of the goods may exist in China.

The commission also sent a questionnaire to the GOC requesting information on the plate steel and steel markets in China. The GOC did not respond to this questionnaire.

6.4.2 Particular market situation

The Commissioner preliminarily finds that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a

³⁴ *Consideration Report 688*, EPR 688, Item 2, p15.

³⁵ *Final Report 658*, EPR 658, Item 44, p116.

³⁶ *Statement of Essential Facts 690*, EPR 690, Item 25, p104.

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particular market situation in respect of the domestic market for plate steel 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 Commissioner's view that the prices of plate steel would be substantially different in a market not characterised by GOC influence.

Due to the overlapping nature of the production process between hot rolled coil steel, freight railway wheels and plate steel, information used in the particular market situation assessments for Investigation 658 and Investigation 690 has been used by the commission where it was relevant to do so in its assessment of whether a particular market situation exists in relation to plate steel in China.

The commission's particular market situation assessment is at **APPENDIX A**.

6.4.3 Proper comparison

The Commissioner preliminarily finds that sales of plate steel 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.

The commission's proper comparison assessment is at **APPENDIX B**.

6.5 Baoshan (China)

6.5.1 Export price

The commission recommends determining an export price for Baoshan under section 269TAB(1)(c).

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 Baoshan'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 be determined under section 269TAB(1)(a) or section 269TAB(1)(b) of the Act.

As outlined in the assessment of Baoshan's variable factors,³⁷ the commission found that all of Baoshan's Australian exports of the goods were sold to a related importer, Bao Australia Pty Ltd, via a related intermediary, Howa Trading. The commission further concludes that Baoshan's exports of the goods were not arms length transactions.

The commission has therefore determined an export price for Baoshan based on a deductive export price method which reflects the following

³⁷ EPR 688 Item No. [017](#).

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Bao Australia's arms length prices of the goods sold to unrelated Australian customers, less amounts for

- Bao Australia's SG&A expenses
- importation charges and inland transport from the port of import³⁸
- ocean freight and marine insurance³⁹
- Bao Australia's profit on the sale of the goods⁴⁰
- Howa Trading SG&A expenses

Who is the Exporter?

The commission considers Baoshan 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

Who is the Importer?

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

For each transaction, Bao Australia:

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

Were the Australian export sales sold at arms length?

Based on the findings outlined in the assessment of Baoshan's variable factors,⁴¹ the commission finds it reasonable to conclude that Baoshan's Australian exports of the goods to related customers are not arms length transactions as defined under section 269TAA of the Act.

Specifically, the commission concludes Baoshan's export price appears to be 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.⁴²

The commission had regard to the following information in concluding the exporter's sales were not arms length.

³⁸ Based on the figures in Bao Australia's importer questionnaire at B-2 Cost to import and sell.

³⁹ Based on the actual amount of ocean freight and marine insurance reported by Baoshan in its Australian sales listing that was mapped to the sale of the goods by Bao Australia using the supplier's invoice number.

⁴⁰ Bao Australia's price less its own SG&A, importation expenses and inland freight, and Bao Australia's purchasing price for the goods mapped via exporter invoice number and model control code.

⁴¹ EPR 688 Item No. [017](#)

⁴² Section 269TAA(1)(b) of the Act.

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- For all export sales to Australia by Baoshan, Baoshan sold the goods (plate steel) to related intermediary, Howa Trading. Howa Trading then on-sold the goods to related customer and importer, Bao Australia.
- Baoshan directly owned the whole of Howa Trading during the investigation period, and indirectly wholly owned Bao Australia through Howa Trading.⁴³
- Bao Australia purchased the Australian export goods exclusively from Baoshan and other related entities.⁴⁴
- Howa Trading covered the cost of ocean freight and marine insurance.
- Baoshan covered the cost of inland transport to the port of export in China and the port of export handling expenses.
- The price of Howa Trading's sales of the goods to Bao Australia that were exported by Baoshan were unprofitable.
- Information contained in Baoshan's and Bao Australia's questionnaire response did not establish that price negotiation was the result of a genuine bargaining.⁴⁵ This circumstance was similarly identified in the commission's assessment of Baoshan for Investigation 658.

6.5.2 Normal value

As outlined in chapter 6.4, the Commissioner is satisfied that, because the requirements of section 269TAC(2)(a)(ii) have been met, the domestic sales of Baoshan are not suitable for determining a normal value under section 269TAC(1).

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

- The cost of production determined using the exporters' 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 competitive benchmark for steel slab costs in China (see Appendix C7)
- 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 by the exporter or producer of the goods in the ordinary course of trade under section 45(2) of the Regulation.

Cost of production

The commission examined whether Baoshan's records satisfy the requirements of regulation 43 and Article 2.2.1.1 of the Anti-Dumping Agreement. Appendix C3 to C6 sets out the details of this assessment.

The Commissioner preliminarily finds that, in accordance with section 43 of the Regulation, the Minister is not required to use the entire exporters' records to determine the cost of production or manufacture when determining normal value under section

⁴³ Baoshan REQ, Exhibit A-2.5 refers.

⁴⁴ Baoshan REQ, Exhibit A-2.5 refers.

⁴⁵ The Manual, chapter 5, p20.

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269TAC(2)(c). This is because, while the cost of production records for Baosteel Zhanjiang are kept in accordance with generally accepted accounting principles in China, the steel slab component (a substantial proportion of the overall costs) does not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

The Commissioner also preliminarily finds that, in accordance with Article 2.2.1.1 of the Anti-Dumping Agreement, it is not appropriate to use Baoshan's unadjusted records to construct the normal value.

This is because while Baoshan's records are consistent with generally accepted accounting principles in China and they reasonably reflect the costs associated with the production and sale of the goods, the circumstances in which Baoshan's costs, specifically, its production of steel slab, were formed are not normal and ordinary, resulting in its recorded production costs reflecting a distorted cost of production. Therefore, in accordance with Article 2.2.1.1, the Commissioner finds that it is not appropriate to use Baoshan's unadjusted records to construct the normal value.

Accordingly, the Commissioner has determined that the most appropriate cost of production is to use Baoshan's recorded cost of production adjusted to reflect a cost free of the effects of the abnormal circumstances by reference to the benchmark.

The commission's cost of production adjustment assessment is at APPENDIX C.

The confidential benchmark data relied upon for the determination of an appropriate cost of production is contained in **Confidential Attachment 32**.

The production cost adjustments specific to Baoshan's circumstances are contained in **Confidential Attachment 33**. The result of these adjustments is reflected in the cost of production determined for Baoshan in **Confidential Attachment 4**.

6.5.3 Normal value adjustments

The commission considers the adjustments in Table 12 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9).

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
Export credit terms	Add an amount for export credit terms

Table 12: Summary of adjustments to Baoshan normal value

6.5.4 Dumping margin

The preliminary dumping margin for the goods exported to Australia by Baoshan in the investigation period is **17.0%**.

The commission's dumping margin calculations for Baoshan are set out in **Confidential Attachments 2 to 6**.

6.6 Baosteel Zhanjiang (China)

6.6.1 Export price

The commission recommends determining an export price for Baosteel Zhanjiang under section 269TAB(1)(c).

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 Baosteel Zhanjiang'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 be determined under section 269TAB(1)(a) or section 269TAB(1)(b) of the Act.

As outlined in the assessment of Baosteel Zhanjiang's variable factors,⁴⁶ the commission found that all of Baosteel Zhanjiang's Australian exports of the goods were sold to a related importer, Bao Australia Pty Ltd, via a related intermediary, Howa Trading. The commission further concludes that Baosteel Zhanjiang's exports of the goods were not arms length transactions.

The commission has therefore determined an export price for Baosteel Zhanjiang based Bao Australia's arms length prices of the goods sold to unrelated Australian customers, less amounts for Bao Australia's SG&A expenses, profit, importation charges, ocean freight and marine insurance payable in relation to the exports, and the intermediary's SG&A expenses, i.e. Howa Trading.

The commission has therefore determined an export price for Baosteel based on a deductive export price method which reflects the following

Bao Australia's arms length prices of the goods sold to unrelated Australian customers, less amounts for

- Bao Australia's SG&A expenses
- importation charges and inland transport from the port of import⁴⁷
- ocean freight and marine insurance⁴⁸
- Bao Australia's profit on the sale of the goods⁴⁹
- Howa Trading SG&A expenses

Who is the Exporter?

The commission considers Baosteel Zhanjiang 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

⁴⁶ EPR 688 item no. [018](#).

⁴⁷ Based on the figures in Bao Australia's importer questionnaire at B-2 Cost to import and sell.

⁴⁸ Based on the actual amount of ocean freight and marine insurance reported by Baosteel in its Australian sales listing that was mapped to the sale of the goods by Bao Australia using the supplier's invoice number.

⁴⁹ Bao Australia's price less its own SG&A, importation expenses and inland freight, and Bao Australia's purchasing price for the goods mapped via exporter invoice number and model control code.

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- arranged and paid for port handling charges at the port of export

Who is the Importer?

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

For each transaction, Bao Australia:

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

Were the Australian export sales sold at arms length?

Based on the findings outlined in the assessment of Baosteel Zhanjiang's variable factors,⁵⁰ the commission finds it reasonable to conclude that Baosteel Zhanjiang's Australian exports of the goods to related customers are not arms length transactions as defined under section 269TAA of the Act.

Specifically, the commission concludes Baosteel Zhanjiang's export price appears to be 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.⁵¹

The commission had regard to the following information in concluding the exporter's sales were not arms length.

- For all export sales to Australia by Baosteel Zhanjiang, Baosteel Zhanjiang sold the goods (plate steel) to related intermediary, Howa Trading. Howa Trading then on-sold the goods to related customer and importer, Bao Australia.
- Baosteel Zhanjiang and Howa Trading were wholly owned subsidiaries of Baoshan Iron and Steel during the investigation period, and Bao Australia was a wholly owned subsidiary of Howa Trading.⁵²
- Bao Australia purchased the Australian export goods exclusively from Baosteel Zhanjiang and other related entities.⁵³
- Howa Trading covered the cost of ocean freight and marine insurance.
- Baosteel Zhanjiang covered the cost of inland transport to the port of export in China and the port of export handling expenses.
- The price of Howa Trading's sales of the goods to Bao Australia that were exported by Baosteel Zhanjiang were unprofitable.
- Information contained in Baosteel Zhanjiang's and Bao Australia's questionnaire response did not establish that price negotiation was the result of a genuine bargaining.⁵⁴ This circumstance was similarly identified in the commission's assessment of Baosteel Zhanjiang for Investigation 658.

⁵⁰ EPR 688 item no. [018](#).

⁵¹ Section 269TAA(1)(b) of the Act.

⁵² Baosteel Zhanjiang REQ, Exhibit A-2.5 refers.

⁵³ Baosteel Zhanjiang REQ, Exhibit A-2.5 refers.

⁵⁴ The Manual, chapter 5, p20.

6.6.2 Normal value

As outlined in chapter 6.4, the Commissioner is satisfied that, because the requirements of section 269TAC(2)(a)(ii) have been met, the domestic sales of Baosteel Zhanjiang are not suitable for determining a normal value under section 269TAC(1).

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

- The cost of production determined using the exporters' 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 competitive benchmark for steel slab costs in China (see Appendix C7)
- 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 by the exporter or producer of the goods in the ordinary course of trade under section 45(2) of the Regulation.

Cost of production

The commission examined whether Baosteel Zhanjiang's records satisfy the requirements of regulation 43 and Article 2.2.1.1 of the Anti-Dumping Agreement. Appendix C3 to C6 sets out the details of this assessment.

The Commissioner preliminarily finds that, in accordance with section 43 of the Regulation, the Minister is not required to use the entire exporters' records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c). This is because, while the cost of production records for Baosteel Zhanjiang are kept in accordance with generally accepted accounting principles in China, the steel slab component (a substantial proportion of the overall costs) does not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

The Commissioner also preliminarily finds that, in accordance with Article 2.2.1.1 of the Anti-Dumping Agreement, it is not appropriate to use Baosteel Zhanjiang's unadjusted records to construct the normal value.

This is because while Baosteel Zhanjiang's records are consistent with generally accepted accounting principles in China and they reasonably reflect the costs associated with the production and sale of the goods, the circumstances in which Baosteel Zhanjiang's costs, specifically, its production of steel slab, were formed are not normal and ordinary, resulting in its recorded production costs reflecting a distorted cost of production. Therefore, in accordance with Article 2.2.1.1, the Commissioner finds that it is not appropriate to use Baosteel Zhanjiang's unadjusted records to construct the normal value.

Accordingly, the Commissioner has determined that the most appropriate cost of production is to use Baosteel Zhanjiang's recorded cost of production adjusted to reflect a cost free of the effects of the abnormal circumstances by reference to the benchmark.

The commission's cost of production adjustment assessment is at APPENDIX C.

The confidential benchmark data relied upon for the determination of an appropriate cost of production is contained in **Confidential Attachment 32**.

The production cost adjustments specific to Baosteel Zhanjiang’s circumstances are contained in **Confidential Attachment 34**. The result of these adjustments is reflected in the cost of production determined for Baosteel Zhanjiang in **Confidential Attachment 9**.

6.6.3 Normal value adjustments

The commission considers the adjustments in Table 13 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9).

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
Export credit terms	Add an amount for export credit terms

Table 13: Summary of adjustments to Baosteel Zhanjiang normal value

6.6.4 Dumping margin

The preliminary dumping margin for the goods exported to Australia by Baosteel Zhanjiang in the investigation period is **9.4%**.

The commission’s dumping margin calculations for Baosteel Zhanjiang are set out in **Confidential Attachments 7 to 11**.

6.7 Hunan Valin (China)

6.7.1 Export price

The commission recommends determining 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 be determined under section 269TAB(1)(a) or section 269TAB(1)(b) of the Act.

As outlined in the assessment of Hunan Valin’s variable factors,⁵⁵ the commission found that Hunan Valin sold the goods to the Australian customer through multiple unrelated steel trading intermediaries. The commission recommends calculating an export price using the price for the sale of the goods by Hunan Valin to the unrelated intermediary.

Who is the exporter?

⁵⁵ EPR 688 item no. [019](#).

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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

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.

Were the Australian export sales sold at arms 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, 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.

Related customers

Hunan Valin did not have any related Australian customers.

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.⁵⁶

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
- a relationship between a buyer, a seller or their associates appeared to influence the price

⁵⁶ EPR 658 item no. 022.

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- 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

6.7.2 Normal value

As outlined in chapter 6.4, the Commissioner is satisfied that, because the requirements of section 269TAC(2)(a)(ii) have been met, the domestic sales of Hunan Valin are not suitable for determining a normal value under section 269TAC(1).

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

- The cost of production determined using the exporters' 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 competitive benchmark for steel slab costs in China (see Appendix C7)
- 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.

Cost of production

The commission examined whether Hunan Valin's records satisfy the requirements of regulation 43 and Article 2.2.1.1 of the Anti-Dumping Agreement. Appendix C3 to C6 sets out the details of this assessment.

The Commissioner preliminarily finds that, in accordance with section 43 of the Regulation, the Minister is not required to use the entire exporters' records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c). This is because, while the cost of production records for Hunan Valin are kept in accordance with generally accepted accounting principles in China, the steel slab component (a substantial proportion of the overall costs) does not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

The Commissioner also preliminarily finds that, in accordance with Article 2.2.1.1 of the Anti-Dumping Agreement, it is not appropriate to use Hunan Valin's unadjusted records to construct the normal value.

This is because while Hunan Valin's records are consistent with generally accepted accounting principles in China and they reasonably reflect the costs associated with the production and sale of the goods, the circumstances in which Hunan Valin's costs, specifically, its production of steel slab, were formed are not normal and ordinary, resulting in its recorded production costs reflecting a distorted cost of production. Therefore, in accordance with Article 2.2.1.1, the Commissioner finds that it is not appropriate to use Hunan Valin's unadjusted records to construct the normal value.

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Accordingly, the Commissioner has determined that the most appropriate cost of production is to use Hunan Valin's recorded cost of production adjusted to reflect a cost free of the effects of the abnormal circumstances by reference to the benchmark.

The commission's cost of production adjustment assessment is at APPENDIX C.

The confidential benchmark data relied upon for the determination of an appropriate cost of production is contained in **Confidential Attachment 32**.

The production cost adjustments specific to Hunan Valin's circumstances are contained in **Confidential Attachment 35**. The result of these adjustments is reflected in the cost of production determined for Hunan Valin in **Confidential Attachment 13**.

6.7.3 Normal value adjustments

The commission considers the adjustments in Table 14 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9).

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
Export credit terms	Add an amount for export credit terms

Table 14: Summary of adjustments to Hunan Valin normal value

6.7.4 Dumping margin

The preliminary dumping margin for the goods exported to Australia by Hunan Valin in the investigation period is **26.4%**.

The commission's dumping margin calculations for Hunan Valin are set out in **Confidential Attachments 12 to 15**.

6.8 POSCO (Korea)

6.8.1 Export price

The commission recommends setting an export price for POSCO under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation.

POSCO exported the goods to Australia through intermediaries. There has therefore been no purchase of the goods by the importer from the exporter.

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.

Specifically, the commission recommends calculating an export price by adding an amount for port handling costs to the price of the goods exported to Australia by POSCO. This is because POSCO's related party intermediaries paid the port handling costs incurred at the port of export in Korea. The resulting value reflects an export price at the Free on Board (FOB) level.

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Who is the exporter?

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

- produced the Australian export goods
- is aware that the goods produced are being sold and shipped to Australia

POSCO sells into the Australian market through traders, including some sales through a related party, POSCO International Corporation (PIC). The company is aware that the goods are being manufactured and sold into the Australian market for each of these sales.

Who is the importer?

In respect of Australian sales of the goods by POSCO, the commission finds that the importer has purchased the goods from the exporter through unrelated entities involved in steel trading and distribution or via POSCO's related party re-seller POSCO International.

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

Unrelated customers

For all unrelated customer transactions, the commission finds that POSCO sold the Australian export 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.

For these transactions, the commission notes that POSCO:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market.

Related customers

For all related customer transactions, the commission finds that POSCO sold the Australian export 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.

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For these transactions, the commission found that POSCO:

- sold goods to related and unrelated customers at similar prices
- sold goods at similar prices to other sellers in the Australian market.

6.8.2 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arm's length and in the ordinary course of trade to set a normal value under section 269TAC(1)

The commission recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8).

6.8.3 Normal value adjustments

The commission considers the adjustments in Table 14 are necessary to ensure the normal value constructed under section 269TAC(1) properly compares with the export price under section 269TAC(8).

Adjustment description	Deduction/Addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic Handling and other charges	Deduct an amount for handling and other charges
Domestic after sales support (warranty claims)	Deduct an amount for warranty claims
Domestic early payment discount	Deduct an amount for early payment discount to domestic customers
Domestic warehousing costs	Deduct an amount for warehousing specific to domestic sales
Domestic inspection costs	Deduct an amount for inspection costs related to domestic sales of ship building steel.
Domestic Level of trade adjustment	Deduct an amount for differences in level of trade pricing in the domestic market
Domestic late payment fee	Add an amount for fees charged to domestic customers for late payment.
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port and handling charges
Export Brokerage	Add an amount for export brokerage charges
Export Bank Charges	Add an amount for bank charges related to export sales
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification

Table 15: Summary of adjustments to POSCO normal value

6.8.4 Dumping margin

The preliminary dumping margin for the goods exported to Australia by POSCO in the investigation period is **negative 5.0%**.

The commission's dumping margin calculations for POSCO are set out in **Confidential Attachments 16 to 19**.

6.9 Uncooperative exporters

The dumping margins in respect of the goods exported to Australia by uncooperative exporters from all other subject countries is detailed in the table below.

Country	Dumping margin
China	52.4%
Korea	21.6%

Table 16: Uncooperative and all other exporters dumping margins

The commission's calculation method is outlined below and set out in **Confidential Attachments 20 and 21**.

6.9.1 Export price

In accordance with section 269TACAB(1)(d), the commission has determined an export price for uncooperative exporters for each subject country pursuant to section 269TAB(3), having regard to all relevant information.

Specifically, the commission has used information provided in Australian importer declarations for goods sourced from each of the subject countries.⁵⁷ Based on this information, the commission has selected the lowest weighted average export prices declared by importers of the goods. This approach considered the nature of the goods described in import declarations, the entities identified as the importer and supplier, and represents exports prices at FOB terms during the investigation period.

6.9.2 Normal value

In accordance with section 269TACAB(1)(e), the commission has determined the normal value for uncooperative exporters for each subject country pursuant to section 269TAC(6).

The commission has used normal value data available for each selected exporter on the basis that

- the commission does not have specific information relating to the uncooperative exporters relevant to the calculation of the normal value
- the normal value of cooperating exporters demonstrates a price at which an uncooperative exporter may sell goods in the domestic market of each subject country that are like to the goods exported to Australia from that country, based on the information before the commission.

⁵⁷ ABF import database refers.

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- Where the available information for certain countries was limited, alternative figures were used in lieu of weighted average normal values directly relevant to Australian exports.

The table below outlined the method relied on for each subject country.

Country	Method
China	The highest normal value ascertained for cooperating exporters less downward adjustments applied under section 269TAC(9).
Korea	Cooperating exporters normal value less downward adjustments applied under section 269TAC(8). ⁵⁸

Table 17: Uncooperative exporter normal value method

6.10 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 the following exporters of the goods during the investigation period at dumping margins greater than or equal to 2%.

- Baoshan
- Baosteel
- Hunan Valin
- Uncooperative and all other exporters from China
- Uncooperative and all other exporters from Korea

The Commissioner is satisfied the following exporters have not dumped the goods or the dumping margins are negligible by being less than 2%. Pursuant to section 269TDA(1), the Commissioner must terminate the investigation, in so far as it relates to these exporters.

- POSCO

6.11 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.⁵⁹

China and Korea

⁵⁸ As set out in Confidential Attachment 20.

⁵⁹ Section 269TDA(5) does not apply to this investigation.

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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 dumped goods that have been exported from China and Korea was in the case of each country, greater than 3% of the total import volume. The volume of dumped goods is therefore not negligible.⁶⁰

⁶⁰ Confidential Attachment 21 refers.

7 SUBSIDY INVESTIGATION

7.1 Preliminary finding

The Commissioner is preliminarily satisfied that, during the investigation period:

- countervailable subsidies were received in respect of the goods exported to Australia from China
- the level of subsidisation in respect of those goods was not negligible in relation to Baoshan and non-cooperating entities
- the level of subsidisation in respect of those goods was negligible in relation to Baosteel Zhanjiang and Hunan Valin
- the volume of subsidised goods was not negligible.

The commission has calculated subsidy margins in respect of the goods exported to Australia from China during the investigation period at the rates set out in the table below.

Exporter	Subsidy margin
Baoshan	3.2%
Baosteel Zhanjiang	0.9%
Hunan Valin	1.8%
Non cooperating entities	4.5%

Table 18: Summary of subsidy margins

7.1.1 Proposed termination of subsidy investigation for certain entities

As the Commission established that the subsidy margins for Baosteel Zhanjiang and Hunan Valin are negligible for the investigation period, the Commission proposes to terminate the subsidy investigation as it relates to these entities.⁶¹

7.2 Legislative framework

Subsidisation occurs when a financial contribution or income or price support is provided by a government or public body within the meaning of section 269T(1), and the contribution confers a benefit (whether directly or indirectly) in relation to goods exported to Australia.

A subsidy is countervailable if it is specific in accordance with section 269TAAC, that is, where availability is limited to certain enterprises, industries, or regions, or contingent on export performance or the use of domestic over imported goods. The amount of countervailable subsidy is determined under section 269TACD.

7.3 Information considered by the commission

Section 269TAACA(1) provides that, in determining whether a countervailable subsidy has been received in respect of particular goods, or the amount of a countervailable subsidy in respect of particular goods, the commission may act on the basis of all the

⁶¹ Chapter 7.10 refers.

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facts available and may make such assumptions as the commission considers reasonable where an entity:

- has not provided information that the commission considers to be relevant to the investigation within a period the commission considers to be reasonable, or
- has significantly impeded the conduct of the investigation.

Section 269TAACA(2) provides that section 269TAACA(1) applies to the following entities:

- any person who is, or is likely to be, directly concerned with the import into, or export from, Australia of the goods to which the investigation relates, and
- the government of the country of export of the goods to which the investigation relates.

The commission issued a questionnaire to the GOC seeking information necessary to assess the nature, operation and administration of subsidy programs identified as potentially countervailable in relation to exports of the goods. The commission did not receive a response from the GOC to this questionnaire.

Accordingly, because the GOC has not given the commission information considered relevant to the investigation, the Commissioner determined whether a countervailable subsidy was received in respect of the goods, and the amount of any countervailable subsidy, on the basis of the facts available, in accordance with section 269TAACA(1).

The commission has identified exporters determined to be uncooperative in chapter 2.5.3 as non-cooperative entities for the purposes of the countervailing duty notice.

In assessing subsidisation of the goods, the commission has had regard to information provided by Baoshan, Baosteel Zhanjiang, Hunan Valin, publicly available information, and findings made in previous relevant investigations concerning subsidisation of goods exported from China.

The commission has also had regard to findings made for Investigation 658 concerning HRC exported to Australia. Investigation 658 examined exporters that have also cooperated with this investigation, i.e. Baoshan, Baosteel Zhanjiang and Hunan Valin. Investigation 658 is the most recent subsidy investigation concerning these exporters and examined a period that overlaps with the period the subject of Investigation 688. The commission considers the findings outlined by Investigation 658 remain relevant and probative where the exporters have not supplied the required information and in the circumstance the GOC declined to submit a response.

7.4 Programs identified during this Investigation

Cooperating exporters reported a wide range of programs under which it received financial contributions from central, provincial, municipal and development-zone authorities in China.

The cooperating exporters reported several programs, certain tax related benefits, revenue-type grants, employment and social-security rebates, innovation and industrial-development grants, and capital-investment programs recorded as deferred income (fixed-asset) projects. The commission's examination of these programs is in

In addition to the subsidies reported by the exporters, the commission also found benefits received in relation programs that cover LTAR, preferential tax and preferential loans.

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Based on the characteristics of each programs, the commission grouped the programs by:

- LTAR programs.
- preferential tax programs
- grant programs limited to specific enterprises
- capital grant programs
- preferential loans

The commission considers that each of the programs listed below involved a financial contribution within the meaning of section 269T(1) and conferred a benefit, in the form a countervailable subsidy, either through the provision of grants, reimbursement of costs incurred, or government revenue foregone.

Program No.	Program category	Program name	Beneficiary	Countervailable subsidy for the goods?
688-10	LTAR	Coke provided by government at less than adequate remuneration	No applicable to any exporters	No
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	Baoshan, Baosteel Zhanjiang and non-cooperative entities	Yes
688-50	LTAR	Hot rolled steel provided by government at less than fair market value	No applicable to any exporters	No
658-178	LTAR	Raw materials and utilities provided at LTAR	Baoshan, Hunan Valin and non-cooperative entities	Yes
658-179	LTAR	Hot rolled steel at LTAR	No applicable to any exporters	No
684-12	Tax	Individual income tax handling fee refund	All exporters	Yes
684-12	Tax	Individual income tax handling fee refund	All exporters	Yes
658-170	Tax	Value Added Tax (VAT) deduction for advanced manufacturing	Baoshan and non-cooperative entities	Yes
658-171	Tax	Value Added Tax (VAT) additional deductions	Baoshan, Hunan Valin and non-cooperative entities	Yes
658-172	Tax	Value Added Tax (VAT) deduction for enterprises employing poor people	Baoshan and non-cooperative entities	Yes
658-173	Tax	Deferred income – tax refunds – amortization	Baosteel Zhanjiang and non-cooperative entities	Yes
658-176	Tax	Corporate income tax benefit	All exporters	Yes
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	All exporters	Yes
688-80	Tax	Input tax credit deduction carried forward to other income	Baosteel Zhanjiang and non-cooperative entities	Yes
688-81	Tax	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Baosteel Zhanjiang and non-cooperative entities	Yes
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	Baoshan, Baosteel Zhanjiang, Hunan Valin and non-cooperative entities	Yes

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Program No.	Program category	Program name	Beneficiary	Countervailable subsidy for the goods?
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	Baoshan, Baosteel Zhanjiang and non-cooperative entities	Yes
658-177	Preferential loans	Loans at preferential rates of interest	Baoshan, Hunan Valin and non-cooperative entities	Yes

Table 19: Programs countervailed by the commission

7.5 Programs which did not confer a benefit

The commission examined all programs reported by the cooperating exporters to determine whether they conferred a benefit in respect of the goods during the investigation period.

The commission identified the following categories of programs that were not countervailable during the investigation period:

- programs unrelated to the goods

Unrelated to the goods

Certain programs were identified as not relating to the production, manufacture or export of the goods. These programs were identified by the exporter as unrelated to the goods and, on the information available, relate to activities outside the scope of the investigation, including cold rolled steel.

7.6 Baoshan

The commission found that Baoshan received a benefit from the following countervailable subsidy programs:

Program No.	Program category	Program name	Countervailable subsidy for the goods?
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	0.9%
658-178	LTAR	Raw materials and utilities provided at LTAR	
684-12	Tax	Individual income tax handling fee refund	1.6%
684-12	Tax	Individual income tax handling fee refund	
658-170	Tax	Value Added Tax (VAT) deduction for advanced manufacturing	
658-171	Tax	Value Added Tax (VAT) additional deductions	
658-172	Tax	Value Added Tax (VAT) deduction for enterprises employing poor people	
658-176	Tax	Corporate income tax benefit	
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.2%
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	0.1%
658-177	Preferential loans	Loans at preferential rates of interest	0.4%
Total			3.2%

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Table 20: Baoshan subsidies

Based on the information available, the commission has calculated a subsidy margin for Baoshan of **3.2%**.

The commission’s countervailable subsidy margin calculations for Baoshan are set out in **Confidential Attachment 22**.

7.7 Baosteel Zhanjiang

The commission found that Baosteel Zhanjiang received a benefit from the following countervailable subsidy programs:

Program No.	Program category	Program name	Countervailable subsidy for the goods?
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	0.0%
658-178	LTAR	Raw materials and utilities provided at LTAR	
684-12	Tax	Individual income tax handling fee refund	0.8%
684-12	Tax	Individual income tax handling fee refund	
658-172	Tax	Value Added Tax (VAT) deduction for enterprises employing poor people	
658-173	Tax	Deferred income – tax refunds – amortization	
658-176	Tax	Corporate income tax benefit	
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-80	Tax	Input tax credit deduction carried forward to other income	
688-81	Tax	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	0.1%
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	
658-177	Preferential loans	Loans at preferential rates of interest	0.0%
Total			0.9%

Table 21: Baosteel Zhanjiang subsidies

Based on the information available, the commission has calculated a subsidy margin for Baosteel Zhanjiang of **0.9%**.

The commission’s countervailable subsidy margin calculations for Baosteel Zhanjiang are set out in **Confidential Attachment 23**.

7.8 Hunan Valin

The commission found that Hunan Valin received a benefit from the following countervailable subsidy programs:

Program No.	Program category	Program name	Countervailable subsidy for the goods?
658-178	LTAR	Raw materials and utilities provided at LTAR	0.1%

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Program No.	Program category	Program name	Countervailable subsidy for the goods?
684-12	Tax	Individual income tax handling fee refund	1.2%
684-12	Tax	Individual income tax handling fee refund	
658-171	Tax	Value Added Tax (VAT) additional deductions	
658-173	Tax	Deferred income – tax refunds – amortization	
658-176	Tax	Corporate income tax benefit	
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.5%
658-177	Preferential loans	Loans at preferential rates of interest	0.1%
Total			1.8%

Table 22: Hunan Valin subsidies

Based on the information available, the commission has calculated a subsidy margin for Hunan Valin of **1.8%**.

The commission’s countervailable subsidy margin calculations for Hunan Valin are set out in **Confidential Attachment 24**.

7.9 Non-cooperative entities

After having regard to section 269TAACA(1) and the Customs Direction, the Commissioner has determined that all entities from China that did not provide information requested of them through an REQ are non-cooperative entities for the purposes of the countervailing investigation. These are the same entities identified in chapter 6.3.2 as uncooperative exporters in the dumping investigation.

The subsidy margin for non-cooperative entities is determined, pursuant to section 269TAACA(1), based on all facts available and having regard to reasonable assumptions.

In determining the countervailable subsidy margin for non-cooperative entities, the Commissioner considers it reasonable to determine the subsidy margins on the assumption that those entities have received a benefit under the same subsidy programs as Baoshan, Baosteel Zhanjiang and Hunan Valin.

The commission has excluded programs assessed as no longer relevant and has consolidated overlapping programs to avoid double counting.

The commission therefore found that non-cooperative entities received a benefit from all programs under which the cooperating exporters received a benefit.

Program No.	Program category	Program name	Countervailable subsidy for the goods?
658-178	LTAR	Raw materials and utilities provided at LTAR	1.2%
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	
684-12	Tax	Individual income tax handling fee refund	2.1%
684-12	Tax	Individual income tax handling fee refund	
658-171	Tax	Value Added Tax (VAT) additional deductions	
658-173	Tax	Deferred income – tax refunds – amortization	

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Program No.	Program category	Program name	Countervailable subsidy for the goods?
658-176	Tax	Corporate income tax benefit	
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.6%
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	0.1%
658-177	Preferential loans	Loans at preferential rates of interest	0.5%
Total			4.5%

Table 23: Non cooperating entities subsidies

The subsidy margin determined for programs relevant to uncooperative entities is based on the high amount of unit subsidy and the lowest export price observed for cooperating exporters. As noted in Appendix D, the commission has assumed uncooperative entities are not likely to be producing the goods predominantly from purchased steel slab or of purchased HRC.

Based on the information available, the commission has calculated a countervailable subsidy margin for non-cooperative entities of **4.5%**.

The subsidy calculations for uncooperative entities are in **Confidential Attachment 25**.

7.10 Level of subsidisation

Section 269TDA(2) requires the Commissioner to terminate a countervailing investigation, in so far as it relates to an exporter of the goods, if satisfied either that:

- an exporter did not receive a countervailable subsidy in respect of the goods
- if an exporter did receive a subsidy, the level of the subsidy did not at any time during the investigation period exceed a negligible level.

Pursuant to section 269TDA(16)(b), a countervailable subsidy received in respect of goods exported to Australia from China is negligible if, when expressed as a percentage of the export price of the goods, the level of the subsidy is not more than 2%.⁶²

The Commissioner is satisfied that the total level of countervailable subsidies, when expressed as a percentage of the export price of the goods for both Baoshan and non-cooperative entities, exceeded 2% throughout the investigation period.

The Commissioner also is satisfied that the following exporters from China did not receive a countervailable subsidy in respect of the goods, or the level of the subsidy did not exceed a negligible level. Pursuant to section 269TDA(2), the Commissioner must terminate the subsidy investigation, in so far as it relates to these exporters.

- Baosteel Zhanjiang
- Hunan Valin

⁶² Ibid.

7.11 Volume of subsidisation

Section 269TDA(7) requires the Commissioner to terminate a countervailing investigation, in so far as it relates to a country, if satisfied that the total volume of goods that has been, or may have been, exported to Australia during a reasonable examination period and in respect of which a countervailable subsidy has been, or may be, received, is negligible.

Pursuant to section 269TDA(8), a negligible volume for China is a volume less than 4% of the total volume of goods imported into Australia over a reasonable examination period.⁶³

The commission has found all Chinese exporters received countervailable subsidies in respect of the goods exported to Australia during the investigation period.

Therefore, the Commissioner is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of subsidised goods from China was greater than 4% of the total Australian import volume and is therefore not negligible.

⁶³ China is classed as a Developing Country under Schedule 1 of the Customs Tariff Regulations 2004.

8 ECONOMIC CONDITION OF THE INDUSTRY

8.1 Preliminary finding

Based on an analysis of the information contained in the application, and the data obtained and verified during a verification of the data provided in the application, and other information such as ABF import statistics, the Commissioner preliminary finds that BlueScope AIS has experienced injury in relation to the following economic factors.

- lost sales volume
- market share foregone
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced return on investment
- lower production volumes
- reduced capacity utilisation
- reduced productivity.

Taken together, the indicators listed above indicate a deterioration in the economic condition of BlueScope AIS over the injury analysis period. The data provided in the application by BlueScope, as amended during the verification, supports a conclusion that BlueScope AIS experienced injury across multiple factors of its operations and these findings are consistent with the claims made in BlueScope's application.

8.2 Approach to injury analysis

The matters that may be considered in determining whether the Australian industry producing like goods has experienced material injury are set out in section 269TAE.

The analysis detailed in this chapter is based on the records of BlueScope AIS and data from the ABF import database.

Prior to undertaking the injury analysis, the commission compared the estimate of Australian import volumes contained in the application data provided by BlueScope and volumes the commission has ascertained using information from the ABF import database.

The total size of the Australian market estimated by BlueScope was overall comparable to the commission's calculations that rely on ABF import data. Within these figures, BlueScope's estimates for imports from Korea and China were found to vary when compared to figures based on ABF import data. The volume trends in both datasets were broadly similar. There was one exception concerning imports from China during the investigation period. BlueScope's data indicated exports from China were increasing whereas volumes based on ABF data pointed to a decline.

Due to the observed variations concerning market volume, the commission has relied on an estimate of Australian market size that incorporates BlueScope's sales figures for BlueScope AIS and ABF import data. BlueScope's figures on imports have therefore been

set aside in this report but it is noted these were acceptable for the purpose of filing an application and asserting reasonable grounds existed for the publication of a dumping and subsidy notice.

The assessment of the economic condition of the Australian industry set out in this chapter covers the period from 1 July 2021 using the information provided by BlueScope (as amended by the verification process) and other relevant information, such as ABF import data. The figures are presented on an annual basis for years ending June 30.

The supporting calculations and evidence are provided in **Confidential Attachment 26 and 27**.

8.3 Applicant's injury claims

In its application for a dumping and subsidy investigation, the application made by BlueScope on behalf of BlueScope AIS claimed that the Australian industry has experienced injury in the form of:

- lost sales volume and market share
- price suppression
- price depression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced return on investment
- lower production volumes
- reduced capacity utilisation
- reduced productivity.⁶⁴

BlueScope's application estimates injury in the form of the above factors commenced during its 2023 fiscal year, being the year ending 30 June 2023. Alternatively, BlueScope also states the injury caused by dumping and subsidisation commenced prior to its 2023 fiscal year.⁶⁵ Further in the application on a discussion on price injury, BlueScope outlines injury commenced in its 2022 fiscal year.⁶⁶

8.4 Volume effects

8.4.1 Sales volume

Figure 3 below shows sales volumes of Australian plate steel produced by BlueScope AIS over the injury analysis period 1 July 2021 to 30 June 2025. The data for imports relies on volumes obtained from the ABF import database.

⁶⁴ Case 688, EPR Item No. 001, Section A-9.1, p. 34.

⁶⁵ *Ibid.*

⁶⁶ Case 688, EPR Item No. 001, Section A-10.5, p. 47.

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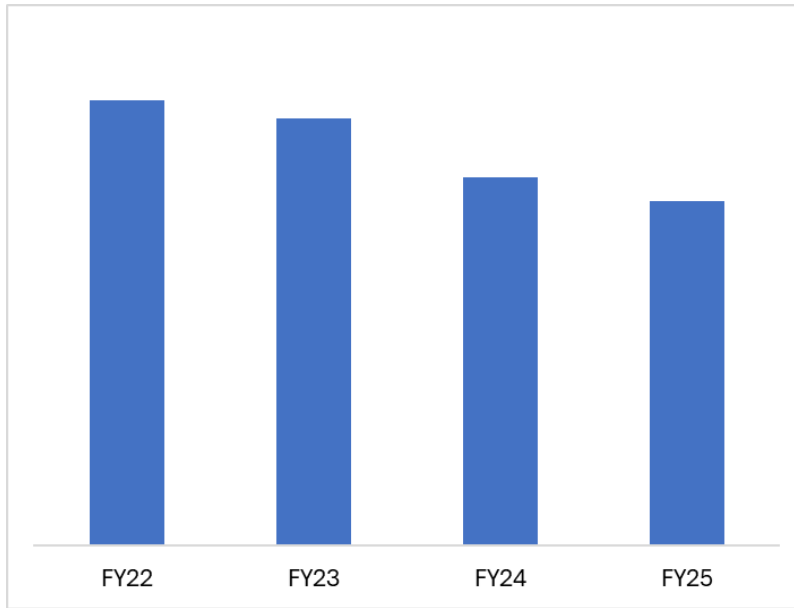


Figure 3 – BlueScope AIS sales volume (MT) injury analysis period

Consistent with the broader market trend, BlueScope AIS sales volumes decreased in each year across the injury analysis period. The decline in sales is more pronounced in the last two years of the injury analysis period in FY24 and FY25.

The sales volumes achieved by BlueScope AIS during the investigation period FY25 represents a continuation of the broader trend present throughout the injury analysis period. When compared to the prior year, the rate of decline during the investigation period appears to have eased.

Figure 4 below shows that within the investigation period, BlueScope AIS quarterly sales were generally consistent across all quarters, with the December 2024 quarter being the outlier. This data point is consistent with the seasonal reduction in demand that the commission understands through comments in BlueScope’s application, and that regularly occurs at that time of year in the Australian market.

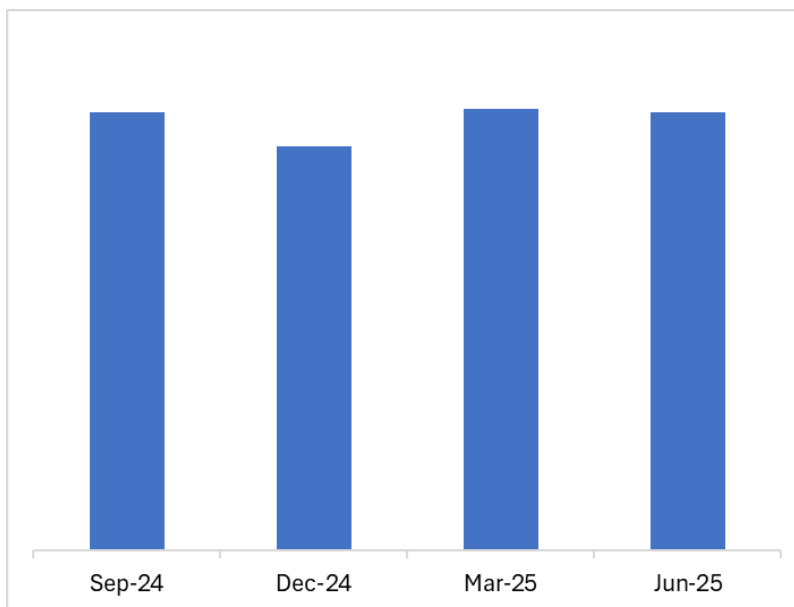


Figure 4 – BlueScope AIS sales volume (MT) investigation period

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Whilst the quarterly pattern in sales volumes achieved by BlueScope AIS during the investigation period was relatively stable, the total sales volumes reported by BlueScope AIS for the whole investigation period is a reduction on the prior year. Based on the available information, the commission is satisfied BlueScope AIS has experienced in the form of lost sales volume.

8.4.2 Market share

Figure 5 below shows the composition of the Australian market by percentage share held by the various suppliers of plate steel across the injury analysis period. Except for the FY24 period, the share of the market held by BlueScope AIS across the injury analysis period has been reasonably stable, though the market share in held in FY25 is around 2% lower than FY22.

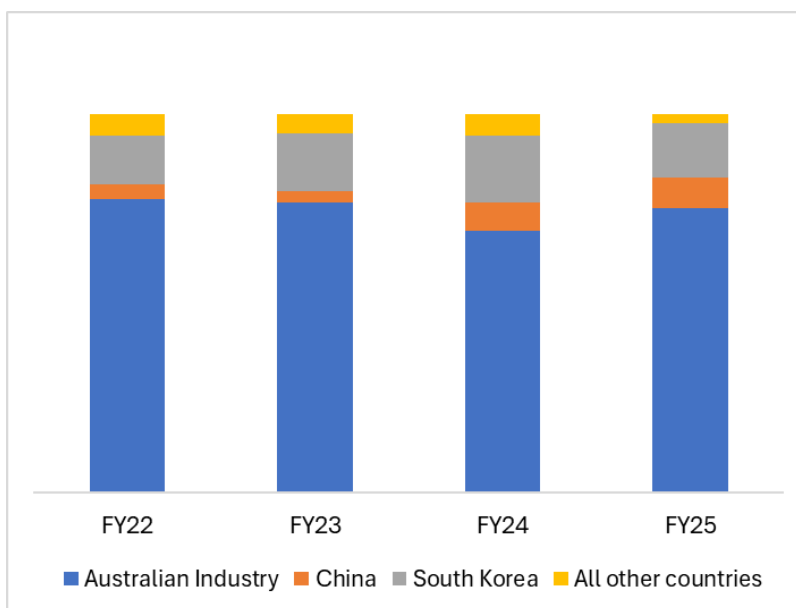


Figure 5 - Australian market share injury analysis period

The loss of market share by BlueScope AIS in FY24 coincided with a significant increase in the volume of imports from China, which more than doubled, as well as an increase in exports from Korea. That volume of exports from China was effectively maintained during FY25, while exports from Korea decreased to the lowest levels observed during the injury analysis period.

Noting the contraction in the total size of the Australian market during FY25, and despite the reduction in sales detailed in section 8.4.1 above, BlueScope recovered the market share lost during FY24. This was predominantly due to a fall in the volume of exports from Korea and countries not subject to the application. The market share for China increased by around 1% during FY25.

In its application BlueScope estimated the change in market share for imports from China and Korea (combined) across the injury analysis period at 13%. On review by the commission the 13% presented by BlueScope reflected the change in market share of all imports as a proportion of the Australian market, not just China and Korea. Using ABF data, the commission observed the change in market share held by imports from China and Korea to be approximately 35% across the injury analysis period. In contrast, the

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change in market share held by BlueScope AIS over this same period declined.⁶⁷ The variance to the market share figure supplied in the application by BlueScope is owing to the commission's use of more accurate ABF import data to estimate market size.

Noting the improvement in BlueScope AIS's market share during FY25 as shown in Figure 5, the commission examined quarterly trends within the investigation period.

Figure 6 below indicates that BlueScope AIS achieved increasing market share in all quarters of the investigation period. Analysis of the underlying data shows the increasing market share appears to be a function of decreasing import volumes from all sources rather than an increase in sales volumes, which were generally maintained at similar levels in each quarter (see Figure 4).

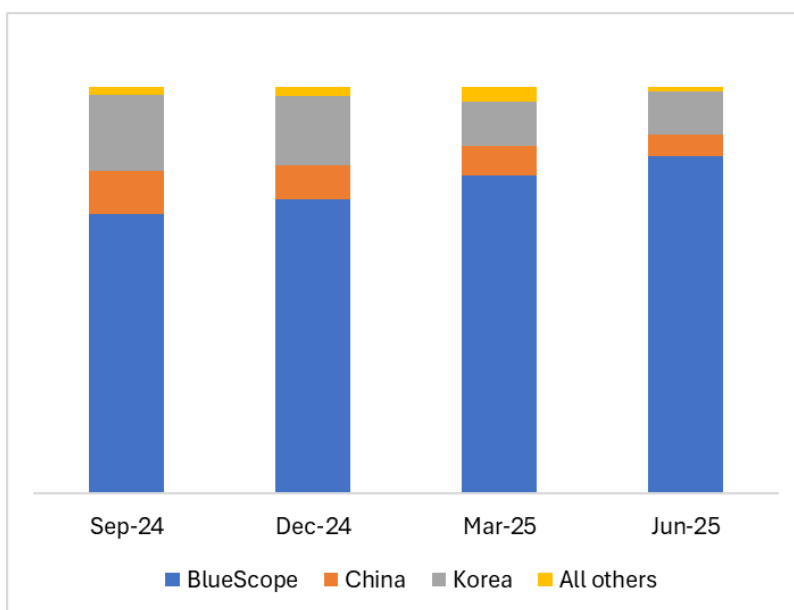


Figure 6 – Australian market share investigation period

The observed improvement in the market share held by BlueScope AIS in the investigation period was in the context of a market in decline and what appears to be reducing demand for plate steel.

As such, there does not appear to be a coincidence during the investigation period between a loss of market share held by BlueScope AIS, and the presence of imports. This report has therefore considered BlueScope's claims based on a counterfactual analytical method.

The commission notes that whilst the market share held by BlueScope AIS may have improved during the investigation period, the actual volume of its sales did not increase. Further, the market share held by BlueScope AIS in the investigation period was approximately 2% below the market share held at the outset of the injury analysis period (Figure 5 refers). Over that same period the market share of imports from China and Korea grew by around 3%. This illustrates the continued market penetration achieved by imports from China and Korea.

⁶⁷ Table 4 on worksheet 'Aust Market analysis (PLATE)' in Confidential Appendix 1.

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The commission's analysis found that the size of the Australian market in the investigation period was larger than the volume of sales reported by BlueScope AIS at the start of the injury analysis period in FY22 (Figure 3 refers). Based on this observation, it appears that in the investigation period, BlueScope AIS could not achieve sales volumes or the market share at the same or a higher level than it achieved in FY22, despite there being sufficient demand in the Australian market to do so.

At chapter A-10 to its application at Table A-10.1.5 '*FY2025 Market Share Loss Assessment*', BlueScope provides an analysis to show the net increase in the volume of imports originating from China and Korea since FY22. BlueScope claims the increase in the volume of imports reflects the loss of market share experienced by BlueScope AIS. BlueScope outlined a number of scenarios based on the proportion of the sales growth it could have secured absent of imports from China and Korea.

The prima facie volume figures provided by BlueScope indicate that the growth in volume for Chinese and Korean imports was considerably higher than the amount based on figures the commission sourced from the ABF import database. However, the commission's data does still indicate a net growth in the combined volume of imports from China and Korea during the injury analysis period corresponding to the observed declines in sales volumes for BlueScope AIS.

In a further example of market share losses, BlueScope outlines the declining trend in sales volumes to a key customer who BlueScope claims is engaging in dual sourcing from both BlueScope AIS and exporters from either China or Korea.⁶⁸ The commission examined the data supplied by BlueScope and observed that the decline in sales to the customer pre-dates the investigation period, with the rate of decline to the customer exceeding the overall market contraction when measured against a base year of FY22.⁶⁹ However, the volume of sales to the customer during the investigation period was higher than the prior year, thereby indicating an improvement.

Having regard to ABF import data and other information available through importer questionnaires responses, it was possible to verify certain elements in BlueScope's claim. The customer the subject of BlueScope's analysis did not appear to import any plate steel directly from the exporter identified by BlueScope nor did it source via the importer identified by BlueScope (noting that BlueScope's prima facie application position sought to identify the exporter with best available information). However, the customer did source the goods from a different Chinese exporter via other intermediaries during the investigation period. The total volume of goods sourced by the customer during the investigation period was not immaterial relative to BlueScope's quarterly sales volumes to the customer. ABF database records show the customer in BlueScope's analysis also sourced from the subject countries at other times during the injury analysis period, but the amounts were low.

The importer cited in BlueScope's analysis was observed to engage in trading of plate steel. The commission has observed the volumes sourced by this importer during the investigation period represent a significant reduction in the amounts it sourced from China and Korea in the prior year. This entity has not provided an importer questionnaire

⁶⁸ Case 688, EPR Item No. 001, Confidential Chart A-10.1.6, p. 41 and BlueScope application Confidential Attachment A-10.1.

⁶⁹ Case 688, EPR Item No. 001, Confidential Chart A-10.1.6, p. 41 and BlueScope application Confidential Attachment A-10.1.

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response to the commission, so it is not possible to ascertain the ultimate Australian customer of the imports at the time of preparing this report.

In chapter A-10.2 of its application, BlueScope provided information concerning examples of sales foregone as another demonstration of lost market share. This information was provided within the context of claims on price injury but is it also relevant to volume injury.

BlueScope outlines certain customers that switched their supply to exporters from Korea after initially relying on BlueScope AIS via its related distribution business. BlueScope provided an estimate of sales foregone based on its estimate of each customer's purchasing patterns but did not supply data to permit verification of the figures. BlueScope outlines the relevant customers switched their supply in the period around 2020 to 2021 and its efforts to regain the customers have since been unsuccessful with only limited amounts sold. The commission requested BlueScope to provide the relevant sales records covering the period since June 2021 however the company instead directed the commission to its analysis that covers a period commencing July 2023.

BlueScope's application did not contain any further information in relation to market share injury concerning its other major unrelated customers or the major customers of its related distribution entity. The commission's examination of ABF data and importer questionnaire responses has found that several customers of BlueScope AIS dual sourced the goods originating from either China or Korea during the investigation period.

The available information appears to indicate that BlueScope AIS experienced instances of declining market share at times during the injury analysis period. However, the investigation period nonetheless reflects an improvement over the prior year. This trend was also present in data supplied with BlueScope's application, although the degree of improvement was less pronounced owing to the import data issues identified by the commission.

Considering some of the customers of BlueScope AIS have dual sourced the goods, it appears BlueScope AIS could have achieved a higher market share if these procurement methods had not occurred. It is therefore reasonable to conclude that BlueScope AIS has experienced injury in the form of market share foregone.

8.5 Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

Figure 7 compares unit sales revenue and unit CTMS for BlueScope AIS.

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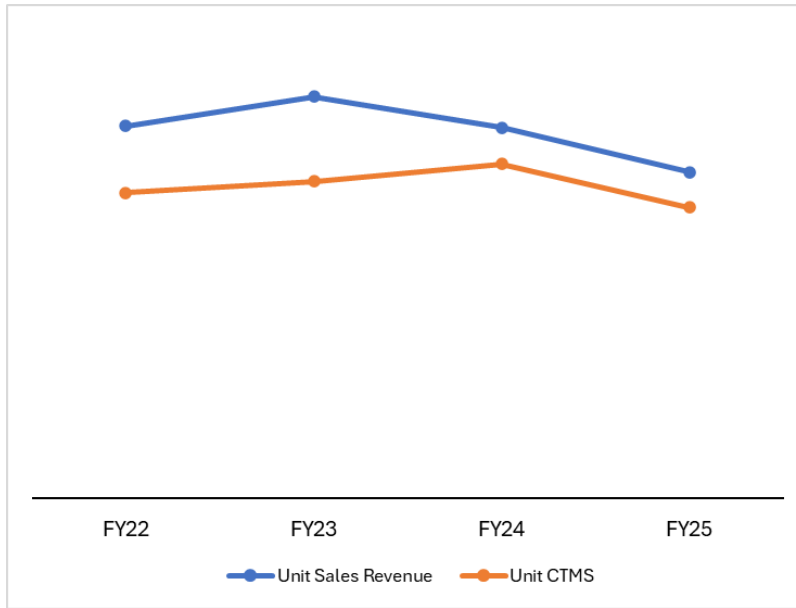


Figure 7 - Unit price compared to unit CTMS (AUD/MT) injury analysis period

Figure 7 indicates that over the period to FY25, unit sales revenue has exceeded unit costs. Unit pricing increased materially in the year to FY23 which represent the highest margin over cost for the injury analysis period. Prices then commenced a continuous downward trend after FY23. Costs converged with prices in FY24 then started following the same downward trend as prices moving into the investigation period FY25.

The commission's analysis also found the rate of change in price throughout FY25 was slightly less than the change in costs although both appear to be tracking on a similar trajectory. To further inform its analysis, the commission examined quarterly trends during the investigation period. This analysis is presented below in Figure 8.

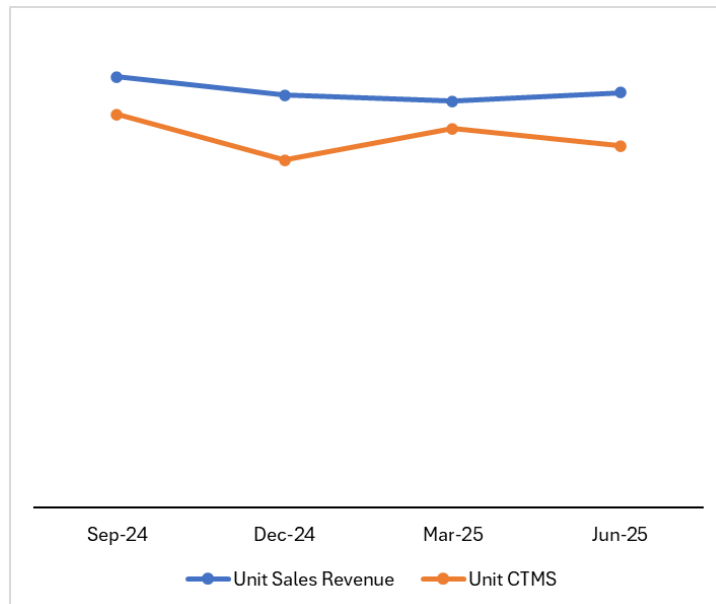


Figure 8 - Unit price compared to unit CTMS (AUD/MT) investigation period

Figure 8 shows that prices for BlueScope AIS during the investigation period broadly trend downwards however the change in prices appears to have eased compared to the changes that occurred between FY24 and FY25. Notwithstanding this, prices at the end

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of the investigation period were lower than prices in the opening quarter. The relationship between price and cost was observed to fluctuate but generally shows prices did not seem particularly responsive to changes in costs, indicating that pricing was more likely correlated with competitor pricing.

Having regard to the information available at the time of preparing this report, there is evidence that BlueScope AIS has lowered its prices both in terms of the injury analysis period and throughout the investigation period. As a result, it appears to have experienced injury in the form of price depression.

Based on the relationship between price and cost during the investigation period, it also appears BlueScope AIS did experience instances of price suppression at times during the investigation period. The commission also notes in this regard that the margin between unit selling prices and unit CTMS observed during the investigation is significantly less than that observed during the earlier periods of the injury analysis period, which is indicative of BlueScope AIS being unable to increase prices to regain the margins previously achieved. The commission therefore considers that BlueScope AIS has experienced price suppression during the investigation period.

8.6 Profit and profitability

Figure 9 shows the profit and profitability BlueScope AIS achieved on its sales of plate steel over the injury analysis period.

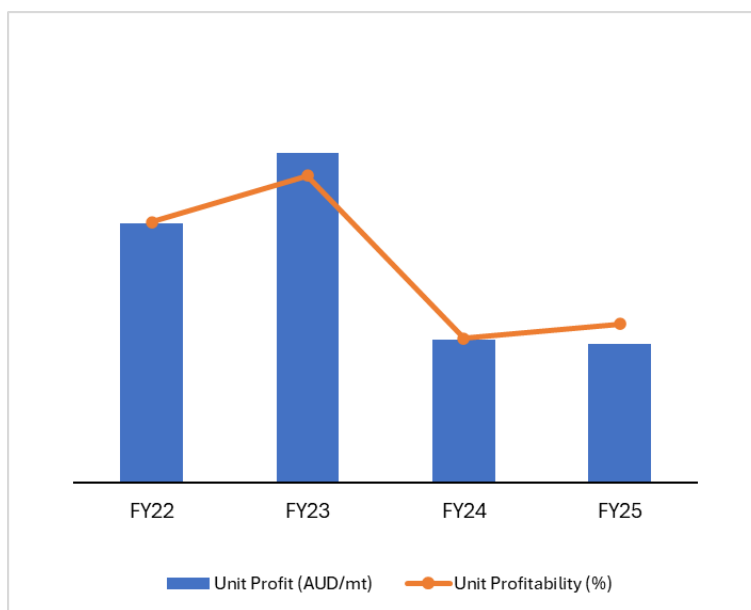


Figure 9 - Profit (AUD/MT) and profitability (%)

Figure 9 shows that unit profit increased in FY23, reflecting higher prices and favourable cost conditions in that year. However, a sharp decline in unit profit and profitability is evident in FY24 and FY25, coinciding with reductions in sales volumes, lower prices, and rising unit costs in FY24.

With respect to the investigation period, BlueScope AIS experienced a marginal decline in unit profit when compared to the prior 12-month period. The measure of unit profitability, expressed as the ratio of unit profit as a proportion of unit price, was observed to slightly improve, though remains significantly lower than the levels observed in FY22 and FY23.

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A closer examination of unit profit and unit profitability during the investigation period reveals mixed results and indicates a decline in both measures during the second half of the investigation period. This appears driven by prices in the March 2025 quarter being at the lowest during the investigation period coinciding with an increase in costs during in the same quarter. The June 2025 quarter results indicated a marked improvement.

Based on this analysis, the commission considers that BlueScope AIS has experienced injury in the form of lower unit profits during the investigation period. Due to the magnitude of the downward trend in prices this has not however translated to a reduction in unit profitability. The commission notes that the economic condition of the BlueScope AIS with respect to profit and profitability has deteriorated across the injury analysis period. The commission considers BlueScope AIS's inability during the investigation period to recapture the levels of profit and profitability achieved during FY22 and FY23 to be indicative of reduced profit and profitability.

8.7 Other economic factors

BlueScope has also claimed injury in the form of:

- declining asset values
- reduced revenue
- reduced return on investment
- lower production volume
- reduced capacity utilisation
- reduced productivity

An index summary concerning the performance of BlueScope AIS with respect to its claims of injury for other economic factors is outlined below. The calculations are available in **Confidential Attachment 27**.

Other economic factor	FY22	FY23	FY24	FY25
Asset value (like goods) ⁷⁰	100	83	89	74
Revenue (like goods) Australian market sales ⁷¹	100	103	82	68
Return on investment (like goods)	100	153	59	64
Production volume (like goods)	100	96	83	77
Capacity utilisation (like goods) ⁷²	100	96	83	77
Productivity (revenue per worker) (like goods)	100	86	82	91

Table 24 - Index summary of other economic factors

The following summarises the observations regarding other factors of performance relevant to BlueScope's claims of injury experienced by BlueScope AIS over the analysis period.

- **Asset value (like goods)** the value of assets deployed in the production of like goods has overall declined across the analysis period.

⁷⁰ Figures highlighted in the application at Non-Confidential Table A-10.5.6 reflected assets deployed in production of all steel products produced and sold by BlueScope AIS, i.e. like and non-like goods.

⁷¹ Excludes revenue earned on exports.

⁷² As amended.

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- **Revenue (like goods)** declined steadily across the analysis period, falling below the base year from FY24 onward. The reduction in revenue corresponds to the decline in prices and sales volumes.
- **Return on investment** fell sharply after FY23, declining to a significantly lower level in FY24 and FY25.
- **Capacity (like goods)** remained constant over the analysis period, while **capacity utilisation (like goods)** fell consistently, reflecting declining like-goods production volume relative to available capacity.
- **Productivity (like goods)** declined across FY23 and FY24, with a partial recovery in FY25, but remained below the base period.

8.8 Conclusion

Based on an analysis of the information contained in the application, and the data obtained and verified during the verification visit, and other information such as ABF import statistics, it appears BlueScope AIS has experienced injury in relation to the following economic factors.

- lost sales volume
- market share foregone
- price depression
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced return on investment
- lower production volumes
- reduced capacity utilisation
- reduced productivity.

Taken together, the indicators listed above indicate a deterioration in the economic condition of BlueScope AIS over the injury analysis period. The data provided in the application by BlueScope, as amended during the verification, supports a conclusion that BlueScope AIS experienced injury across multiple factors of its operations and these findings are consistent with the claims made in BlueScope's application.

The forms of injury outlined above differ to the claimed forms in BlueScope's application in so far as they related to lost market share. The commission has alternatively concluded BlueScope AIS has experienced injury in the form of market share foregone.

9 MATERIAL INJURY FROM DUMPING AND SUBSIDISATION

9.1 Preliminary assessment

The Commissioner is preliminarily satisfied that:

- importers purchased the goods at dumped and 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 in the investigation period within the range of 6% to 9%, leading Australian industry to reduce and/or suppress its prices to more effectively compete
- purchasers of the goods from Australian industry who also sourced imported goods were observed to have favoured dumped and subsidised imports over imports that were not, reducing the relative competitiveness of Australian industry and leading to lost sales volume and market share foregone
- purchasers who imported the goods but did not source any like goods from Australian industry were also observed to predominantly source dumped and subsidised exports, restricting Australian industry's ability to access sales to these customers
- despite an improvement in market share during the investigation period, because of the price advantage enjoyed by the dumped and subsidised exports the Australian industry was unable to recapture the market share observed in FY22 and FY23, resulting in material reductions in profit and profitability relative to those years
- while goods that were not dumped and subsidised have also contributed to the injury experienced by Australian industry, based on an analysis of import volumes and pricing trends, dumped and subsidised goods have been the primary cause of the material injury experienced by Australian industry.

Accordingly, the Commissioner is satisfied that dumped and subsidised exports of the goods from China and dumped goods from uncooperative exporters in Korea have caused material injury to the Australian industry producing like goods in the form of lost sales volumes, market share foregone, price depression, price suppression and reduced profit and profitability.

9.2 Legislative framework

Under section 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

As outlined in chapter 8, the commission considers that the Australian industry has experienced injury and this injury has coincided with the presence of dumped and subsidised goods from China and dumped goods from uncooperative exporters in Korea. This chapter will analyse whether injury to the Australian industry was caused by dumped and subsidised goods and whether that injury is material.

For the purposes of this SEF, the commission has assessed injury and causation by examining the following evidence.

- verified volume, price, and profit effects of the Australian industry during the injury analysis period and investigation period (Chapter 8)
- verified sales data from cooperating exporters and importers to determine sales prices and volumes achieved by the subject exporters
- dumping and subsidy margins for the subject countries
- information from the ABF import database to determine import volumes and export prices
- the broader context of the economic condition of the Australian industry.

For assessing whether the Australian injury has experienced material injury caused by dumping and subsidisation, the Commissioner has attributed injury in relation to exports of the goods from the subject countries with dumping and subsidy margins that were above negligible levels. References to dumped and subsidised goods, dumped and subsidised exports or dumped and subsidised imports throughout this chapter relate only to those exports from the subject countries with dumping and subsidy margins that were not negligible, i.e. 2% or above. For the avoidance of doubt, this relates to imports from the following exporters

- Baoshan (dumping and subsidisation)
- Baosteel Zhanjiang (dumping only)
- Hunan Valin (dumping only)
- Uncooperative and all other exporters from China (dumping and subsidisation)
- Uncooperative and all other exporters from Korea (dumping only)

The Commissioner has not attributed injury to the Australian industry in relation to exports of the goods from the subject countries that were not dumped and/or subsidised or had dumping and/or subsidy margins that were negligible.

9.4 Size of dumping and subsidy margins

Sections 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 following dumping margins that were not negligible.

- Baoshan: 17.0%
- Baosteel Zhanjiang: 9.4%
- Hunan Valin: 26.4%
- Uncooperative and all other exporters China: 52.4%
- Uncooperative and all other exporters Korea: 21.6%

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The commission has calculated the following subsidy margins that were not negligible.

- Baoshan: 3.2%
- Non cooperating entities from China: 4.5%

The Commissioner considers that the magnitude of dumping and subsidisation by the exporters above, whose margins were not negligible, 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.

Dumping margins have also been determined for the following entities where the margin of dumping was below negligible levels (less than 2%).

- POSCO: negative 5.0%

Subsidy margins have also been determined for the following entities where the margin of subsidisation was negligible (not more than 2%).

- Baosteel Zhanjiang: 0.9%
- Hunan Valin: 1.8%

9.5 Cumulative effect of injury

Section 269TAE(2C) provides that when determining whether material injury to an Australian industry has been, or is being, caused or threatened by exports to Australia from different countries, the Minister should consider the cumulative effect of those exports only if the Minister is satisfied that:

- each of those exports is subject of an investigation which resulted from application(s) lodged on the same day or with significantly overlapping investigation periods.
- the margin of dumping and subsidisation established for each exporter is not negligible.
- the volume of dumped and subsidised imports from each country is not negligible.
- a cumulative assessment is appropriate in light of the conditions of competition between the imported goods, and between all of the imported goods and the like domestic goods.

The Commissioner's view is that it is appropriate to consider the cumulative effects of exports from the subject countries (pending final dumping and subsidy margins).

9.5.1 Margin of dumping

Chapter 0 outlines that the commission found dumping at above negligible margins in relation to all exports from China and in relation to exports from uncooperative exporters in Korea. The range of dumping that was not negligible was between 9.4% and 52.4%.

Exports from Korea by POSCO were not dumped.

9.5.2 Volume of dumped imports

Chapter 6.11 outlines that the volume of dumped imports from China and from uncooperative exporters in Korea is not negligible.

9.5.3 Margin of subsidisation

Chapter 7 outlines that the commission found subsidisation at above negligible margins in relation to certain exports from China. The range of subsidisation that was not negligible was between 3.2% and 4.5%.

9.5.4 Volume of subsidised imports

Chapter 7.11 outlines that the volume of subsidised imports from China is not negligible.

9.5.5 Conditions of competition

The commission has examined the conditions of competition between the imported goods from China and Korea and the like goods produced by Australian industry.

ABF data indicates importers can source the goods from numerous countries to maintain supply of the goods at low prices. The commission is also aware of Australian customers importing from multiple sources within the subject countries and dual sourcing from the Australian industry.

The commission is satisfied that Australian produced goods compete for sales against imports from the subject countries, and that these imported goods compete between themselves.

9.6 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 with the presence of imports from the subject countries that were dumped and subsidised during the investigation period.⁷³

Section 269TAE(1)(d) provides that regard may be given to the export price that has been or is likely to be paid by importers for goods exported to Australia from the country of export.

Section 269TAE(1)(e) provides that regard may be given to the difference between the price paid for like goods produced and sold in Australia to the price paid or likely to be paid for goods exported to Australia from the country of export and sold in Australia.

Based on the available information at this stage of the investigation, the commission concludes that dumping and subsidisation was a cause of the price injury experienced by the Australian industry during the investigation period. The commission's reasons are detailed throughout this chapter.

⁷³ Volume injury in relation to dumping and subsidisation has not been attributed to imports of the goods from the subject countries where it has been established the dumping and subsidy margins and the volume of those imports were negligible.

9.6.1 Export price changes

The commission has examined trends in export prices across the injury analysis period as well as during the investigation period.

Figure 10 below shows the trend in export price at FOB terms throughout the injury analysis period. The main supply of goods originated from the subject countries, China and Korea and the inclusion of pricing from non-subject countries is provided for completeness.

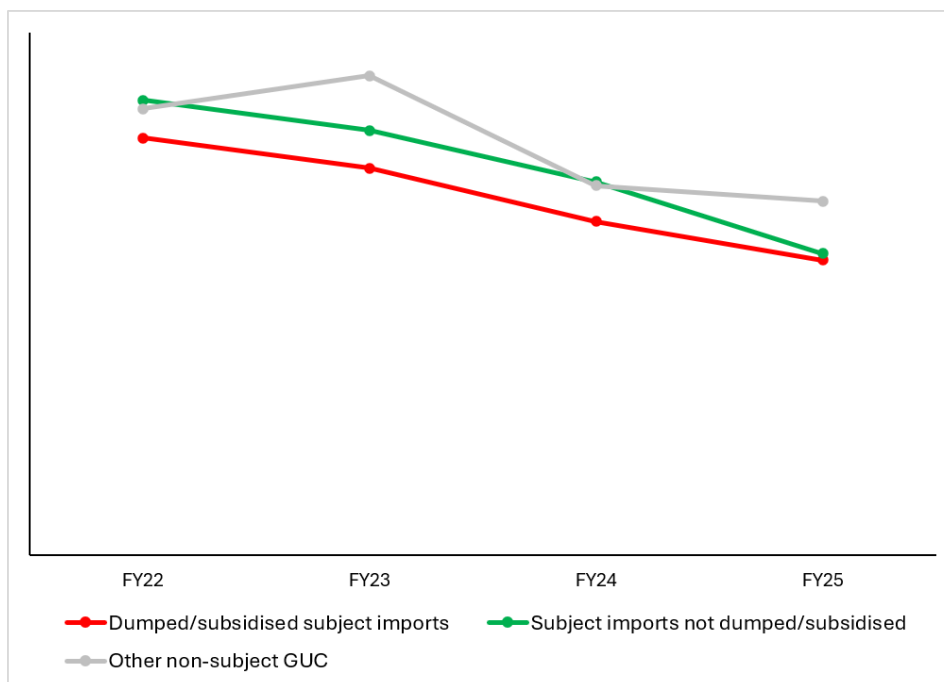


Figure 10 - Movement in FOB price (injury period)⁷⁴

Figure 10 shows that there has been a downward trend in export prices from all sources across the injury analysis period. The commission noted that the price of exports from sources which were dumped and subsidised during the investigation period have consistently been lower than other exports. However, during FY25 the price of exports that were not dumped and subsidised decreased at a far greater rate than goods that were, such that the prices of goods in each category came into alignment.

The commission’s analysis of volume trends, discussed in chapter 7.6 below, found that the volume of goods that were dumped and subsidised during the investigation period has increased from a low of around 50% in FY23 to 70% during the investigation period, while exports from all other sources declined from a high of around 50% to 30% during the investigation period. On a quarterly basis during the investigation period, dumped and subsidised exports accounted for up to 80% of all exports arriving in Australia. Given the growing predominance of dumped and subsidised exports, and taking into account price sensitivity within the Australian plate steel market, the commission considers that the price of subject exports that were not dumped and subsidised have likely reduced during the investigation period to provide greater price competitiveness in response to the more prevalent dumped and subsidised exports.

⁷⁴ See worksheet ‘Change in FOB price’ in Confidential Attachment 28.

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Noting the price convergence between subject goods that were dumped and subsidised versus those that were not during the investigation period, the commission examined investigation period price trends at Figure 11 below. Prices reflect weighted average export prices at FOB terms.

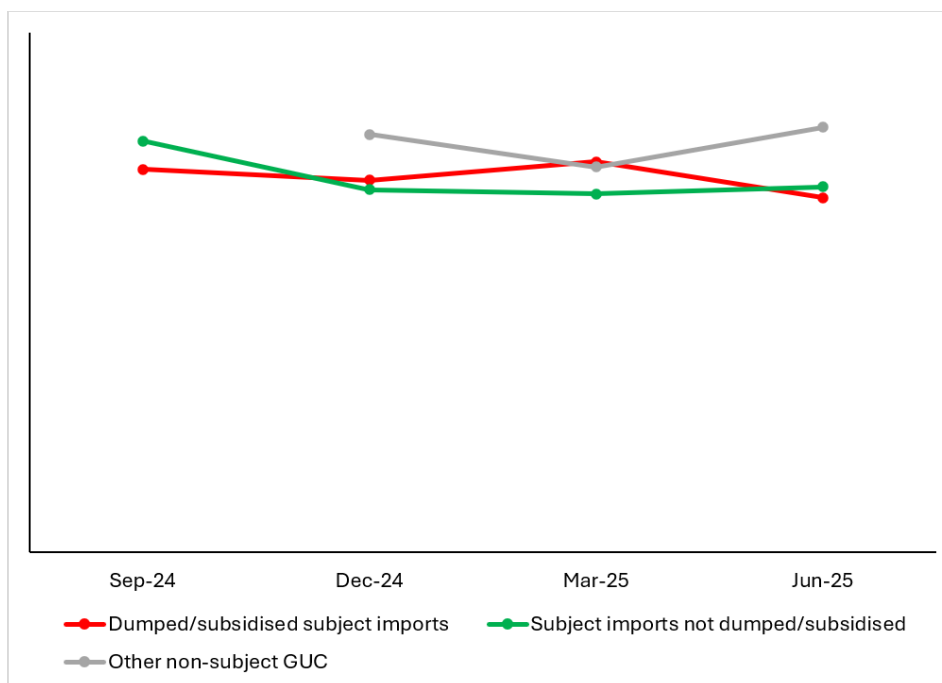


Figure 11 - Movement in FOB price (investigation period)⁷⁵

Figure 11 shows that the lowest prices in the market prices alternated between subject dumped and subsidised goods and those subject goods that were not. Some divergence was evident during the March quarter, where dumped and subsidised goods showed an increase in FOB export pricing whereas the price of subject goods that were not dumped and subsidised continued to decline. The commission notes however that dumped and subsidised goods were the cheapest in the market at both the commencement and close of the investigation period. As discussed above in relation to the injury analysis period, the volume of dumped and subsidised subject goods significantly exceeded the volume of subject goods that were not dumped and subsidised. The commission considers it likely that the decline in export pricing of subject goods that were not dumped and subsidised was in response to the competitive pressures exerted those subject goods that were dumped and subsidised.

9.6.2 Price undercutting

Price undercutting occurs when imported goods are sold at a price below that of the Australian produced like goods. The commission considers that the presence of price undercutting in a price sensitive market such as plate steel informs the finding of whether the prices for sales of Australian produced like goods would have been influenced due to this undercutting.

As outlined in chapter 5.3.3, plate steel in Australia is supplied via two key channels in BlueScope AIS, the sole domestic producer, or overseas steel mills via Australian based

⁷⁵ See worksheet 'Change in FOB price' in Confidential Attachment 28.

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importers, distributors and traders, who sourced plate steel from China, Korea and other countries. The undercutting analysis has therefore examined prices in the Australian market where imported goods are available for sale in direct competition with the Australian industry.

Figure 13 below shows prices for sales of all models sold during the investigation period. Prices reflect Australian industry sales and sales by importers of the goods who sourced their inventory from the subject countries and on-sold those goods into the Australian market in the condition in which they were sold. Prices for importers and Australian industry reflect the quarterly weighted average unit price for sales to Australian customers on delivered terms.

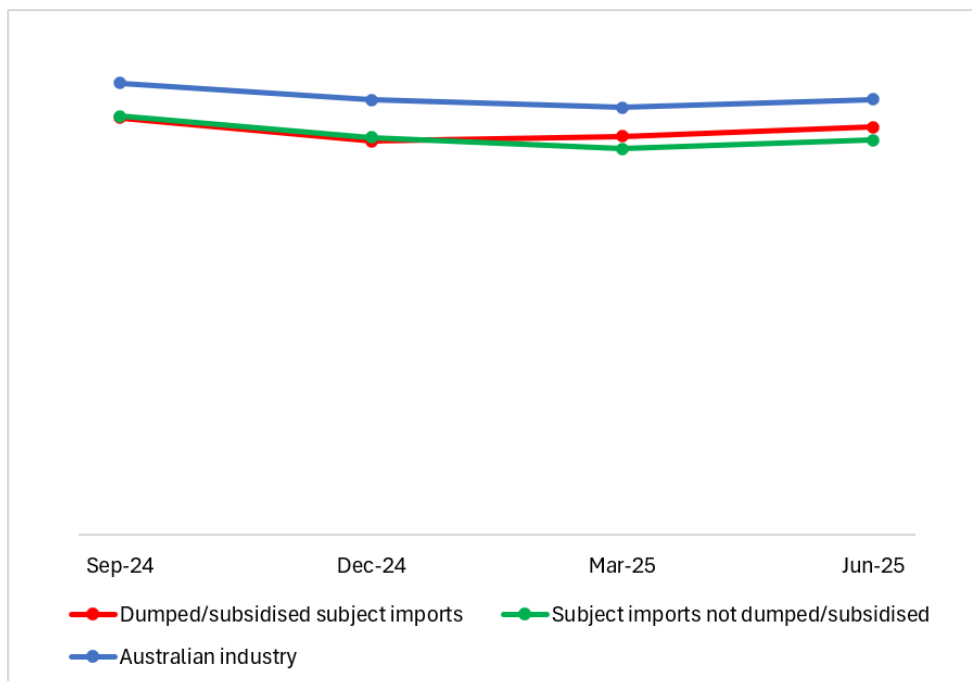


Figure 12 - Australian market selling prices (investigation period) ⁷⁶

Figure 13 confirms that quarterly weighted average prices of dumped and subsidised subject goods as sold by Australian importers involved in trading of steel products undercut the Australian industry prices in all quarters of the investigation period. The margin of undercutting was in the range of between 6% and 9%, expressed as a percentage of the Australian industry's price.

The commission also conducted a quarterly price undercutting analysis at the model level for the 5 largest models by volume sold by Australian industry. The commission identified that Australian industry was undercut in relation to all 5 models in every quarter of the investigation period. Across the 5 models assessed, the commission noted that the greatest degree of undercutting varied between subject goods that were dumped and subsidised and those subject goods that were not.

Based on the observed trend in weighted average selling prices, and the undercutting findings in relation to the subject goods, the commission undertook a daily price analysis to assess the relative impact of pricing for dumped and subsidised subject goods and

⁷⁶ See worksheet 'Trader PU Analysis' in Confidential Attachment 28.

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subject goods that were not dumped and subsidised. Figure 13 below plots the actual selling prices achieved on a daily basis across the investigation period by Australian industry and the subject goods.

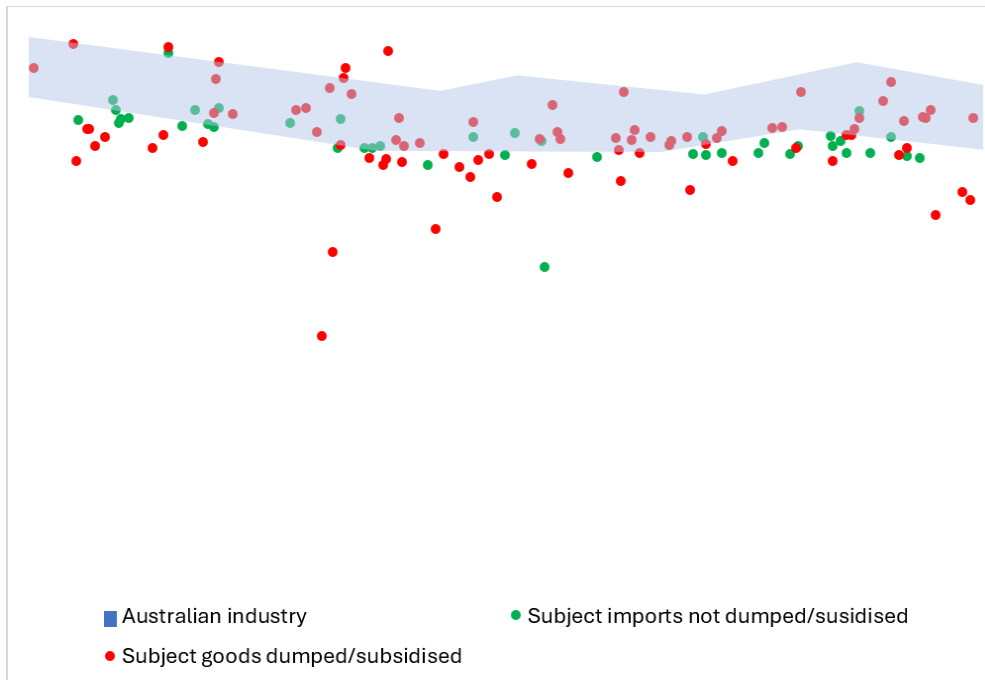


Figure 13 - Australian market selling prices (investigation period)⁷⁷

Figure 13 shows both the greater prevalence of dumped and subsidised during the investigation period, and that dumped and subsidised goods have consistently been the lowest priced in the market. As discussed in section 9.6.1 above, around 70% of all imports into the Australian market during the investigation period were dumped and subsidised. Noting the price sensitive nature of the Australian market, and the daily pricing analysis conducted, the commission considers that the predominance of dumped and subsidised goods has likely placed downward pressure on the price of other subject goods that were not dumped and subsidised.

This conclusion is supported by the analysis conducted in in chapter 9.6.1. Figure 10 clearly demonstrates the convergence of price between those exporters goods that are dumped and subsidised during the investigation period and those are not, following a prolonged period during which exporters whose goods were not dumped and subsidised priced there goods at a premium to exporters whose goods were dumped and subsidised during the investigation period.

The commission also noted from the daily price analysis, and other supporting data, that Australian industry made numerous sales at the same price point as dumped imports and imports that were not dumped, indicating the influence of lower priced imports on Australian industry's selling price. The commission further noted that where price matching was evident, the sale was profitable for Australian industry, indicating that the Australian industry is in many instances able to compete on price and still generate a profit. The commission noted however numerous export transactions occurring at lower price points that would have been unprofitable for the Australian industry had Australian

⁷⁷ See worksheet 'Daily PU Analysis' in Confidential Attachment 28.

industry matched those prices⁷⁸. The commission considers that this analysis supports a finding that Australian industry is responsive to import pricing to ensure it secures sales, while noting that in many instances the price advantage afforded those exporters dumping renders Australian industry uncompetitive and unable to secure profitable sales.

The commission considers that, while Australian industry has been generally undercut by all subject goods during the investigation period, the greater volume of dumped and subsidised goods exported at consistently lower prices has placed downward pressure on all participants in the market, including Australian industry and other exporters. The commission considers that this has caused Australian industry to experience price depression and price suppression.

While there can be no presumption that the goods exported to Australia before the investigation period were dumped and subsidised, the commission considers its analysis is indicative of the importance of price to buyers in the Australian market. The commission considers that the level of dumping and subsidisation identified during the investigation period, which was reflected in the levels of undercutting observed, has entrenched the price advantage importers enjoy relative to BlueScope AIS, and prevented BlueScope AIS from securing margins comparable to those realised in the earlier stages of the injury analysis period.

9.7 Volume effects

Having regard to the analysis outlined below, the commission considers the Australian industry has experienced lost of sales volume and foregone market share.

9.7.1 Sales volume

As discussed in chapter 8.4.1, and as outlined below, the Australian industry has experienced injury in the form of lost sales volume.

Figure 14 below illustrates the composition of imports across the injury analysis period based on volumes obtained from the ABF database.

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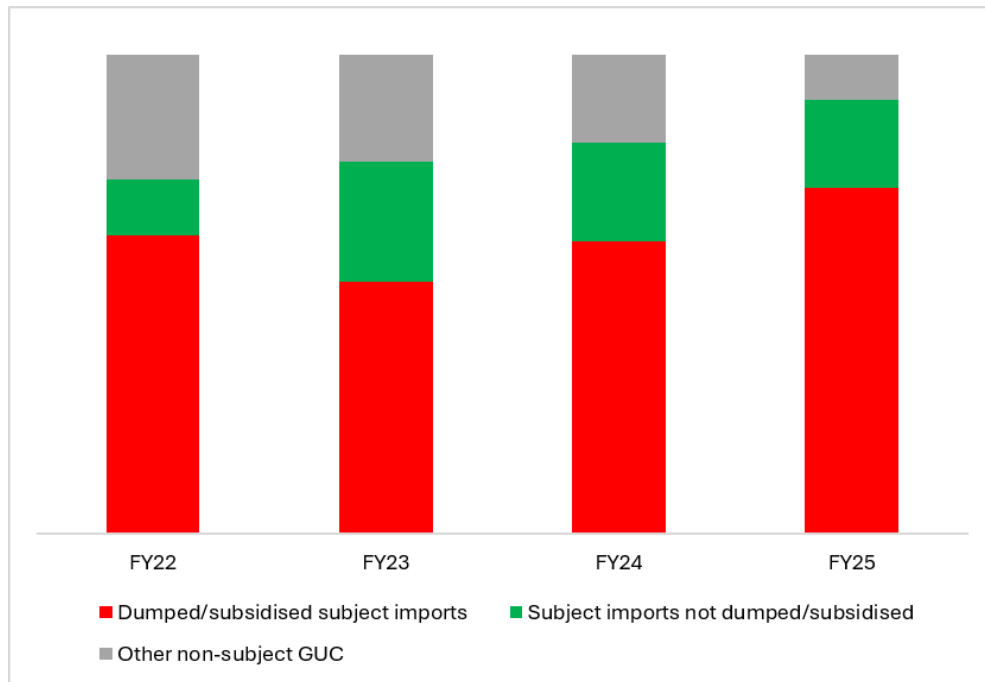


Figure 14 - Change in composition of export volumes (injury period)⁷⁹

Figure 14 shows that during FY23 exports to Australia by exporters whose goods were found to be dumped and subsidised during the investigation period accounted for around a half of all exports, with exports from all other sources accounting for the other half. This had increased to around 70% during the investigation period. This indicates that importers have placed an increasing reliance on dumped and subsidised goods, noting from the commission's analysis at section 9.6.1 that these exporters have historically exported at the lowest FOB prices.

Within this context, the commission has examined evidence that shows Australian industry's customers engage in dual sourcing of the goods from exporters who are dumping, as well as other export sources. This occurs direct via imports from overseas steel mills or via Australian based steel traders. The commission observed that for those customers sourcing from both BlueScope AIS and sourcing imported goods, import volumes were skewed toward dumped and subsidised goods, and the volumes of dumped and subsidised goods as a proportion of total purchases ranged from 1% to 19%.⁸⁰

The commission considers the overall volumes are material with respect to Australian industry's total sales to customers who dual source. The commission considers that the Australian industry has experienced reduced sales activity to those customers on account of the availability of lower price dumped and subsidised goods.

The commission also identified from questionnaires provided by importers a range of customers who did not purchase from Australian industry during the investigation period. The commission observed that purchases by these customers were similarly skewed toward the purchase of dumped and subsidised goods which undercut the prices achieved by Australian industry in relation to its customer base. The commission

⁷⁹ See worksheet 'Source of supply' in Confidential Attachment 28.

⁸⁰ See worksheet 'Dual sourcing' in Confidential Attachment 28.

considers that volume of goods associated with this cohort of purchasers is material in comparison to Australian industry's total sales.

The commission considers that the continued presence, and increasing predominance of, dumped and subsidised imports that have undercut the prices of Australian industry and other exporters, has resulted in Australian industry experiencing injury in the form of lost sales volume.

9.7.2 Market share

As discussed in chapter 8.4.2, the Australian industry has experienced injury in the form of market share foregone.

The commission notes that the Australian industry improved its market share in the investigation period, following a significant decline in FY24. Despite this improvement, Australian industry's market share remains lower than the levels achieved in FY22 and FY23.

While there can be no presumption that the goods exported to Australia before the investigation period were dumped and subsidised, the commission considers that the dumping and subsidisation observed during the investigation period has provided a price advantage to the exporters of these goods that has allowed them to retain those higher levels of market share captured prior to the investigation period, and in so doing has limited the ability of Australian industry to recapture the levels of market share achieved in earlier years.

The commission noted in chapter 9.7.1 that many of Australian industry's customers also sourced material volumes of dumped and subsidised goods during the investigation period, and that there is also a cohort of purchasers in the Australian market who bypass Australian industry entirely to purchase imported dumped and subsidised goods. The commission considers that the choice to purchase dumped subsidised goods is driven by the evident price advantage of those dumped goods. In chapter 9.6.2 the commission identified the sustained and material degree of price undercutting by dumped and subsidised goods, which were the predominant source of imported goods during the investigation period.

The commission considers in these circumstances that Australian industry has experienced market foregone share, that is, Australian industry would have achieved a higher market share but for the price advantage enjoyed by exporters of goods that were dumped and subsidised.

9.8 Profit effects

In chapter 8.6 the commission observed BlueScope AIS had experienced injury in the form of lower unit profits during the investigation period, though with improved unit profitability. This observation in relation to the investigation period was placed within the context of a broader deterioration in these economic indicators across the injury analysis period. Despite the improvement in unit profitability during the investigation period the level of profit and profitability achieved is materially lower than that achieved in FY22 and FY23.

The commission has established in chapters 9.6 and 9.7 that Australian industry has experienced injury caused by dumped and subsidised exports in the form of price

depression, price suppression and lost sales volume. The magnitude of price undercutting observed has been facilitated by the price advantage afforded by dumping and subsidisation, leading the downward price pressure on Australian industry where it has sought to compete with dumped and subsidised exports on price, or loss of sales where it has been unable to compete on price. The commission observed that a significant volume of Australian industry's sales occurred at prices that were comparable to the price of dumped and subsidised imports. At the lower price point in particular, the Australian industry's margin over cost were observed to be minimal. Australian industry would have achieved higher prices and therefore greater profitability in relation to these sales in the absence of the price advantage afforded by dumping and subsidisation.

Australian industry's profits have also been affected due to lost sales volume and market share foregone caused by dumping and subsidisation. The combined impact on profit due to these factors manifests in the form of lower production volumes and capacity utilisation, higher fixed unit costs of production and loss of revenue.

9.9 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.⁸¹ While injury caused by other factors should not be attributed to dumping and subsidisation, dumping and subsidisation need not be the sole cause of injury to the industry.

The commission notes that not all the goods imported from the subject exporters during the investigation period were dumped and subsidised with margins above negligible levels, or above negligible volumes. As detailed in chapter 6.8, the commission has found that goods exported from Korea by POSCO were not dumped. The commission has also found in chapters 7.7 and 7.8 the goods exported by Baosteel Zhanjiang and Hunan Valin were subsidised although the subsidy margin was negligible. In addition, the Australian market was also supplied by imports of the goods from other sources.

As detailed in chapter 9.6 the commission identified that on a weighted average basis the selling price of dumped and subsidised goods were similar the subject goods that were not dumped and subsidised during the investigation period, and that Australian industry's prices in relation to its 5 largest selling models by volume products were generally undercut by all subject goods.

The commission considers that these goods have also contributed to the price depression and suppression experienced by Australian industry and the related effects of reduced sales volume, market share, profit and profitability.

The commission noted in its analysis at chapter 9.6.2 that there has been a gradual increase in the relative volume of dumped and subsidised goods over the period since FY23, indicating a preference by importers for sourcing the lower priced dumped and subsidised goods, and this trend coincided with a reduction in the FOB price of goods exported by exporters whose goods were not found to be either dumped or subsidised during the investigation period.

⁸¹ Section 269TAE(2A).

The commission considers that the increased prevalence of dumped and subsidised goods the investigation period, and that these goods have consistently been the lowest priced in the market is indicative of dumped and subsidised goods being the primary cause of injury to Australian industry despite the presence of other subject goods, that were not dumped or subsidised, also undercutting Australian industry's prices.

9.10 Materiality of dumping 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 Direction⁸² 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) may be contributing to injury suffered by the industry, dumping need not be the sole cause of injury to the Australian industry.

When considering the materiality of the injury caused by dumping, 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, and the perceived importance of price in purchasing decisions
- the change in Australian industry's prices relative to the prices of other imports
- the change in the volume and market share of imports and of the Australian industry
- the impact that dumped exports had on the broader economic condition of the Australian industry, including its profit and profitability.

As outlined in chapter 9.6.2, the commission found that the Australian industry's selling prices were undercut by dumped and subsidised goods sold during the investigation period at an aggregate level and in relation to its 5 largest selling models by volume. Due to the levels of dumping and subsidisation ascertained during the investigation period, the dumped and subsidised goods competed for the same customers in the Australian market at a relatively lower price point than would have been the case had the goods not been dumped or subsidised.

The commission considers that the Australian industry reduced and suppressed its prices in response to competition from dumped and subsidised goods in the investigation period, which in turn led to a material loss of profit and profitability compared to the earlier years of the injury analysis period. The commission considers that despite the Australian industry reducing its prices in response to dumped and subsidised imports in the

⁸² Ministerial Direction on Material Injury 2012, available at www.adcommission.gov.au.

investigation period, its prices were still undercut by those imports often to levels below Australian industry's cost to make and sell the goods.

As the Australian industry's prices were undercut by dumped and subsidised imports during the investigation period, the Australian industry has experienced injury in the form of lost sales volumes and foregone market share to those dumped and subsidised imports. The commission's analysis of import volumes noted the prevalence of dumped and subsidised imports purchased by mutual customers of Australian industry, as well as among customers who choose not to source from Australian industry. The commission considered that the volume of sales to these customers of dumped and subsidised goods at prices which undercut Australian industry was material. The commission considers that the entrenched price advantage resulting from dumping and subsidisation undermined the Australian industry's ability to maximise its sales to these customers, and to reclaim the levels of market share achieved in the earlier years of the injury analysis period.

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 and dumped goods from Korea caused material injury to the Australian industry producing like goods.

9.11 Submissions on material injury

POSCO

POSCO's submission of 25 February 2026 queries the material injury claims outlined in BlueScope's application and whether the claimed material injury can be linked to dumped imports.⁸³ POSCO's submission generally relates to circumstances connected with its involvement in the Australian steel market but it also mentioned the following other factors relevant to an assessment of material injury.

- The injury analysis period reflects instances of irregular and exogenous market phenomena that are not an appropriate point of comparison to BlueScope's performance during the investigation period.
- Company results published by BlueScope for the 2026 financial year and takeover interest are indicators that the company is not in a state of material injury.
- The decline in BlueScope's prices throughout the injury analysis period is not unique to the Australian market when compared to market global benchmarks
- Contraction in demand from the construction and mining sectors
- A change in market preference towards pre-fabricated steel products
- The relationship between BlueScope's performance and government investment in infrastructure projects.

BlueScope

In response to POSCO's submission of 25 February 2026, BlueScope submitted the representations outlined by POSCO are incorrect and require correct by way of BlueScope's submission.⁸⁴

⁸³ EPR 688 Item no. 008

⁸⁴ EPR 688 Item no. 013

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In relation to POSCO's citation of results and commentary outlined in BlueScope's financial statements and via other sources, BlueScope contends these do not correspond to the product specific data related to the goods the subject of the investigation.

BlueScope states the following

'Generalised commentary regarding overall business conditions does not provide a valid basis for assessing causation at the like goods level. BlueScope's public statements concerning segment-level demand trends do not, and cannot, substitute for the granular, product-specific analysis the Commission will undertake on the basis of verified like goods data.'

Commission's assessment

The factors raised by POSCO are all relevant to the commission's assessment of whether dumping is a cause of material injury. The commission however considers that material injury can still be caused within a context that an Australian industry is displaying signs of improvement and/or exhibits performance that is aligned to broader local and global market trends and characteristics. The commission further considers this approach addresses the matters raised by BlueScope in response to POSCO.

10 WHETHER DUMPING AND/OR SUBSIDISATION MAY CONTINUE

10.1 Preliminary findings

Based on the available evidence, the Commissioner is satisfied that exports of the goods may continue in the future at dumped and subsidised prices by all exporters from China (except Baosteel Zhanjiang and Hunan Valin with respect to subsidies) and dumped prices by all exporters from Korea (except for POSCO).

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 may continue

In assessing whether dumping and subsidisation may continue, the Commissioner considers prior evidence of dumping and subsidisation to be a relevant consideration.

In relation to exports with dumping margins and volumes that are not negligible, the commission has calculated dumping margins ranging between 9.4% and 52.4% in relation to exports from China and Korea during the investigation period and subsidy margins ranging between 3.2% and 4.5% with respect to exports from China.

The commission examined import volumes from the ABF import database during and following the end of the investigation period (up to March 30 2026). The commission observes that imports from China and Korea have continued in relation to exporters whose goods were dumped and subsidised during the investigation period. The volume of these imports represented a material share of total import volumes from all sources.

10.4 Commissioner's assessment

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

11 NON-INJURIOUS PRICE

11.1 Preliminary assessment of NIP

The Commissioner compared the NIP with the calculated weighted average normal values of the exporters from China and Korea and determined that the NIP was not less than the normal value for any of these exporters.

Accordingly, the NIP should not be the operative measure. The Commissioner recommends that measures be imposed in relation to the goods exported to Australia from China and Korea at the full dumping and subsidy margins, as applicable.

11.2 Legislative framework

The NIP is relevant to the Minister's consideration of whether to apply a lesser amount of duty (lesser duty rule). Section 269TACA defines the NIP as 'the minimum price necessary to prevent the injury, or a recurrence of the injury' caused by the dumped or subsidised goods, the subject of a dumping duty notice or a countervailing duty notice. As a matter of practice, the Commissioner generally derives the NIP from the Australian industry's USP.

Where the Minister is required to determine the IDD, section 8(5B) of the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act) applies. Where the Minister is required to determine the ICD, section 10(3C) applies. 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), 10(3C), 8(5BA) and 10(3D) of the Dumping Duty Act require the Minister to have regard to the 'lesser duty rule' when determining the ICD and IDD payable.

- In relation to a dumping duty notice, the lesser duty rule requires consideration of whether the NIP is less than the normal value of the goods.
- In respect of a countervailing duty 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 ICD do 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 (of the goods ascertained for the purposes of the notices), the ICD and the IDD, do not exceed the NIP.

However, pursuant to sections 8(5BAA), 8(5BAAA), 10(3CA) and 10(3DA) of the Dumping Duty Act, the Minister is not required to have regard to the lesser duty rule in the following circumstances:⁸⁵

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

⁸⁵ Sections 8(5BAAA)(a) to (c) of the Dumping Duty Act concern the calculation of dumping duty and sections 10(3DA)(a) to (c) of the Dumping Duty Act concern the calculation of countervailing duty.

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- In respect of IDD, or both ICD and IDD – 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 enterprises⁸⁶
- In respect of ICD, or both ICD and IDD – if an exporter of the goods has received a countervailing subsidy in respect of the goods – the exporter’s country has not complied with Article 25 of the WTO Agreement on Subsidies and Countervailing for the compliance period.

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

As set out in the remainder of this chapter, the Commissioner has determined that the NIP was not less than the normal value for any exporters from China and accordingly none of the above exceptions to the lesser duty rule are relevant.

11.3 Findings and consideration of the lesser duty rule

11.3.1 China

In accordance with sections 8(5BAAA) and 10(3DA) of the Dumping Duty Act, the Commissioner preliminarily finds that the Minister is not required to have regard the application of the lesser duty rule in relation to the exports of the goods by all exporters from China. This is 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).⁸⁷

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 such that the sum of the ascertained 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.

11.3.2 Korea

For exporters from Korea, the Commissioner does not consider that the relevant exceptions in the Dumping Duty Act apply due to the following circumstances.

- the operation of section 269TAC(2)(a)(ii) did not prevent the normal value from being ascertained under section 269TAC(1)
- the Australian industry does not consist of at least 2 small-to-medium enterprises.

On the basis that no exceptions apply, the Minister must consider the desirability of applying the lesser duty rule for all exporters from Korea subject to the anti-dumping and countervailing measures.

⁸⁶ As defined in the *Customs (Definition of ‘small-medium enterprise’) Determination 2013*.

⁸⁷ Chapter 6 of this report refers.

11.4 Unsuppressed selling price

The legislation does not prescribe a method of calculating a NIP, but there are several methods outlined in the Manual.⁸⁸ 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. The Commissioner refers to this price as the ‘unsuppressed selling price’ (USP).

The Manual provides that the Commissioner normally uses one of the following approaches, in order of preference, 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
- a constructed USP approach, constructing the USP 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 based NIP set out in the Manual and concluded that the most suitable approach in this case is the constructed USP.

USP Option 1 – Australian industry prices unaffected by dumping

The Commissioner considers that the commission can calculate a USP using Australian industry’s selling prices from a period where the price of the goods was unaffected by dumping or subsidisation.

While the commission does not have direct evidence of dumping or subsidisation in the years prior to the investigation period, the commission notes there have been no measures on exports of plate steel from any country since 2018. The commission has also observed that Australian industry’s prices during the injury analysis period did not entirely follow the price of imports as BlueScope has claimed.

For example, in the year ending June 2023, Australian industry’s prices increased whereas the price of imports decreased. Australian industry’s prices in the year ending June 2023 were the highest across the injury analysis period, notwithstanding its application contends that price injury commenced prior in its 2022 fiscal year (i.e. the period ending 30 June 2022).⁸⁹

The commission has also had regard to the findings for Investigation 658 that found exporters of HRC from China were dumping and some of those exporters are the subject of this investigation. Investigation 658 also covered the first quarter of Investigation 688. The commission also found the level of dumping for those exporters examined by Investigation 658 was significantly higher than the level of dumping found for exports of late steel by those same exporters.

On the basis that there is limited evidence to support dumping of plate steel from China and Korea has been sustained across the whole injury period, the Commissioner

⁸⁸ Chapter 24.3, [The Manual](#), pp. 106–100.

⁸⁹ Case 688, EPR Item No. 001, Section A-10.5, p. 47.

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proposes to base the USP on a weighted average of Australian industry's selling price in the 36 month period covering 1 July 2021 to 30 June 2024.

11.5 Non-injurious price

The Commissioner has preliminarily 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 each country for which the Commissioner proposes to implement measures. The deductions include overseas freight, insurance, into-store costs and amounts for importer expenses.

The Commissioner's NIP calculation is set out in **Confidential Attachment 29**.

12 PROPOSED MEASURES

12.1 Preliminary finding

The Commissioner proposes to recommend that the Minister impose the following anti-dumping measures:

- a dumping duty notice for all exporters from China and Korea (except for POSCO), with IDD calculated using the combination duty method
- a countervailing duty notice for all exporters from China (except for Baosteel Zhanjiang and Hunan Valin) with ICD calculated as a proportion of the export price.

The proposed effective rates of IDD and ICD are in Table 25 below.

12.2 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 measures. They include:

- fixed duty method (\$X per tonne)
- floor price duty method
- combination duty method
- *ad valorem* duty method (i.e. a percentage of the export price).⁹⁰

The various forms of duty all have the purpose of removing the injurious effects of dumping. 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.⁹¹

12.2.1 Fixed duty method

A fixed duty method operates to collect a fixed amount of duty – 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.

12.2.2 Floor price duty method

The floor price duty method sets a ‘floor’ – for example, a normal value of \$100 per tonne – and 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.

12.2.3 Combination duty method

The combination duty method comprises 2 elements: the ‘fixed’ element and the ‘variable’ duty 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. Either

⁹⁰ Section 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

⁹¹ The Guidelines are available on the ADC website [here](#).

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this may take the form of a fixed duty or an *ad valorem* applied to the ascertained export price.

If the actual export price of the shipment is lower than the ascertained export price, the variable component works to collect an additional duty amount, i.e. the difference between the ascertained export price and the actual export price. It is a 'variable' element because the amount of duty collected varies according to the extent the actual export price is beneath the ascertained export price.

12.2.4 *Ad valorem* duty method

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.

12.2.5 Commission assessment – form of dumping duty

The Commissioner considers that the fixed price duty method and the floor price duty method are unsuitable as they will not capture any changes in prices for imported goods. Consideration has therefore been given to whether the *ad valorem* or combination duty method is the most appropriate.

The Guidelines list the following considerations in respect of the *ad valorem* duty method:

- it has an advantage where there are many models or types as it does not require an ascertained export price or ascertained floor which may not be meaningful where models show significant price variation
- it has an advantage for goods which are subject to significant price variations over time because it does not show the same variability in the 'effective rate' of the duty
- it may not be the most appropriate duty method when applied to goods which may have high priced varieties or models of the goods, particularly where a particular variety of goods was not causing injury to the Australian industry
- it has a potential disadvantage in that exporters might lower export prices to avoid the effects of this duty.

The Guidelines list the following considerations in respect of the combination duty method:

- it may not suit those situations where there are many models or types of the good with significantly different prices
- it is suited to circumstances where there are complex company structures with related parties and where circumvention of measures is likely
- it can be applied more precisely to certain goods in some cases
- the 'effective' rate of this duty, when imposed as a fixed amount per unit, diminishes in a rising market making it ineffective. The 'effective' rate increases in a declining market making it punitive, which can have adverse effects on downstream industries
- the ascertained export price used in this measure can become out-of-date.

The commission has considered the advantages and disadvantages of these 2 duty methods by having regard to the following factors.

Variation in production specification and price

Of the 13 different models of plate exported by cooperating exporters, 5 models made up approximately 80% of volume. Prices were comparable across these 5 models. Price variation is therefore considered low.

Company structures

The commission observed that Chinese and Korean exporters of the goods operate under a range of corporate structures. This includes exporters that both manufacture and export the goods directly, as well as exporters that form part of larger corporate groups involved in steelmaking or the supply of intermediate inputs, including exporters that are part of state owned steel groups in the case of China.

Exports of plate steel more often than not involved steel trading intermediaries that sold the goods to related Australian importers. In some cases, all entities in the supply chain were related parties. The commission therefore considers the exports of the goods to Australia involves circumstances where there are complex company structures with related parties.

The Commissioner considers that, having regards to the matters set out above, the combination duty method is the most appropriate form of dumping duty for plate steel.

12.3 Forms of countervailing duty

The Dumping Duty Act specifies that ICD can be ascertained:

- as a proportion of the export price of those particular goods (equivalent to a “fixed price” or “*ad valorem* method”)
- by reference to a measure of the quantity of those particular goods or
- by reference to a combination of a proportion of the export price of those particular goods and a measure of the quantity of those particular goods.

The use of a floor price is unavailable to calculate any countervailing duty payable, meaning that the Commissioner cannot recommend using a combination duty method like that recommended for calculating IDD. As noted above, a fixed price duty method will not capture any changes in prices for imported goods, and so is also unsuitable for calculating ICD (as it is a combination of a proportion of the export price and a measure of the quantity).

Accordingly, the Commissioner recommends that the ICD be ascertained as a proportion of the export price.

12.4 Preliminary recommendation

In light of all the information before the commission, the Commissioner recommends that duties be calculated:

- in respect of any IDD that becomes payable, using the combination duty method.
- in respect of any ICD that becomes payable, as a proportion of the export price.

The proposed effective rates of IDD and ICD are set out in Table 26 below.

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Country	Exporter	Duty method	Rate of IDD (%) ⁹²	Rate of ICD (%)	Effective rate of ICD and IDD (%)
China	Baoshan	IDD: Combination ICD: as a proportion of the export price	16.1	3.2	19.3
	Baosteel Zhanjiang		9.4	N/A	9.4
	Hunan Valin		26.4	N/A	26.4
	Uncooperative and all other exporters		51.2	4.5	55.7
Korea	Uncooperative and all other exporters	IDD: Combination	21.6	N/A	21.6

Table 25: Proposed measures

The calculation of IDD and ICD is set out in **Confidential Attachment 29**.

⁹² As Programs 688-14 and 658-178 are in respect of steel slab and raw materials and utilities provided at less than adequate remuneration (LTAR), and because the commission has adjusted the steel slab as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel slab adjustment on exporters' costs. To avoid double counting, the commission has adjusted the combined interim duty payable.

13 PRELIMINARY AFFIRMATION DETERMINATION

13.1 Introduction

Under section 269TD, at any time not earlier than 60 days after the date of the initiation of an investigation into whether there are sufficient grounds for the publication of a dumping duty notice or countervailing duty notice, in respect of the goods subject to the application, the Commissioner may make a PAD. The Commissioner may make a PAD on being satisfied that:

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

In relation to an investigation, the Commonwealth may, at the time of making a PAD (or at any later time during the investigation), require and take securities under section 42, in respect of any ICD or IDD that may become payable. The Commissioner may do this if satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

13.2 Preliminary assessment

The Commissioner has preliminarily found that goods exported from China and Korea, except for POSCO, during the investigation period were at dumped and subsidised prices, the margins of dumping and subsidisation and volume exports was not negligible.

The Commissioner is also preliminarily satisfied that the dumped and subsidised exports have caused material injury to the Australian industry producing like goods. Chapter 9 discusses these findings.

Accordingly, the Commissioner has decided to make a PAD under section 269TD and is satisfied that it is necessary to require and take securities under section 42 to prevent material injury to the Australian industry occurring while this investigation continues.

13.3 Securities

Securities shall apply to all imports of the goods exported from the subject countries, as set out in Table 26, which are entered for home consumption on or after 24 June 2026.

Country	Exporter	Duty method	Rate of IDD (%) ⁹³	Rate of ICD (%)	Effective rate of ICD and IDD (%)
China	Baoshan		16.1	3.2	19.3
	Baosteel Zhanjiang		9.4	N/A	9.4

⁹³ As Programs 688-14 and 658-178 are in respect of steel slab and raw materials and utilities provided at less than adequate remuneration (LTAR), and because the commission has adjusted the steel slab as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel slab adjustment on exporters' costs. To avoid double counting, the commission has adjusted the combined interim duty payable.

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Country	Exporter	Duty method	Rate of IDD (%) ⁹³	Rate of ICD (%)	Effective rate of ICD and IDD (%)
	Hunan Valin	IDD: Combination ICD: as a proportion of the export price	26.4	N/A	26.4
	Uncooperative and all other exporters		51.2	4.5	55.7
Korea	Uncooperative and all other exporters	IDD: Combination	21.6	N/A	21.6

Table 26: Securities payable by importers of the goods

The calculation of IDD and ICD is set out in **Confidential Attachment 29**.

14 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Australian market analysis
Confidential Attachment 2	Baoshan export price
Confidential Attachment 3	Baoshan deductive export price
Confidential Attachment 4	Baoshan CTMS
Confidential Attachment 5	Baoshan normal value
Confidential Attachment 6	Baoshan dumping margin
Confidential Attachment 7	Baosteel Zhanjiang export price
Confidential Attachment 8	Baosteel Zhanjiang deductive export price
Confidential Attachment 9	Baosteel Zhanjiang CTMS
Confidential Attachment 10	Baosteel Zhanjiang normal value
Confidential Attachment 11	Baosteel Zhanjiang dumping margin
Confidential Attachment 12	Hunan Valin export price
Confidential Attachment 13	Hunan Valin CTMS
Confidential Attachment 14	Hunan Valin normal value
Confidential Attachment 15	Hunan Valin dumping margin
Confidential Attachment 16	POSCO export price
Confidential Attachment 17	POSCO CTMS
Confidential Attachment 18	POSCO normal value
Confidential Attachment 19	POSCO dumping margin
Confidential Attachment 20	Uncooperative exporter Korea normal value
Confidential Attachment 21	Uncooperative exporter dumping margin and volume assessments
Confidential Attachment 22	Baoshan subsidy margin
Confidential Attachment 23	Baosteel Zhanjiang subsidy margin
Confidential Attachment 24	Hunan Valin subsidy margin
Confidential Attachment 25	Non-cooperative subsidy margin
Confidential Attachment 26	Australian industry economic condition
Confidential Attachment 27	Other economic factors
Confidential Attachment 28	Material injury analysis
Confidential Attachment 29	NIP calculations and LDR assessment

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Confidential Attachment 30	Chinese Import Data
Confidential Attachment 31	CTMS Comparison
Confidential Attachment 32	Benchmark Data
Confidential Attachment 33	Baoshan slab production cost adjustment
Confidential Attachment 34	Baosteel Zhanjiang slab production cost adjustment
Confidential Attachment 35	Hunan Valin slab production cost adjustment
Confidential Attachment 36	LTAR programs assessment

APPENDIX A PARTICULAR MARKET SITUATION ASSESSMENT

A1 Preliminary findings

The Commissioner preliminarily finds that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation in respect of the domestic market for plate steel in China during 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 Commissioner's view that the prices of plate steel would be substantially different in a market not characterised by GOC influence.

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

A2 Introduction

In assessing whether a particular market situation exists, the commission has relied on:

- the application
- exporter questionnaire responses from Baoshan, Baosteel Zhanjiang and Hunan Valin
- available contemporary evidence (as referenced in this report)
- the findings of previous relevant cases conducted by the commission.

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.

A3 Australian legislation, policy, and practice

Australia treats China as a market economy for anti-dumping purposes. The commission has conducted this investigation 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 investigation, 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 particular market situation. This is only applicable if the particular market situation 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 particular market situation, domestic prices of the goods cannot be properly compared with export prices in determining the margin of dumping.

A3.1 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). Article 2.2 of the Anti-Dumping Agreement provides:

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

Where a particular market situation is found to exist in the domestic market of the exporting country,⁹⁴ 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 particular market situation, domestic prices can be properly compared with export prices.⁹⁵

APPENDIX B sets out the commission's consideration of whether sales in the Chinese domestic market are suitable to permit a proper comparison to export prices.

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

A3.2 Policy and practice

The Act does not define or prescribe what is required to reach a finding of a particular market situation. A particular market situation may arise when there are factors affecting the relevant market in the country of export generally. The commission considers certain factors when assessing whether a particular market situation 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).

⁹⁴ Pursuant to section 269TAC(2)(a)(ii).

⁹⁵ In accordance with the findings of the [WTO Panel in DS529](#), *Australia – Anti-Dumping Measures on A4 Copy Paper from Indonesia*.

A4 Assessing the particular market situation in this investigation

A4.1 Questionnaire sent to the Government of China

The commission sent a questionnaire to the GOC requesting information on the plate steel and steel markets in China. The GOC did not submit a response to this request.

A4.2 Evidence and information before the commission

The commission's assessment of a particular market situation in the domestic Chinese plate market concerns an assessment of whether the government involvement in the Chinese domestic market for plate steel 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 plate steel may also be lower or not substantially the same as they would otherwise be due to the influence of the particular market situation 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 particular market situation.

The particular market situation assessment for this investigation considers the following information sources as referenced throughout this report:

- information contained in the application lodged by the applicant
- information provided by cooperating exporters, including responses to exporter questionnaires, where relevant
- publicly available policies, plans, laws, regulations, directives and official statements issued by the GOC, including economy-wide and steel-specific planning documents
- findings of previous investigations, reviews and inquiries conducted by the commission relating to steel products from China, including Investigation 690, Investigation 658, Investigation 659, Continuation Inquiry 669 and 632
- reports and analysis published by international organisations, including the Organisation for Economic Co-operation and Development (OECD), the Global Forum on Steel Excess Capacity (GFSEC), and the Centre for Research on Energy and Clean Air (CREA)
- reports and findings of foreign investigating authorities, including the European Commission's *Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations*
- relevant WTO dispute settlement reports addressing the interpretation and application of the concept of a particular market situation and proper comparison, including *Australia – A4 Copy Paper* and *Australia – Certain Products from China*
- the commission's *Analysis of steel and aluminium markets* report and other internal analytical material ⁹⁶

⁹⁶ United Nations, [UN Comtrade Database](#), United Comtrade website, accessed 28 April 2026; World Steel Association (WorldSteel), ['World Steel in Figures 2025'](#), WorldSteel website, June 2025, accessed 28 April 2026.

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- information from independent third-party pricing and market data providers, used for benchmarking and comparative analysis
- other publicly available information, including credible industry publications, media reports and desktop research.

The Manual provides further guidance on the circumstances in which the commission will find that a particular market situation exists.⁹⁷ 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.'*

A5 Overview of the Chinese steel industry

The commission examined the Chinese steel industry for the purpose of Investigation 658 into HRC and Investigation 690 into freight railway wheels. Both investigations involved exports to Australia from China and an assessment of a particular market situation for those products in China.

Investigation 658 and 690 concerned the steel industry generally and covered a period of investigation was overlapping with or identical to Investigation 688. The findings outlined in those investigations are therefore relevant to the assessment outlined in this report.

The following has been adapted from *Anti-Dumping Commission Report 658* (REP 658) and *Statement of Essential Facts 690* (SEF 690).⁹⁸

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.⁹⁹ 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.

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

⁹⁷ The Manual, p 29.

⁹⁸ See REP 658 Chapter A5, p.119 and SEF 690 Chapter A5, p. 107.

⁹⁹ World Steel Association (WorldSteel), '[World Steel in Figures 2025](#)', WorldSteel website, June 2025, accessed 20 June 2025.

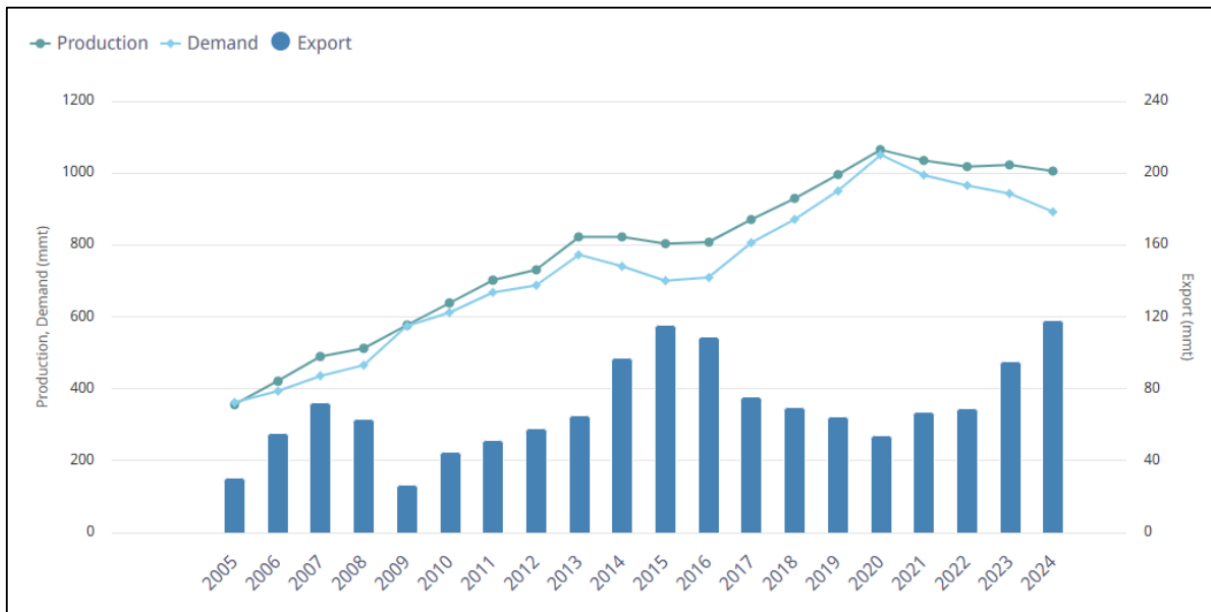


Figure 15: China's steel production, demand and exports¹⁰⁰

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 15 indicates that exports increase when production and demand diverge.

A6 GOC involvement and influence in the Chinese steel market

The commission's most recent published assessment of GOC involvement in the Chinese steel market was undertaken for Investigation 659, Investigation 690 and Investigation 658. These investigations concluded that 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 market for hot rolled coil and freight railway wheels.¹⁰¹

The discussion on GOC market involvement and influence outlined by Investigation 658 and 690 and the conclusions in those investigations appear highly relevant to the assessment for the Chinese steel plate market the subject of Investigation 688. It is therefore reasonable to extend those findings to conclude that the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances in the market for steel plate.

The factors informing the conclusion outlined above in relation to plate steel are based on analysis undertaken for the purpose of Investigation 658 and 690. These investigations found that the GOC exerts influence over the Chinese steel industry in several ways:

- GOC involvement in the Chinese steel market has led to an oversupply of steel induced by excess production capacity.
- 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.

¹⁰⁰ OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, <https://doi.org/10.1787/28b61a5e-en>.

¹⁰¹ See REP 658 Chapter A6, p.120 and SEF 690 Chapter A6, p. 108.

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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 following discussion and analysis relied on for the above findings has been adapted from REP 658 and SEF 690.¹⁰² The commission considers the results of the analysis in both investigations are relevant for the assessment of the Chinese market for plate steel.

A6.1 Excess capacity

The commission finds that the Chinese steel market continues to maintain excess capacity.¹⁰³ This excess capacity has caused distorted market conditions by creating an oversupply of steel resulting in reduced prices and profitability of steelmakers.

While China's National Bureau of Statistics reported that crude steel output fell 4.4% to 961 million tonnes in 2025, analysts estimate as much as 60 million tonnes of crude steel production may have gone unreported. These analysts have pointed to China's record 1.26 billion tonnes of iron ore imports in 2025 as evidence that underlying steelmaking activity remained stronger than official figures suggest.¹⁰⁴ This discrepancy indicates that official data may understate true production conditions that excess capacity and oversupply remain structural and persistent features of the Chinese steel sector.

The available information shows that the excess capacity in China is largely influenced by the GOC's involvement in the Chinese steel industry. OECD data shows Chinese excess capacity represented approximately 87.2% of global excess capacity.¹⁰⁵ Figure 16 shows the commission's calculation of excess steel capacity in China from 2020 to 2024, based on OECD data.

¹⁰² See REP 658 Chapter A6.1 to A6.7, pp.120-151 and SEF 690 Chapter A6.1 to A6.6, pp. 108-136.

¹⁰³ The Global Forum on Steel Excess Capacity (GFSEC) defines excess capacity as the 'gap between demand for steel and the capacity to produce steel.'

¹⁰⁴ Bloomberg, 'China's Lower Steel Data Scrutinized as Analysts Flag Output Gap', *Bloomberg*, 23 February 2026, accessed 12 May 2026.

¹⁰⁵ Comparison between crude steel demand (Table 4.1) and steelmaking capacity (Table 2.1) in the *OECD Steel Outlook 2025*. OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, <https://doi.org/10.1787/28b61a5e-en>.

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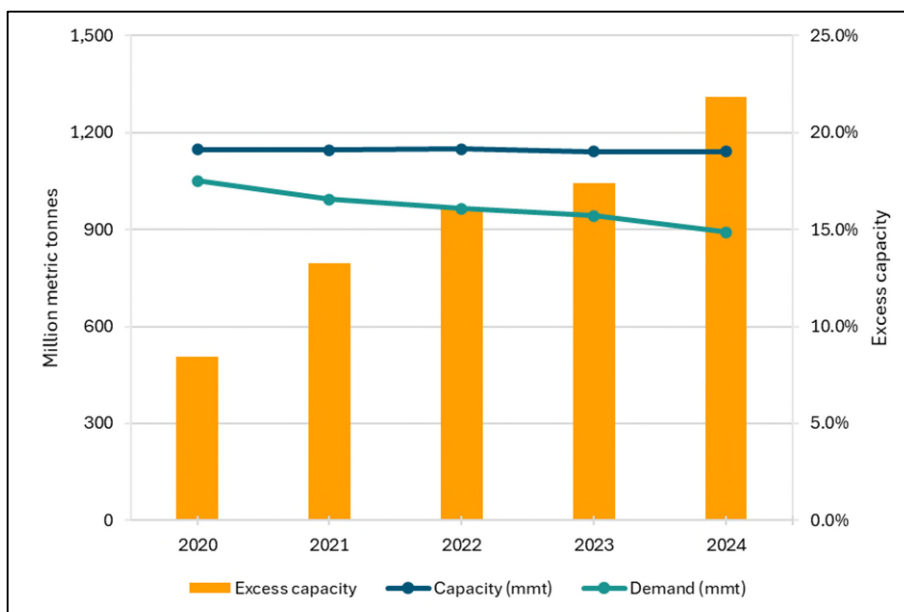


Figure 16: Chinese steel excess capacity¹⁰⁶

The data illustrated above appears to support a conclusion that excess capacity in the Chinese steel market has increased year on year since at least 2020.

A.6.1.1 Distortive effects of excess capacity

The commission finds 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.¹⁰⁷

In Figure 17 below, the CREA estimates that profitability of the Chinese steel market has slumped since 2021. This change has occurred within the context that oversupply continues to be a feature of the Chinese steel market. The oversupply conditions emerging from a decrease in steel use with no corresponding change in crude steel production.¹⁰⁸

¹⁰⁶ See SEF 690 Confidential Attachment 16 – Chinese excess capacity.

¹⁰⁷ GFSEC, [‘Steel exports, trade remedy actions and sources of excess capacity’](#), GFSEC, 2024, p 6.

¹⁰⁸ The difference between crude steel production and apparent steel use.

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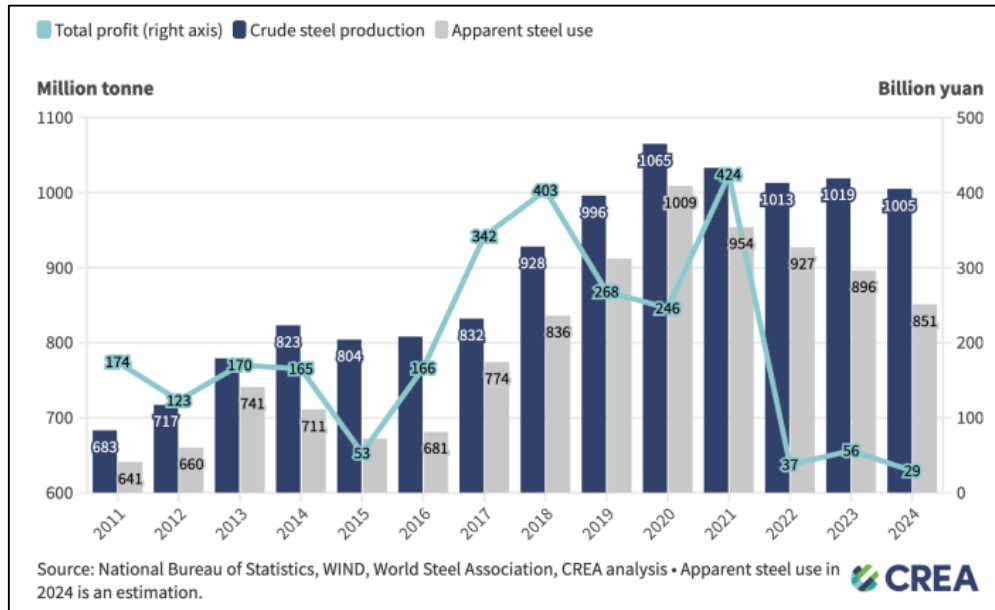


Figure 17: China's crude steel production, apparent steel use and sector profits, 2011-2024¹⁰⁹

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.6.1.2 Factors contributing to excess capacity

Excess capacity is the gap between capacity and demand. The commission has examined factors contributing to these 2 areas. On the basis of the information discussion below, the commission concludes the plate steel market in China was affected by an over capacity of steel production in the Chinese steel making industry.

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.¹¹⁰ The commission understands that the design of blast furnace based steel making requires these facilities to be operated continuously. This is highlighted by recent reporting from Shanghai Metal Market (SMM) that the blast furnace operating rate was 86%, with capacity utilisation of 88%.¹¹¹ Reductions in blast furnace operations were attributed to maintenance, which is one of only a few reasons why BF-BOF facilities are forced to go offline.

¹⁰⁹ B Schäpe and X Shen, '[China - Steel industry decarbonisation biannual review - H2 2024](#)', CREA, 2025.

¹¹⁰ 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.

¹¹¹ Shanghai Metal Market (SMM), '[Increased Blast Furnace Maintenance, Hot Metal Output Growth Falls Short of Expectations](#)', SMM, 17 September 2025, accessed 23 September 2025.

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The high utilisation rates reported by SMM are likely to incentive the steel industry to continue producing in circumstances where it may not be financially or commercially justified. The reduction in profits outlined in the CREA data at Figure 17 is perhaps illustrative of this circumstance. As examined later in this report, support provided by the GOC allows steel firms to continue operating on non-commercial terms (see appendices A6.2 and A6.3)

An additional factor relevant to the excess capacity of the Chinese steel making section concerns the lifespan of steel mills in China. Data from the Global Energy Monitor indicates that the average age of blast furnaces in China is about 12 years.¹¹² Coupled with operating lifespans of over 40 years. This information suggests it is unlikely that China's steel making capacity in relation to blast furnace technology will reduce in the near future.¹¹³

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

The OECD finds:¹¹⁴

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:¹¹⁵

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 on the Chinese steel market with respect to planning and ownership arrangements at appendices A6.2 and A6.3.

Decreasing domestic demand for steel

Research shows that demand for steel in China's building and construction industry has decreased since its peak in 2020.¹¹⁶ 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 15). Over the same period, China's steel capacity has remained consistent (Figure 16).

The OECD forecasts that steel demand in China will fall by -0.6% on average per year from 2025 to 2030.¹¹⁷ Any decrease in demand without a matching decrease in capacity indicates that excess capacity is likely to continue.

¹¹² Global Energy Monitor (GEM), '[Steel has a fossil fuel problem, and it's called the blast furnace](#)', GEM, 2025, accessed 23 September 2025.

¹¹³ GEM reports that the average age of blast furnaces outside of China is 42 years.

¹¹⁴ OECD Steel Outlook 2025.

¹¹⁵ GFSEC, '[Steel exports, trade remedy actions and sources of excess capacity](#)', GFSEC, 2024, p 6.

¹¹⁶ BHP, '[Visualised: China's steel demand through time](#)', BHP website, 18 July 2024, accessed 23 June 2025.

¹¹⁷ OECD Steel Outlook 2025, Table 4.3.

A.6.1.3 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 appears to have been limited.

CREA reporting states that EAF steelmaking has remained at 10%, below the 2025 goal of 15%.¹¹⁸ The reasons behind the stagnation in EAF share includes low recycling rates and lack of economic incentives. In contrast, 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.¹¹⁹

The replacement of BF-BOF with EAF also appears to have been hindered by limitations in steel scrap supply, and the generally higher prices for steel produced by way of EAF technology, limiting its competitiveness compared to BF-BOF.¹²⁰ This is also affected by the real estate downturn in China, a major sector of demand for steel produced with EAF technology. 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.¹²¹ This move was made to address issues with the implementation and changing requirements of the steel industry in relation to steel capacity replacement.¹²² 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'.¹²³

In addition to the limited effectiveness of China's 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.¹²⁴

¹¹⁸ X Shen and B Schäpe, [Urge for reform: blast furnace glut in China erodes profitability and hinders green steel transition](#), CREA website, 2025.

¹¹⁹ China's steel sector invests USD 100 billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments, Table 1.

¹²⁰ CREA, China – Steel industry biannual review – H2 2024, p 9.

¹²¹ 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.

¹²² 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.

¹²³ J Zhang, 'China's latest steel capacity swap move not enough to curb industry expansion', accessed 3 October 2025.

¹²⁴ 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' pp 26-27.

The commission also observed 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.¹²⁵

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

A6.2 GOC planning system and effect on the Chinese steel market

The planning system in China appears 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.

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 GOC's plans therefore seem to represent more than a high-level guide for the direction of the relevant sectors.

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 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 the available information directly from the relevant authority's websites to summarise such 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
- other provincial or local government bodies.

A.6.2.1 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:

¹²⁵ MIIT, 'Work Plan for Stabilising Growth in the Steel Industry (2025-2026)', accessed 3 October 2025.

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- 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.

Mechanisms through which the GOC appears 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 a company, such as those with SOE and SIE status, can exert its influence through the appointment of board directors and chief executives.¹²⁶ As discussed in appendix A6.3, companies with SOE and SIE status hold a significant share of total Chinese steel production and propensity to follow government guidance and directives ensures that the GOC can influence broader trends in steel industry's capacity and production. Similarly, the NDRC, through its dual role of developing planning guidelines and approving large-scale investment projects, has the capacity to ensure that the central government's objectives are implemented at the industry level.

Examples of enforcement mechanisms are reflected in the *Notice of the State Council on Further Strengthening the Elimination of Backward Production Capabilities and Guidelines*.¹²⁷ Mechanisms to address non-compliance in that State Council directive 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 licences.

Additionally, the 15th Five-Year Plan (2026–2030), approved by the National People's Congress in March 2026 (discussed in detail below), reinforces the enforceability of GOC industrial plans. Key implementing bodies are identified as the NDRC, MIIT, and SASAC, with the NDRC continuing to regulate crude steel output and enforce capacity controls. For example, the NDRC has confirmed that during the 2026–30 period China will 'continue to regulate crude steel output' and 'prohibit the addition of illegal new [steel] capacity', effectively capping annual steel production below recent peak levels.¹²⁸

The MIIT also introduced (in late 2025) draft measures to further tighten steel capacity constraints. These include a more stringent capacity swap policy (requiring that at least 1.5 tonnes of existing capacity be eliminated for every 1 tonne of new capacity added) and a ban on new or relocated steelmaking capacity in key regions already under heavy capacity or environmental stress (such as Beijing-Tianjin-Hebei, the Yangtze River Delta,

¹²⁶ 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.

¹²⁷ 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.

¹²⁸ Reuters, '[China pledges to control steel output during 2026–2030 period](#)', 26 Dec 2025.

and the Fenwei Plain).¹²⁹ These measures aim to ensure a net reduction of total capacity and prevent regions with stricter environmental targets from increasing steel output.

Under the 15th FYP's emphasis on sustainability, the GOC is actively promoting green and low-carbon development in steelmaking. Policy documents encourage the accelerated expansion EAF production (to increase the share of scrap-based steel) and the development of hydrogen metallurgy (to eventually replace some coal-based ironmaking), as pathways to reduce carbon emissions and improve energy efficiency.¹³⁰

At the same time, the 15th FYP period will see enhanced environmental regulation: China is implementing a 'dual control' system for carbon emissions, setting binding carbon-intensity targets alongside an emerging system of total-emissions control ('dual control of carbon') in key industries including steel.¹³¹ The steel sector is being integrated into a strengthened national emissions trading scheme and is subject to increasingly strict quotas and monitoring to meet the country's 2030 carbon peaking goal.

Another significant regulatory development under the 15th FYP is the introduction of an export licensing system for steel-related products. Effective 1 January 2026, China requires export licences for over 280 categories of steel and ferroalloy products, covering the industry's entire value chain from raw materials to finished steel goods.¹³² This new mechanism, implemented via a joint MOFCOM and Customs Announcement No. 79 (2025), provides the GOC with an administrative mechanism capable of constraining or pacing export flows, thereby managing domestic supply and mitigating the global impact of China's excess steel output. In practice, the licensing requirement gives the government discretion over export approvals, which could be used to slow or constrain exports in response to domestic market conditions or external trade tensions.

Finally, the GOC's plans continue to rely on the consolidation and strengthening of SOEs as a means of policy enforcement. SASAC is tasked under the 15th FYP and related directives with enhancing the efficiency, competitiveness, and strategic alignment of state-owned steel producers. Recent high-level policy statements, for example, a major CPC Central Committee resolution in July 2024, explicitly call for making *state-owned capital and enterprises 'stronger, better, and larger,' with enhanced core functions and competitiveness.*¹³³ This policy direction has manifested in ongoing SOE mergers and restructurings in the steel industry (such as the creation and expansion of China Baowu Steel Group), which the GOC utilises to assert greater control over production and investment decisions. The strong focus on expanding and fortifying SOEs, as reaffirmed in the 15th FYP, indicates that state-owned enterprises will continue to serve as key levers for the GOC to implement its industrial policies in the steel sector.

¹²⁹ Cheng Yu, [China unveils draft rules to curb new steel capacity, tighten green standards](#), China Daily, 27 October 2025

¹³⁰ Ibid.

¹³¹ *Outline of the 15th Five-Year Plan for National Economic and Social Development (2026–2030)* – authorized English translation published by Xinhua, Chapter 47 ('Active and Prudent Advancement Towards Carbon Peaking'), Section 1.

¹³² Ministry of Commerce & General Administration of Customs (PRC), *Announcement No. 79 [2025]* (issued 9 Dec 2025, effective 1 Jan 2026). See also: Reuters, 12 Dec 2025, [China to regulate steel exports with licence system.](#)

¹³³ *Resolution of the CPC Central Committee on Further Deepening Reform Comprehensively to Advance Chinese Modernization* (adopted 18 July 2024 at the Third Plenum of the 20th CPC Central Committee), [English translation published by Xinhua on 21 July 2024.](#)

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These developments further support the commission's view that the GOC's industrial plans are supported by administrative, financial, and regulatory measures that enable the GOC to influence market outcomes in the steel industry.

A.6.2.2 Overview of GOC plans relevant to the overall Chinese economy

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

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

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

The 14th Five-Year Plan (FYP) for national economic and social development was released on 12 March 2021, in force until very recently. The GOC provided a copy of the 14th FYP as part of RGQ 658.¹³⁴

This plan outlines the GOC'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.

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 2012.¹³⁵ 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 2008.¹³⁶ 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

¹³⁴ EPR 658, no 8.

¹³⁵ 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>.

¹³⁶ State-owned Assets Supervision and Administration Commission of the State Council (SASAC), 'What We Do', SASAC website, 17 July 2018, accessed 12 December 2025.

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Iron and Steel Corporation in 2016 to form China Baowu Steel Group Corporation Ltd (Baowu Group), of which Masteel is a subsidiary.¹³⁷ 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.¹³⁸

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*.¹³⁹ In introducing this guidance, the State Council notes the important role of SOEs in actively promoting structural adjustment, optimisation of structural layout and quality improvement within the Chinese economy. The guidance also indicates that the State Council will deepen reform of SOE policies and arrangements to optimise state owned capacity allocation, promote transformation and upgrading. Details concerning the promotion of central enterprises restructuring and reorganisation include the 'safeguard measures' theme, the strengthening of the organisation and leadership of SOEs, strengthening of industry guidance, increased policy support and improved support measures more generally.

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.¹⁴⁰ 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 appendix A6.3.

15th Five-Year Plan (2026-2030)

China's 15th FYP for national economic and social development was officially approved in March 2026 by the National People's Congress.¹⁴¹ The plan builds upon the 14th FYP and continues to prioritise environmental sustainability, technological self-reliance, and high-quality development. The commission considers that the 15th FYP affects the Chinese steel market in several ways, including:

- Continued enforcement of crude steel output controls, with the NDRC reaffirming its mandate to regulate production levels and maintain output below peak levels¹⁴²

¹³⁷ China Baowu Steel Group Corporation Limited (Baowu Group), [Company Profile](#), Baowu Group website, n.d., accessed 6 October 2025.

¹³⁸ WorldSteel Association (WSA), '[World steel in Figures 2025](#)', WSA website, n.d., accessed 20 June 2025.

¹³⁹ 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.

¹⁴⁰ 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.

¹⁴¹ Global Times, '[Chinese lawmakers approve outline of 15th Five-Year Plan](#)', March 2026.

¹⁴² Amy Lv & Ryan Woo, '[China pledges to control steel output during 2026–2030 period](#)', Reuters, 26 Dec 2025.

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- Strengthened restrictions on the addition of new steelmaking capacity, including a stricter capacity swap policy and a ban on capacity transfers in key regions¹⁴³
- Promotion of green and low-carbon development, including the expansion of EAF steelmaking and hydrogen metallurgy¹⁴⁴
- Enhanced environmental and carbon emissions regulations, including the implementation of dual control targets for total carbon emissions and intensity¹⁴⁵
- Introduction of an export licensing system for steel-related products, enabling the GOC to manage export volumes and mitigate global trade tensions¹⁴⁶
- Continued consolidation and strengthening of SOEs, with SASAC tasked with enhancing the competitiveness and strategic alignment of state-owned steel producers.¹⁴⁷

Each of the above policy elements is grounded in official GOC plans or directives, underscoring that the 15th FYP is an actionable framework with material implications for the Chinese steel industry. These developments further indicate to the commission that the GOC's plans are enforceable and have a tangible impact on Chinese steel industry conditions.

As of the date of this report, no new steel-specific subplans or detailed sectoral directives under the 15th FYP have been officially released by the GOC. Instead, the Chinese steel industry is currently operating under the general policy guidance of the 15th FYP outline and ongoing measures initiated during the 14th FYP.

A.6.2.3 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 specifically. Many of these plans are focused on curbing excess capacity in the steel industry, as well as managing the transition towards a green economy.

The commission notes that this may not cover every relevant plan due to the complexity of the GOC's planning framework. The commission has focused on central government plans, noting that there may be similar plans at the provincial and local levels.

Several plans issued by the GOC apply directly to the steel industry. These plans include, but are not limited to:

- Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry (2024-2030): A joint NDRC-MIT-MEE-MSAMR-NEA initiative focusing on reducing energy consumption and emissions in steel production over the 2024–2030 period, aligning with China's carbon peaking and neutrality goals¹⁴⁸

¹⁴³ Cheng Yu, ['China unveils draft rules to curb new steel capacity, tighten green standards'](#), China Daily, 27 October 2025

¹⁴⁴ Ibid.

¹⁴⁵ Ministry of Commerce & General Administration of Customs (PRC), *Announcement No. 79 [2025]* (issued 12 December 2025, effective 1 January 2026).

¹⁴⁶ Ibid.

¹⁴⁷ *Outline of the 15th Five-Year Plan for National Economic and Social Development of the PRC (2026–2030)* – official English translation (Xinhua, March 2026), Chapter 19, Section 1.

¹⁴⁸ 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.

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- Work Plan for Stabilising Growth in the Steel Industry (2025-2026): A 2-year plan issued jointly by MIIT and 4 other central departments in August 2025. It aims at ensuring the steady operation of the steel sector, curbing overcapacity, and accelerating the transition to greener and more advanced production¹⁴⁹
- Work Plan for Stable Growth in the Steel Industry (2023-2024): An earlier short-term plan issued in August 2023 by 7 ministries (MIIT, NDRC, Ministry of Finance, MNR, MEE, MOFCOM, and GACC) with similar objectives of maintaining stable growth while managing capacity.¹⁵⁰ Many measures in this plan (such as dynamic output control, capacity discipline, and stimulus for innovation and green upgrades) were continued and expanded under the subsequent 2025–2026 Work Plan.
- Guiding Opinion on Promoting High-Quality Development of the Iron and Steel Industry (2022): A policy directive in January 2022 by MIIT, NDRC, and MEE outlining the long-term modernisation and consolidation of the steel industry¹⁵¹
- 14th Five-Year Plan for the Development of Raw Materials Industries (2021-2025).¹⁵²

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 in value-added output), while prioritising 'reasonable growth' over sheer volume
- improving capacity regulation and output management
- stabilising raw material supply, including restrictions on exports of some raw materials
- setting energy efficiency and ultra-low emissions benchmarks for steel enterprises
- promoting upgrades to steel production to be more efficient
- improved utilisation of surplus energy and by-products in steel production
- increasing the proportion of (electric arc furnace) steel production (short-process steelmaking) and encouraging new low-carbon technologies such as hydrogen metallurgy
- promoting corporate mergers and restructures to consolidate the industry under stronger players
- promoting the elimination of 'backward' production capacity (production facilities that are below industry standard)
- financial support and tax incentives to promote implementation of these objectives.

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.

¹⁴⁹ 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.

¹⁵⁰ 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.

¹⁵¹ 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.

¹⁵² As of 2026, this plan has concluded with the end of the 14th FYP period. An updated raw materials industry plan has been introduced in the 15th FYP.

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In addition to the steel-specific plans, there are several broader national plans that include the steel industry among other sectors. All of these plans cover the period of investigation relevant to Investigation 688 and include:

- *Circular Economy Development Plan for the 14th Five-Year Plan (2021-2025)*¹⁵³
- *14th Five-Year Plan on Developing Scrap Steel Industry (2021-2025)*
- *14th Five-Year Plan on Promoting Clean Production (2021-2025)*
- *Action Plan for Continuous Improvement of Air Quality (2023)*¹⁵⁴

These plans and policy instruments echo many of the GOC's overarching goals for the steel industry. Common focus areas relevant to the steel industry include development of green steel production, promotion of the circular economy (minimising waste and maximising reuse, with an emphasis on steel scrap recycling), development of urban recycling systems, and the use of tax incentives and other financial support to encourage compliance and implementation.

The central role of the GOC in the Chinese steel industry is evident through all these planning documents and directives. By using its plans as blueprints for policy and enforcement, the GOC has materially influenced the historical and current conditions in the Chinese steel industry and its raw material markets.

A.6.2.4 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. Excess capacity due to GOC's policies have resulted in the following ways:

- Restriction of free-market forces in industry development: The direction of the GOC's plans, and the extensive involvement of the state in the steel sector, have restricted the ability of free-market forces to shape the industry's development. The substantial level of GOC intervention – through planning targets, administrative guidance, and support measures – has led to a situation in which the Chinese steel industry is dominated by SOEs (see Table 27 below). SOEs are more likely to adhere to GOC plans and directives, and their dominance (due to their size and government backing) leaves little room for market-driven decisions by non-SOEs to influence outcomes independently of state influence

¹⁵³ NDRC, '[Notice on Issuing the 14th Five-Year Plan for Circular Economy Development](#)', NDRC website (Google translate), 7 July 2021, accessed 6 October 2025.

¹⁵⁴ State Council, '[Notice from the State Council on Issuing the Action Plan for Continuous Improvement of Air Quality](#)', State Council website (Google translate), 7 December 2023, accessed 9 October 2025.

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- Contradiction between stated policy aims and actual outcomes: Many of the GOC's recent plans profess aims such as reducing excess capacity and lowering carbon emissions (for example, by closing or converting blast furnace-basic oxygen furnace (BF-BOF) capacity and replacing it with EAF capacity). However, the actual effect of these plans to date has fallen short of those aims. As evidenced by industry data (see Figure 16), there has been limited success in reducing total capacity. In practice, China's crude steel production has remained at very high levels. For instance, crude steel output in 2025 was slightly lower than its peak but still on the order of 1 billion tonnes (a volume consistent with persistent oversupply) and China's steel exports reached record highs in that year.¹⁵⁵ This outcome illustrates the ongoing gap between the GOC's stated goals (to cut excess capacity and rebalance the industry) and the reality of continued high production and capacity.¹⁵⁶

The GOC has itself acknowledged this contradiction. In August 2024, the authorities suspended all new steelmaking project approvals to provide time to review and adjust policies aimed at reducing overcapacity.¹⁵⁷ Subsequently, as part of the 15th FYP initiatives, stricter capacity control measures were introduced. In late 2025, the MIIT issued draft revised capacity replacement rules to reinforce capacity discipline, these proposed rules would, among other things, ban new steel capacity in key regions, strictly limit capacity transfers between regions, and increase the minimum ratio of old capacity that must be eliminated when installing new capacity (generally a 1.5:1 retirement-to-new ratio, higher than previous requirements).¹⁵⁸ These steps underscore the GOC's determination to correct the course where earlier policies did not fully achieve the intended capacity reductions.

Despite these interventions, significant excess capacity remains a feature of the Chinese steel market. Financial assistance from the GOC, such as below-market-interest loans, bonds, and grants, has allowed many steel firms to continue operating even under conditions that would likely force a free-market firm to cut production or exit. This is particularly the case for large SOEs, which have been found to be the main recipients of such support.¹⁵⁹ Without this assistance, many SOEs would experience substantially reduced performance or commercial viability.¹⁶⁰ Instead, government support has often been used by firms to upgrade or replace ageing infrastructure without substantially downsizing. Old facilities may be closed, but they are frequently replaced with new ones of equal or greater capacity (albeit more efficient and less polluting).¹⁶¹ While this process improves environmental performance on a per-unit basis, the fundamental problem of excess capacity is not resolved if the total capacity does not meaningfully decline.

¹⁵⁵ Reuters, '[China's crude steel output hits seven-year low in 2025 despite record exports](#),' Economic Times Manufacturing, 19 January 2026.

¹⁵⁶ Transition Asia, '[China's pause on steel policies marks an opportunity on low carbon production](#),' September 2024.

¹⁵⁷ J Ling, '[Pause on steel projects shows challenges of China's green transition](#),' Dialogue Earth website, 12 November 2024, accessed 9 October 2025.

¹⁵⁸ China Daily, '[China unveils draft rules to curb new steel capacity, tighten green standards](#),' 27 October 2025.

¹⁵⁹ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 2.

¹⁶⁰ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.

¹⁶¹ A Price, R DeFrancesco, III and A Teslik, '[Shell Game: Case Studies in Chinese Steel Subsidies](#),' Wiley Rein LLP, 2024, accessed 26 June 2025.

The consolidation of SOEs through successive waves of SOE reform has also tended to maintain or even increase overall capacity. The commission would have expected that smaller, less efficient steel firms would be closed as part of the push to reduce capacity. However, in practice the GOC has often pursued mergers and acquisitions (consolidating those firms into larger entities) rather than allowing them to shut down entirely. This approach has sometimes led to greater combined capacity under the new consolidated enterprises. The clearest example is the creation and expansion of China Baowu Steel Group: Baowu was formed by the merger of Baosteel and Wuhan Iron & Steel in 2016, becoming the world's second largest steel producer at that time. Following further state-driven mergers and acquisitions (absorbing several other steel producers), Baowu Group is now the largest producer of crude steel in the world.¹⁶² This consolidation has not reduced China's total steel capacity; instead, it has concentrated capacity under state-controlled firms. The strong focus on strengthening and expanding SOEs, as reaffirmed in recent policy statements and the 15th FYP, indicates that this pattern (state-led consolidation rather than widespread capacity liquidation) will continue.

In summary, the GOC's plans and the way they are enforced have materially influenced conditions in the Chinese steel market. These plans have encouraged high levels of production capacity (often more than what purely market-driven demand would dictate) by shielding the industry from some market pressures and by actively directing its development. The result has been a steel industry characterised by chronic excess capacity and state-supported supply, which in turn has influenced steel prices domestically and internationally. This is evident in the need for administrative measures to curb output and the continued presence of surplus production seeking outlets (such as export markets). The commission considers that the intersection of GOC policy aims and their implementation, including the paradox between capacity reduction goals and growth/support measures, has significantly contributed to the sustained excess capacity and associated market distortions in the Chinese steel industry.

A6.3 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 volume, 70% of production output in 2024 originated from SOE entities. Crude steel production by these entities alone accounted for 30% of total crude steel production in China in 2024.

¹⁶² World Steel Association. (2024, June). *World Steel in Figures 2024*. As cited in SEAISI. China's Baowu retains the largest steelmaker spot in 2023. <https://www.seaisi.org/details/24848?type=news-rooms>

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Table 27 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 27: Largest 10 Chinese steel firms by production in 2024¹⁶³

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.¹⁶⁴

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.6.3.1 Distortive effects of state ownership

In addition to the effects of the various GOC policies described in section A6.2, the commission considers that SOEs can distort conditions in the Chinese steel market in the following ways:

- GOC support allows SOEs to develop production capacity
- SOEs can operate on non-commercial terms for extended periods, contributing to excess capacity
- SOEs are insulated from free-market price and profit signals

¹⁶³ 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.

¹⁶⁴ 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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- 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.

A.6.3.2 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.¹⁶⁵

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

Financial support

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

The various ways the GOC financially supports SOEs acts to 'reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations'.¹⁶⁶

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.¹⁶⁷ 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.¹⁶⁸

The OECD had found that SOEs in China are larger recipients of subsidies than other China-based firms.¹⁶⁹ These subsidies were broadly categorised into grants, income-tax concessions, and below-market borrowings.

The sole cooperating exporter in this investigation, Masteel, is an SOE.¹⁷⁰ As outlined in chapter 7, the commission has found that Masteel received countervailable subsidies as part of the countervailing investigation. The effects of subsidisation on the domestic Chinese steel market are further examined in appendix A6.4.

¹⁶⁵ DIIS, [Analysis of steel and aluminium markets: report to the Commissioner of the Anti-Dumping Commission](#), Anti-Dumping Commission, DIIS, Australian Government, 2016, p 47 (*Commissioner's steel report*).

¹⁶⁶ DIIS, [Commissioner's steel report](#), p 59.

¹⁶⁷ Liu and Song, 'Issues and prospects for the restructuring of China's steel industry', p 348.

¹⁶⁸ Fitch Ratings, [Rating report - China Baowu Steel Group Corporation](#), Fitch Ratings website, 24 February 2025, accessed 25 September 2025.

¹⁶⁹ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, Figure 5.

¹⁷⁰ EPR 690, Item 14, Masteel REQ, section H-2, p42.

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In relation to loans, the OECD has found that SOEs have better access to borrowing relative to private firms.¹⁷¹ Further, a summary of evidence by the European Commission (EC) identified persistent deferred or reduced loans in China, including to SOEs, in spite of GOC plans to reduce such practices.¹⁷² 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.¹⁷³ 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.¹⁷⁴

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.¹⁷⁵ This is contrasted to 3 prohibited mergers and 59 approved subject to remedies involving private enterprises.¹⁷⁶ 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’.¹⁷⁷

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.¹⁷⁸ 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.

Outcomes of support

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

¹⁷¹ OECD Economic Surveys: China 2022, p 78.

¹⁷² 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, pp 178–179, 308–309 (EC report 2024).

¹⁷³ EC Report 2024, p 178.

¹⁷⁴ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, p15, p 78, and Figure 3.

¹⁷⁵ ‘Central SOE’ refers to enterprises in China that are owned and administered by the SASAC at the national level.

¹⁷⁶ OECD (2024), Quantifying the role of state enterprises in industrial subsidies, pp 18-19.

¹⁷⁷ EC Report 2024, p 400.

¹⁷⁸ Wiley, Shell Game: Case Studies in Chinese Steel Subsidies, Chapter I: Bailouts and Acquisitions.

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 enterprises¹⁷⁹
- SOEs are less profitable per capacity than private enterprises and have higher levels of debt.¹⁸⁰

A.6.3.3 Role of the GOC in private firms

The commission found in Continuation Inquiry 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.’¹⁸¹

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.

A6.4 Subsidies

In general, the OECD has found that Chinese steel firms receive 5 times as much subsidisation as OECD partner countries.¹⁸² The 3 main forms of subsidisation are below-market borrowings, income-tax concessions, and grants.

The commission has found that all cooperating exporters from China received subsidies in the form of grants, tax concessions, preferential loans and goods provided at less than adequate remuneration. Chapter 7 discusses these in detail.

A.6.4.1 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.¹⁸³

A.6.4.2 Subsidies received by exporters

As outlined in chapter 7, the commission has preliminarily found that Chinese exporters received subsidies at margins ranging from 0.9% to 4.5%. Countervailable subsidy programs included grants, tax concessions and loans with preferential rates of interest.

¹⁷⁹ Quantifying the Role of State Enterprises in Industrial Subsidies, Figure 8.

¹⁸⁰ Quantifying the Role of State Enterprises in Industrial Subsidies, Figures 6 and 7.

¹⁸¹ Shagang Group, [Group Brief Introduction](#), Shagang Group website, n.d., accessed 26 June 2025.

¹⁸² OECD, *Steel Outlook 2025*, Figure 3.4.

¹⁸³ OECD, *Quantifying the role of state enterprises in industrial subsidies*, Figure 8.

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The commission's assessment of subsidies for the purposes of assessing whether a particular market situation exists is not limited to the specific countervailable subsidies received by exporters.

Subsidisation within the Chinese steel market is not limited to producers of plate steel. 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.

Below-market finance

According to OECD research, below-market borrowings are the largest form of subsidisation as a percentage of revenue in China.¹⁸⁴

Below-market finance can take the form of either below-market borrowings where a government provides support through debt financing, or below-market equity where a government provides equity finance on terms that are inconsistent with market principles.

Below-market borrowing 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.

Below-market equity returns is the provision of equity on non-market terms – for example, government equity infusions or below-market equity returns.¹⁸⁵ 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.¹⁸⁶ OECD has found examples of financing on non-market terms have been provided to firms that have high debt-to-asset ratios.¹⁸⁷ 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 below-market borrowings throughout China, this has the observable effect of perpetuating the issue of excess capacity.

In relation to the Chinese steel industry, below-market borrowings 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 below-market equity.¹⁸⁸

Grants

As grants are often specific in their focus, the overall effects on firms can be limited.¹⁸⁹ However, the commission considers that grants are a clear indicator of the GOC's

¹⁸⁴ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 5.

¹⁸⁵ OECD, Measuring distortions in international markets: below market finance, p 5.

¹⁸⁶ OECD, Measuring distortions in international markets: below market finance, Figure 21.

¹⁸⁷ OECD, Measuring distortions in international markets: below market finance, p 36.

¹⁸⁸ OECD, Measuring distortions in international markets: below market finance, Figure 17.

¹⁸⁹ OECD, The market implications of industrial subsidies, para 54.

incentives to implement the GOC's plans, for example, grants may be provided to reduce emissions.

Income-tax concessions

The OECD found that income-tax concessions appear to benefit SOEs and private firms equally.¹⁹⁰ Income-tax concessions are also the lowest form of subsidisation as a percentage of revenue in China, compared to below-market finance and grants.¹⁹¹ 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 high amounts of below-market borrowings.¹⁹²

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.¹⁹³

A6.5 GOC involvement in raw material markets

Based on the information provided by the cooperating exporters, the commission considers that the main raw material involved in the production of plate steel is steel slab. Steel slab is the semi-finished material that is consumed in the production of steel plate. Steel slab can be produced as part of a fully integrated production process or purchased. The following key raw materials used in the production of steel slab:

- iron ore
- coal (thermal and coking)
- steel scrap
- electricity.¹⁹⁴

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 input costs, thereby reducing the cost of steel production. 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.'¹⁹⁵ 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.'¹⁹⁶ The commission's analysis supports this conclusion.

¹⁹⁰ OECD, Quantifying the role of state enterprises in industrial subsidies, p 6.

¹⁹¹ OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 5.

¹⁹² OECD, How governments back the largest manufacturing firms, p 12 and Figure 1.

¹⁹³ EPR 322, no 55, Anti-Dumping Commission Report 322, Table 1.

¹⁹⁴ These are the primary raw materials used in BF-BOF steel production. EAF steel production does not use iron ore or coal.

¹⁹⁵ EC Report 2024, p 408.

¹⁹⁶ EC Report 2024, p 407.

A.6.5.1 Iron ore

The commission considers that the GOC's influence over the domestic iron ore market was limited in the period preceding the investigation period. Historically, iron ore pricing into China was largely determined through direct commercial negotiations between global mining companies and domestic steel producers. Under this market structure, steel producers were exposed to fluctuations in iron ore spot prices, particularly during periods of increased steel demand.

More recent developments, however, indicate a shift in procurement arrangements affecting iron ore supply into China. The commission considers that the GOC has taken steps to increase its involvement in iron ore procurement through the establishment of state-directed coordination mechanisms.

The most notable of these is the establishment of China Mineral Resources Group Limited (CMRG) in 2022. CMRG is a SOE described as being 'dedicated to delivering secure, sustainable raw material supply services and tailored solutions for industries like steel.'¹⁹⁷

The commission considers that CMRG was established, in part, to address China's strategic vulnerability in iron ore sourcing, particularly its reliance on imports from global mining companies and traders. In this context, the establishment of CMRG reflects the GOC's intention to exercise greater influence over iron ore procurement through a more centralised coordination framework.¹⁹⁸

CMRG's influence in the Chinese iron ore market was not immediate.¹⁹⁹ However, available evidence indicates that CMRG has become increasingly prominent in iron ore procurement arrangements over time. Bloomberg has reported that CMRG represents more than half of Chinese steelmakers in negotiations with major iron ore suppliers and has displaced a share of private trading activity.²⁰⁰

Public reporting further indicates that, in the context of negotiations with suppliers, CMRG has at times coordinated purchasing arrangements relating to particular iron ore products. These arrangements have reportedly been associated with stockpiling activity and logistical effects observed at Chinese ports.²⁰¹ The commission considers that this reporting is consistent with the broader pattern of centralised procurement and coordination, rather than isolated or ad hoc commercial conduct.

Bloomberg has also reported that CMRG has a greater tolerance for losses due to its state ownership and that, as its presence has expanded, established private trading houses have retreated from the market.²⁰² Bloomberg further reported in June 2025 that

¹⁹⁷ China Minerals, www.cmr-co.com, China Minerals website (Google translate), n.d., accessed 15 October 2025.

¹⁹⁸ Baidu, China Mineral Resources Group Co., Ltd, Baidu website (Google translate), n.d., accessed 30 July 2025.

¹⁹⁹ T Parker, '[China iron ore buyer yet to deliver lower prices](#)', *Australian Resources & Investment*, 29 May 2023, accessed 30 July 2025.

²⁰⁰ K Gemmell, A Cang, '[Xi's giant iron ore trader is shaking up a \\$130 billion market](#)', *MINING.COM (via Bloomberg)*, 19 June 2025, accessed 30 July 2025.

²⁰¹ See, for example, East Asia Forum, '[China moves to regain iron ore market power](#)', 12 December 2025.

²⁰² Bloomberg (via Mining.com), '[Xi's giant iron ore trader is shaking up a \\$130 billion market](#)', 19 June 2025.

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none of the major global iron ore miners had entered into long-term supply contracts with CMRG at that time, which appears to remain the case based on more recent reporting.²⁰³ That reporting also noted that CMRG has engaged in spot market transactions involving iron ore sourced from Brazilian miner Vale. More recently, CMRG has reportedly suspended shipments of iron ore from BHP in the context of stalled negotiations relating to currency arrangements and long-term supply contracts.²⁰⁴²⁰⁵

The commission notes that the relevance of these matters lies in their contribution to the broader market structure affecting steel input procurement, rather than in any individual commercial transaction or negotiated outcome.

Taken together, these matters reinforce the commission's view that iron ore procurement in China is shaped by state direction and centralised purchasing mechanisms that can influence raw material cost formation and contributed to conditions that depart from normal market operation.²⁰⁶

A.6.5.2 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.²⁰⁷

Coal is used in 2 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'.²⁰⁸ 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.

²⁰³ K Gemmill, A Cang, '[China's giant iron ore trader expands clout selling Vale cargoes](#)', *MINING.COM*, 5 September 2025, accessed 15 October 2025.

²⁰⁴ J Pao, '[China's cargo ban gives new meaning to BHP's 'Broken Hill'](#) origin', *Asia Times*, 1 October 2025, accessed 15 October 2025.

²⁰⁵ This reporting is cited for context only and is not determinative of the commission's findings.

²⁰⁶ International trade authorities have recognised that state-directed coordination and allocation of key production inputs may give rise to distorted prices and costs, and the commission refers to such international practice by way of comparative context only.

²⁰⁷ H Yermolenko, '[Coking coal prices in China fall amid oversupply](#)', *GMK Centre*, 29 May 2025, accessed 16 June 2025.

²⁰⁸ EC Report 2024, p 210.

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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.²⁰⁹ There are also reports that mines have been exceeding production caps, with the National Energy Administration carrying out inspections to address overmining.²¹⁰

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.²¹¹ 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%.²¹²

The EC found that SOEs represent 88% of assets in the mining and washing of coal industry.²¹³ As detailed in appendix A6.3, SOEs receive more support from the GOC, and are more likely to implement the GOC's plans and targets. The commission considers this has the effect of perpetuating the situation of overcapacity.

A.6.5.3 Steel scrap

The commission considers that the domestic steel scrap market has been distorted by the influence of the GOC. The commission has found 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 appendix A6.2 serve to increase and improve steel scrap resource utilisation. As discussed in that section, as part of the move to green steel, the GOC aims to replace BF-BOF steel production with EAF. As EAF production requires steel scrap as the main raw material, this necessitates high scrap utilisation.

As part of its efforts to support the amounts of scrap steel required, the GOC has implemented a 40% export duty on scrap steel.²¹⁴ 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 scrap steel utilised.²¹⁵

²⁰⁹ EC Report 2024, p 290.

²¹⁰ 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.

²¹¹ EC Report 2024, p 293.

²¹² S McFarlane, '[Explainer: Global fossil fuel subsidies on the rise despite calls for phase-out](#)', *Reuters*, 23 November 2023, accessed 10 November 2025.

²¹³ EC Report 2024, p 354.

²¹⁴ 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.

²¹⁵ For example, the 14th FYP for the Development of the Circular Economy sets a steel scrap utilisation target of 320 million tonnes.

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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.²¹⁶ 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.²¹⁷ 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.6.5.4 Electricity

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

The electricity market in China is characterised by strong involvement of SOEs in various stages of the supply chain.²¹⁸

The commission notes that this strong state presence is not confined to the electricity market but extends across the broader energy sector. Energy production, transmission and distribution in China are dominated by centrally and provincially owned energy SOEs, through which both national and provincial governments exert influence over market outcomes. Of the 96 centrally owned SOEs currently overseen by the State-owned Assets SASAC, 18 operate in the energy sector.²¹⁹ The EC has found that approximately 50% of China's power generation capacity is state-owned. In addition, almost the entire electricity transmission grid is owned and operated by 2 SOEs: the State Grid Corporation of China and the China Southern Power Grid.²²⁰

A6.6 Export control measures

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

²¹⁶ A Shi, '[China's MIIT announces 13th bath of qualified ferrous scrap suppliers](#)', *MySteel*, 5 November 2025, accessed 10 November 2025.

²¹⁷ 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.

²¹⁸ EC Report 2024, p 265.

²¹⁹ Ibid.

²²⁰ M Walker, '[Electricity Transmission and Distribution in China – Market Research Report \(2015-2030\)](#)', *IBISWorld*, July 2025, accessed 3 November 2025.

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%).²²¹ The commission considers that the high level of these export duties serve to discourage export of these raw materials. In turn, this increases the supply of raw materials domestically, which can reduce prices. This has the overall effect of reducing production costs for steel within China.

The commission also considers that this is an example of how the GOC promotes compliance with its plans – for example, by discouraging exports of steel scrap and therefore promoting use within China, the GOC incentivises compliance with its plans to promote green steel, as described in section A6.2.

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.²²² 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.

A7 Conclusion

The Commissioner has found in the preceding section that the GOC exerts significant influence over the Chinese steel market. Steel mills in China, regardless of whether they are SOEs or privately owned, are subject to the directives, plans and guidelines of the GOC central government. For SOEs, the commission considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

The commission considers that many of the distortions discussed above also directly influence plate steel producers as members of the Chinese steel market.

Having considered all the information before it, the Commissioner preliminarily finds that a particular market situation existed in respect of the domestic market for plate steel 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 plate steel is difficult to quantify. However, based on the commission's extensive analysis of the available information before it, the commission is preliminarily satisfied that the GOC's influence on the market for like goods in this investigation is not insignificant.

²²¹ MOFC, *Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025*, Attachment 3: Export Tariff Rate Table.

²²² A Pan, '[China tightens tax regulations on steel exports](#)', *MySteel*, 1 April 2025, accessed 23 June 2025.

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

APPENDIX B PROPER COMPARISON ASSESSMENT

B1 Preliminary findings

The Commissioner has preliminarily found that sales of plate steel 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.

B2 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 that a particular market situation exists in respect of the domestic market for plate steel 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 cooperating Chinese exporter under section 269TAC(1).

B3 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 plate steel 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.

B4 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 particular identified market situation affects both domestic and export prices for plate steel, the way in which that market situation operates, and its effects on prices, differs between each market.

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

- information provided by the Australian industry

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- information provided by cooperating exporters from China
- relevant findings from previous steel cases conducted by the commission
- other publicly available sources referenced throughout this section.

In making the findings in this section, the Commissioner has had regard to the structure of each market, prevailing market conditions, access to raw materials, the level of import penetration, and the nature of any competitive advantage arising from the particular market situation.

B4.1 Market structure

The commission considers that the Australian and Chinese markets for plate steel share some broad structural similarities, in that plate steel is sold to comparable categories of customers, including end users and distributors.

However, there are significant differences in market concentration, scale and competition. In Australia, there is a single domestic producer of plate steel (BlueScope), whereas in China there are several producers manufacturing the goods. Supply in China is also limited to the local or regional area of each producer, while BlueScope sells throughout Australia.

B.4.1.1 Australia

The Australian market is supplied by BlueScope and imports from a range of countries, including China. Plate steel 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 plate steel in Australia and sells to customers throughout Australia.

Plate steel in Australia is supplied through distributors and direct sales to large end users. Plate steel serves as a base material for various fabricated products.

B.4.1.2 China

The commission did not receive a response to the GOC questionnaire, including details of the Chinese plate steel market. In the alternative, reliance has been placed on the information provided in BlueScope's application, cooperating exporter questionnaire responses, publicly available information and relevant information examined by Investigation 658 into HRC from China.

The cooperating exporters noted in their respective questionnaire responses that the Chinese plate steel market included manufacturers, trading companies, distributors and end users.^{223r}

²²³ Refer to J-1 EPR 688, document numbers 10, 11 and 12.

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In relation to identifying domestic suppliers of plate steel in China, Baoshan and Baosteel Zhanjiang claimed that there are *'too many market participants to list'*, where Hunan Valin claimed *'it had no awareness'* and each participant has a different degree of relevance in their local or regional market'.²²⁴

The commission's analysis of entities that may produce plate steel in China is also informed by those entities responsible for exports to Australia. This is limited to those exporters that have cooperated with the investigation, the available information contained questionnaire responses provided by importers and exporters and the ABF import database. This kind of information was sought in questionnaire sent to the GOC however it did not response.

On the available information, known producers of plate steel from China include exporters cooperating with the investigation, e.g. Baoshan, Baosteel Zhanjiang and Hunan Valin.

Price tracking website, MySteel, listed at least 20 domestic producers of plate steel in its June 2026 update for major city locations.²²⁵

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

B4.2 Raw materials

The commission considers that there are differences between the Australian and Chinese plate steel 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.4.2.1 Australia

BlueScope produces plate steel 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 these 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.²²⁶

Information regarding the raw materials used in the production of plate steel in other countries that export the goods to Australia concerns records provided by POSCO from Korea and the information received in other cases involving plate steel.²²⁷

Cooperating exporters from China (Baoshan, Baosteel Zhanjiang and Hunan Valin) were also examined by Investigation 658 in relation to HRC. The underlying feed stock for HRC

²²⁴ Refer to J-1 EPR 688, document numbers 10, 11 and 12.

²²⁵ MySteel, ['Plate prices: China's major cities'](#), *MySteel website*, 11 June 2026, accessed 11 June 2026.

²²⁶ EPR 688, document number 14, chapter 6.

²²⁷ Investigation 198 (China, Indonesia, Japan, Korea and Taiwan) and Investigation 284 (Korea, Taiwan).

produced by these exporters was steel slab. Investigation 658 concluded there was a particular market situation in relation to the Chinese domestic market for HRC.

The commission notes that Investigation 198 concerning exports of plate steel from China also concluded there was a particular market situation.²²⁸ 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 had a negligible effect on the nature of competition in the Australian export market

B.4.2.2 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, the Commissioner has found that the GOC has influenced the prices of these raw materials, which has in turned influenced the cost of production and the selling price for plate steel. The commission considers that the resulting raw material prices are lower than they would otherwise be under normal competitive market conditions.

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

B4.3 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 Commissioner is satisfied that import penetration in the Chinese plate steel market is low compared to the Australian steel market. Accordingly, the Commissioner is satisfied that the conditions of competition in respect of imports is different between China and Australia.

B.4.3.1 Australia

The commission examined the ABF import database to identify exporters and importers of plate steel during the investigation period. During the investigation period, the commission could identify at least 14 producers of plate steel, 5 of which were from China. Chinese imports made up approximately 30% of import volume in the investigation period. Most of the remaining imports were from Korea.²²⁹

²²⁸ Refer to *Anti-Dumping Continuation Report No 198* ([EPR 198, Item no. 198](#)).

²²⁹ Confidential Attachment 1 – Australian market.

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Australian industry accounted for approximately 75% of the Australian market during the investigation period, with China supplying 8%. But as discussed in chapter 9.7 and as shown below in Table 28 below, the Australian industry sales volumes have reduced at a time when the rate of growth in volumes from China has increased substantially over the four years since the financial year ending 30 June 2022.

	FY22	FY23	FY24	FY25
Australian industry	100	96	83	77
China	100	81	184	170
Korea	100	114	128	90
All other countries	100	88	90	33

Table 28 Index of change in sales volume

B.4.3.2 China

Questionnaire responses did not provide information about the overall degree of import penetration into the Chinese market including the number of exporters or importers active in the Chinese domestic market.

The commission examined import and export data from the UN Comtrade database for products classified under HS codes 720840,720851,720852,720890 and 722540. This information was limited to the period ending December 2024.

The UN Comtrade data shown in Figure 16 below illustrates the strong export focus of the Chinese plate steel industry. Based on the information before the commission, the commission considers import penetration in the Chinese plate steel market was low in the investigation period.

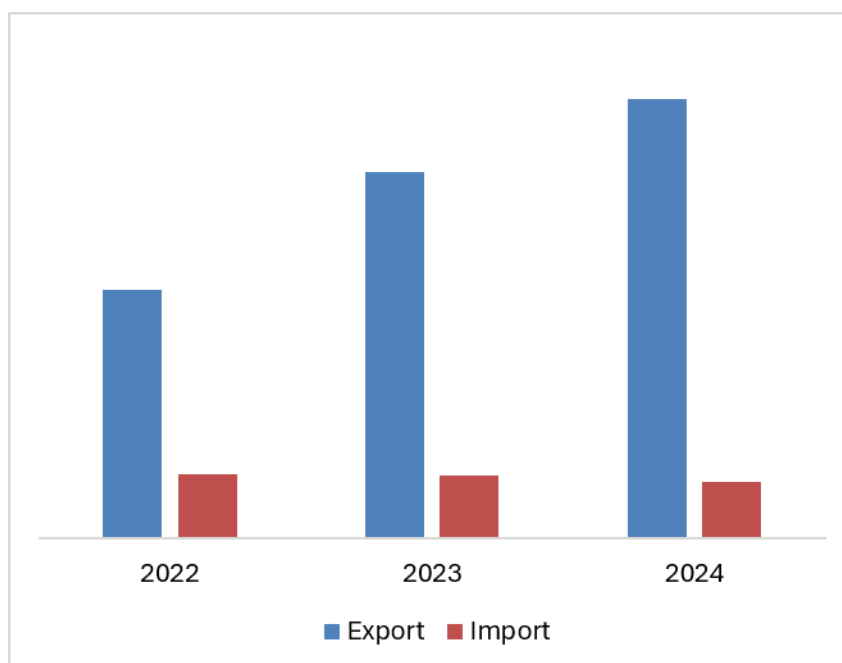


Figure 18: Chinese plate steel import and export volumes²³⁰

²³⁰ Confidential Attachment 30 – Chinese import and export data

B4.4 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 plate steel exported to Australia and their domestic sales.

In general, Chinese exporters have been able to achieve greater profits on Australian sales compared to domestic sales, despite limited differences in the respective costs. The commission considers this indicates that the particular market situation has affected conditions in the Chinese plate steel market in a way that allows exporters to use pricing strategies for the Australian market that achieve greater margins on their Australian sales and increase their export volumes by outcompeting exports from other countries.

The commission found that the cooperating exporters profit on their export sales to Australia were greater than their margin on domestic sales.²³¹

B5 The market situation affects the comparability of domestic and export prices

Taking into account the above, the Commissioner considers that the market situation identified in APPENDIX A affects the comparability of domestic and export prices for plate steel. 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:

- Plate steel is sold to similar types of customers in China and Australia.
- The market structure differs in terms of the number of domestic producers in Australia, with BlueScope being the sole Australian producer, and China, which has several producers. The scale of the markets is also different, with the Australian market several times smaller than the Chinese market.
- The raw materials used in the production of plate steel in both Australia and China are the same (e.g. iron ore, coal and scrap steel).
- Import penetration into China is very low, compared to a higher, and growing, level of import penetration into Australia.
- 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 between imports and the Australian industry. This competition results in a competitive advantage for Chinese exporters, who make up the majority of import volume and who have access to cost inputs which have been materially affected

²³¹ Confidential Attachment 30 – Profit analysis

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by the market situation. This leads to a situation where Chinese exporters are able to export to other countries, including Australia, at a more competitive price, while still enjoying increased profitability.

APPENDIX C COST OF PRODUCTION IN CHINA

C1 Preliminary finding

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

C2 Legislative framework

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 Regulations provide in respect of those purposes.

C2.1 Cost of production

Section 43(2) of the Regulations 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:

- section 43(2)(b)(i) of the Regulations: 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, and
- section 43(2)(b)(ii) of the Regulations: those records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

Section 43(2) of the Regulations imposes an obligation on the Minister to use an exporter's records, where the prescribed criteria are met. Neither the Act nor the Regulations 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 Regulations. Additionally, neither the Act nor the Regulations limit the data that the Minister may use in this regard.

In respect of the Anti-Dumping Agreement, the relevant obligations for determining normal values are set out in Article 2. The determination of whether an exporter's

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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.

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 Regulations
- 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.

C3 Exporter records

The commission determined that no onsite or virtual verification would be conducted for the cooperating exporters from China, i.e. Baoshan, Baosteel Zhanjiang and Hunan Valin in, due to these exporters being subject to a verification for the purpose of Investigation 658 into exports of Hot Rolled Coil (HRC). 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 the supply chain arrangements identified in relation to the exporters sales into the domestic and Australian market.

The commission has therefore assessed each cooperating exporter by having regard to their exporter questionnaire, questionnaires received by other exporters cooperating with the investigation, and relevant findings and conclusion concerning each exporter for Investigation 658.

Having regard to the available information and the findings outlined for each cooperating exporter in Investigation 658, commission considers the CTMS data supplied for this investigation is complete, relevant, and accurate

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.

C4 Competitive market costs

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

As outlined in APPENDIX A, the commission considers that the significant influence of the GOC has materially altered prices in the steel industry and plate steel 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 used in the production of molten steel which is key input to the production of semi-finished products in the form of steel slab, that is in and of itself, the principal raw material consumed in the production of the goods. The commission also considers the GOC's influence has also resulted in distortions for other inputs and costs associated with the production of plate steel.

The cooperating exporters' records indicated that on average, steel slab costs comprise approximately 88% of their total cost to make for plate steel.²³² The cost of steel slab represents the aggregate cost covering a range of individual raw materials such as iron ore, coal, manufactured inputs such as coke, energy inputs and other direct production costs that collectively reflect all upstream manufacturing costs that occur immediately prior to the production of plate steel.

The commission considers that direct and indirect influences of the GOC affect Chinese manufacturers' costs to produce plate steel, and the costs of upstream steel slab production, and therefore that Chinese exporters recorded costs do not reflect competitive market costs. 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.

C5 Use of exporter records

Where the criteria in section 43(2)(b) of the Regulations are not met, the commission will calculate the cost of production under section 269TAC(2)(c)(i) having regard to all relevant information. The Minister is neither required to, nor prohibited from, using an exporter's records to determine normal values under section 269TAC(2)(c)(i), however, the Minister is to exercise their discretion in section 269TAC(2)(c)(i) in accordance with the requirements of the Anti-Dumping Agreement.²³³

Article 2.2.1.1 of the Anti-Dumping Agreement 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 plate steel.

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 plate steel in China, including the factual findings set out in APPENDIX A, suggest the commission should examine whether circumstances are normal and ordinary such that the presumption in Article 2.2.1.1 should apply. Consequently, the commission has further considered the exporters' recorded steel slab costs (and hence plate steel production costs), to assess whether the circumstances in which its 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).

²³² Confidential attachment 31 – CTMS comparison

²³³ 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].

C6 Normal and ordinary

C6.1 Approach to assessment of production costs

For the purpose of Investigation 658 concerning exports of HRC from China, the commission considered that the most appropriate point to assess of the effect of the circumstances on the cooperating exporters' records was in relation to the cost of steel slab production.

In the context of a fully integrated production system, the production of steel slab, which is considered a semi-finished product, occurs immediately before the production of HRC. Steel slab is the raw material input used in the production of HRC and covers a very high proportion of the total production cost of HRC. Steel slab can also be purchased by HRC producers in lieu of it being manufactured in the exporters' own steel mill.

Investigation 658 concluded that assessing steel slab costs in lieu of a more granular examination was the most practicable approach due to the complexities associated with analysing the production systems of fully integrated steel producers.

As noted previously in this report, steel slab is the primary input in the production of plate steel and on average reflects approximately 88% of the cooperating exporters' cost of plate steel production, as was the case for HRC. Assessment of costs at the semi-finished steel slab stage of production captures the aggregate of costs covering a range of individual raw materials such as iron ore, coal, manufactured inputs such as coke, energy inputs and other direct production costs that collectively reflect all upstream manufacturing costs and processes that occur immediately prior to the production of plate steel.

The steel slab production costs examined by Investigation 658 also involved cooperating exporters that are also the subject of this investigation, i.e. Baoshan, Baosteel Zhanjiang and Hunan Valin.

The commission considers that using cooperating exporters' cost of steel slab offers a reasonable and meaningful method for assessing 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.

C6.2 Circumstances that are not normal and ordinary

The commission's most recent published assessment of GOC involvement in the Chinese steel market was undertaken for Investigation 659, 690 and 658. These investigations concluded that 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 market for hot rolled coil and freight railway wheels.

The discussion on GOC market involvement and influence outlined by Investigation 658 and 690 and the conclusions in those investigations appear highly relevant to the assessment for the Chinese steel plate market the subject of Investigation 688. Both of these investigations also examined a period that overlaps with the investigation period specified for Investigation 688. It is therefore reasonable to extend those findings to conclude that the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances in the market for steel plate.

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The commission considers there are compelling reasons for determining that circumstances in which the exporters' costs were formed are not 'normal and ordinary' such that using its cost records to construct a normal value is not appropriate. This is despite the commission's finding that the 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 costs for steel slab reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use the steel slab costs recorded by exporters, which the commission has established reflects upwards of approximately 88% of total production cost for the goods.

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's influence has 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 distorted market prices for the key raw materials, as well as the other inputs associated with the production of steel slab (including all upstream production processes preceding steel slab production).
- Secondly, as these raw materials, in the form of semi-finished steel slab, represent approximately 88% of total cost to produce plate steel, the effects on raw material pricing have flowed through the cooperating exporters' recorded cost of production, noting that the Baoshan, Baosteel Zhanjiang and Hunan Valin reported purchases of raw materials from suppliers based in China. These suppliers sourced materials from a range of markets, including domestic producers in China.

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

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

Commissioner's assessment

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.

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 accords with the guidance from the panel's findings in the DS529 *Australia — A4 Copy Paper* and DS603 *Australia — Certain Products from China*, both of which examine the term 'normally'. The commission has identified that:

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- The records of Baoshan, Baosteel Zhanjiang and Hunan Valin satisfy the first and second condition of article 2.2.1.1 – see appendix C5C5
- Despite this, there are nonetheless compelling reasons to disregard their records, 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 costs of steel slab reflecting an unreliable cost of production of plate steel. This unreliability means that it is not appropriate to use the cooperating exporters' recorded cost of production for steel slab.

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.²³⁴ 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.

The commission has found that the cooperating exporters' records (Baoshan, Baosteel Zhanjiang and Hunan Valin) meet the first two conditions of article 2.2.1.1. This appendix explains why 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.

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 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 cooperating 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.

²³⁴ 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...'

C6.3 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 plate steel. 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, as it is the main raw material input used in the production of plate steel, making up approximately 88% of total production cost.²³⁵

To assess the effect of the circumstances on the cooperating exporters’ records, the commission has compared its recorded cost for steel slab to an appropriate benchmark.

C6.4 Selection of an appropriate benchmark

The commission considers that an appropriate benchmark will measure of the effect of the circumstances on the cooperating exporters’ costs 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. As noted above, the commission relied on an assessment of steel slab costs for the purpose of Investigation 658, that involved exporters that are also the subject of this investigation and produced goods originating from steel slab.

For the purpose of Investigation 658, the commission relied on a comparison between the domestic market price indices for China and Brazil, applying this difference to the cooperative exporters’ cost to make the steel slab.

In deciding on the Brazil option for Investigation 658, the commission considered whether, instead of using a benchmark, it could have directly quantified the effect of the GOC’s influence on the raw material markets and steel billet cost.

The commission’s review of publicly available research concluded there was no sufficiently reliable information to estimate the effect of the GOC’s influence on Chinese billet costs. The commission further concluded 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 was likely to be inaccurate or not fully account for the whole of the effect.

The commissioner therefore found 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. The commission has also arrived at the same conclusion in SEF 690 concerning FRW from China.

Investigation 658 involved the same exporters, the same core production costs and examined a period of investigation that overlaps with Investigation 688. SEF 690 covers the same period of investigation and was similarly confronted with the same considerations.

Having regard to the above considerations, the commission concludes the use of a benchmark for this investigation provides a holistic comparison of the cooperating

²³⁵ See Confidential Attachment 31 – CTMS comparison

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exporters' recorded costs to a cost that is free from the effects of the not normal and ordinary circumstances.

For the purpose of selecting an appropriate benchmark Investigation 658, the commission considered:

- private domestic prices or costs for steel slab in China
- import prices for steel slab into China
- prices or costs for steel slab from countries other than China

In evaluating the merit of each of the above options for Investigation 658, the commission had regard to 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 2025²³⁶
- 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.²³⁷

The commission's available benchmark options for Investigation 688 are limited to the following:

- steel slab production costs reported by cooperating exporters from Korea
- Australian industry slab production costs
- Steel slab prices in countries other than China

The commission has not considered private Chinese domestic prices or import prices for steel slab as the commission was unable to obtain evidence of these prices. The commission did not receive a response to the GOC questionnaire, including details of private steel slab providers or information about steel slab prices in the Chinese domestic market. It is also relevant that none of the exporters cooperating with the investigation are private enterprises.

Further, the commission considers that any private domestic prices or import prices within China would not be reliable because the effects of the circumstances on the raw material markets, which alter the availability and pricing of raw materials (as discussed in APPENDIX A), would likely also affect private domestic prices and influence import prices.

Korean cooperating exporter costs

POSCO from Korea is a fully integrated steel producer that is also the subject of this investigation. POSCO's REQ included cost data for its production of steel slab. The commission undertook a verification visit to POSCO and concluded its production records

²³⁶ EPR 658, document number 8, non-confidential attachment B-8.2.

²³⁷ 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.

were found to be suitable for the determination of its normal value.²³⁸ However, POSCO was the only Korean exporter to cooperate with this investigation. Due to concerns with managing the confidentiality of its data, the commission was unable to use this information to calculate a benchmark.

Australian industry slab production costs

The available Australian industry cost data relates to BlueScope, who is also the applicant for the anti-dumping measures the subject of this investigation. The utility of BlueScope's slab cost data was tested by Investigation 658 which concluded BlueScope costs were unsuitable for calculating a benchmark. Whilst it wasn't raised by Investigation 658, the commission also identifies concerns managing confidentiality of BlueScope's data as it is the sole producer of slab steel in Australia.

Steel slab prices in countries other than China

Consistent with the approach adopted by the commission for Investigation 658, the Commissioner has determined that Brazilian domestic prices provide a suitable for a comparative analysis with the cost of production data. Appendix C7 sets out the Commissioner's determination of the benchmark.

C7 Benchmark examination

C7.1 Steel slab prices in countries other than China

In summary, the commission finds it is appropriate to adopt a benchmark for this investigation that involves a comparison between the domestic market steel slab price indices for China and Brazil.²³⁹ This approach was used by the commission for Investigation 658 concerning exports of HRC from China. The commission's reasons are summarised as follows:

- the same exporters that are the subject of this investigation were also examined by Investigation 658
- the exporters that are the subject of this investigation and examined by Investigation 658 are all fully integrated steel producers, so the benchmark method used by Investigation 658 is readily applicable.
- Investigation 658 examined a period that overlaps the period the subject of this investigation
- The factors considered in arriving at the Brazil/China benchmark option for Investigation 658 are considered valid for the selection process concerning this investigation.

As detailed in REP 658, 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)

²³⁸ EPR 688 Item no. [016](#).

²³⁹ See worksheet 'Slab price series comparison' in Confidential Attachment 32 – Benchmark data.

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- 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 noted 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 considered the most appropriate information to use was to compare the domestic market price indices for China and Brazil. The commission considered that this benchmark represented 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 summarised 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.

Regarding the other countries with available data, the commission noted the following:

- Russia and CIS export prices were affected by sanctions to the extent the commission considers these prices unreliable to estimate steel slab costs absent the effects of the circumstances.²⁴⁰
- India had large steel producers that are SOEs and there was evidence of SOE ownership for suppliers of major cost inputs into steel slab production.^{241, 242}
- Pakistan's steel industry was relatively small and there were state-owned suppliers of major cost inputs into steel slab production.²⁴³
- 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 had 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.

²⁴⁰ European Council, [EU sanctions against Russia](#), European Council website, accessed 22 December 2025; [Additional duty countries](#), Australian Border Force, accessed 22nd December 2025.

²⁴¹ Ministry of Steel, [Annual Report 2024-25](#), Government of India, accessed 22 December 2025.

²⁴² World Steel Association, [Top steel-producing companies 2024/23](#), World Steel Association website, n.d., accessed 22 December 2025.

²⁴³ Central Monitoring Unit, [Bi-Annual report on Federal State-Owned Enterprises \(SOEs\)](#), Government of Pakistan, accessed 22 December 2025.

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C7.2 Adjustments to the benchmark

Having determined that Brazilian domestic prices for steel slab are a suitable and preferable basis to calculate a benchmark in appendix C6.4, the Commissioner sourced price data from the subscription service MEPS International Ltd.²⁴⁴

The Commissioner considered whether further adjustments to the Brazilian steel slab price were necessary to reflect any claimed comparative advantage or disadvantage applicable to Chinese steel slab producers. As summarised below, the commission has only found it necessary to apply adjustments to account for differences in labour rates between China and Brazil. This is consistent with the commission’s approach outlined for Investigation 658.

Table 29 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.

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 C7.2.1
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 C7.2.2
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 C7.2.3
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.

²⁴⁴ 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.

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Cost item in steel slab production	Adjustment required?	Rationale
		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.

Table 29: Adjustments to Brazilian benchmark

C.7.2.1 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.²⁴⁵ 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 compared the equivalent labour cost in Brazil to China to work out the difference in labour costs between each country. Brazilian labour costs were between 1% and 9% higher than China, depending on the quarter.

The commission applied the difference in labour costs by first calculating the unit cost of direct labour relevant to each country's slab price. The difference in cost between each country was then used to reduce the value of Brazilian slab as reported in MEPS source data.

The unit cost of labour in the Brazilian steel slab benchmark is based on the ratio of direct labour cost and total cost realised in the slab production cost data provided by the exporters from China. The commission has no other data available to identify the actual amount of labour costs incurred in the production of steel slab in Brazil. Chinese exporters costs are therefore the best available information.

C.7.2.2 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 correspond to lower steel slab prices.

In Investigation 658 the commission considered submissions of the GOC, Baosteel Zhanjiang and Hunan Valin on economies of scale. In considering these submissions, the commission reviewed publicly available information to determine if an economies of scale adjustment was needed and if so, to identify a method for calculating such an adjustment.

The commission review of publicly available information identified some support for the view that economy of scale can be one of the determinants of manufacturer

²⁴⁵ See worksheet 'CN BR Labour calc' in Confidential Attachment 32 – Benchmark data.

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competitiveness.²⁴⁶ However, no source contained a methodology to estimate an economy of scale adjustment that could be applied nor information that could be otherwise used. The commission noted it identified few primary sources of evidence dealing with economies 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.

The commission considers the findings detailed in Investigation 658 are also relevant to this investigation, particularly in relation to the brevity of available information and limitation on application of any reasonable method.

C.7.2.3 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 A6.5, 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.

C7.3 Conclusion

The above analysis results in a benchmark based on:

- the Brazilian steel slab price, sourced from MEPS²⁴⁷
- adjustments for the difference in the cost of labour relating to Chinese SOE manufacturing sector wages and Brazilian steelmaking wages²⁴⁸

²⁴⁶ 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.

²⁴⁷ See worksheet '*Slab price series comparison*' in Confidential Attachment 32 – Benchmark data.

²⁴⁸ See worksheet '*CN BR Labour calc*' in Confidential Attachment 32 – Benchmark data.

C8 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 35% 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 plate steel.

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 plate steel 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.

C9 How to determine the cost of production in China

In chapter C6, 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 establishing the cost of production of plate steel 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.

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To make the adjustment the commission has used the same method as was used to estimate the effect of the 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' reported steel slab costs (expressed in CNY per MT).²⁴⁹ The change in the exporters' reported slab production cost was then applied to the production volume for the goods. 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 C7.2.²⁵⁰

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.

²⁴⁹ See worksheet '*Slab cost adjustment*' in Confidential Attachments 33, 34 and 35.

²⁵⁰ See worksheet '*Labour cost adjustment*' in Confidential Attachments 33, 34 and 35.

APPENDIX D ASSESSMENT OF SUBSIDY PROGRAMS

D1 Introduction

In assessing the subsidy programs, the commission has had regard to the following information in respect of the investigation, including information relevant to cooperating exporters from China and uncooperative entities:

- information provided in the REQ by Baoshan, Baosteel Zhanjiang and Hunan Valin
- findings made in previous investigations involving similar subsidy frameworks
- the legislative tests in sections 269T, 269TAAC and 269TACD.

The commission has grouped subsidy programs by type and economic character, rather than assessing each program individually, where the programs operate under substantially similar conditions and eligibility criteria.

D2 Definition of Government, public and private bodies

In its assessment of each program, the commission has had regard to the entity responsible for providing the financial contribution (if any) under the relevant program, as part of the test under section 269T(1) for determining whether a financial contribution is a subsidy. Under section 269T(1), for a contribution to be a subsidy, the following must provide the contribution:

- a government of the country of export or country of origin of the goods
- a public body of that country or a public body of which that government is a member, or
- a private body entrusted or directed by that government or public body to carry out a governmental function.

D2.1 Government

As described in section 16.2 of the Manual, the commission considers that the term 'government' includes government at all different levels, including at a national and sub-national level.

D2.2 Public bodies

The Act does not define the term 'public body.' Determining whether an entity is a 'public body' requires evaluation of all available evidence of the entity's features and its relationship with government, including the following:

- 1) The objectives and functions performed by the body and whether the entity in question is pursuing public policy objectives. In this regard relevant factors include:
 - legislation and other legal instruments
 - the degree of separation and independence of the entity from a government, including the appointment of directors
 - the contribution that an entity makes to the pursuit of government policies or interests, such as considering national or regional economic interests and the promotion of social objectives.

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- 2) The body's ownership and management structure, such as whether the body is wholly or part-owned by the government or has most shares in the body. A finding that a body is a public body may be supported through:
- the government's ability to make appointments
 - the right of government to review results and determine the body's objectives
 - the government's involvement in investment or business decisions.

The commission considers this approach is consistent with the WTO Appellate Body decision of *United States – Countervailing Measures (China)*²⁵¹ In that case the Appellate body referred to the following 3 indicia which may assist in assessing whether an entity was a public body vested with or exercising government authority:

- where a statute or other legal instrument expressly vests government authority in the entity concerned
- where there is evidence that an entity is, in fact, exercising governmental functions
- where there is evidence that a government exercises meaningful control over an entity and exercises governmental authority in the performance of government functions.

The Federal Court of Australia has also previously considered these principles.²⁵²

D2.3 Private bodies

Where an entity is neither a government nor public body, the commission will consider it a private body, in which case, a government direction to make a financial contribution in respect of the goods must be established for the contribution to be considered a subsidy, as defined by section 269T(1).

Pursuant to section 16.3 of the Manual, in determining the character of an entity that may have provided a financial contribution, 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
- 'directed' to carry out a government function, which occurs in situations where the government exercises its authority over a private body.

Accordingly, not all government acts are entrusting or directing a private body. Encouragement or mere policy announcements by government of themselves are not sufficient to satisfy this test. However, threats and inducements may be evidence of entrustment or inducements. This test is satisfied where the private body is a proxy by government to give effect to financial contributions.

The Federal Court of Australia has also previously considered these principles.²⁵³

²⁵¹ DS379 United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China.

²⁵² See *Panasia Aluminium (China) Limited v Attorney-General of the Commonwealth* [2013] FCA 870, [27] - [70]; *Dalian Steelforce Hi Tech Co Ltd V Minister for Home Affairs* [2015] FCA 885, [50] - [73].

²⁵³ See *Panasia Aluminium (China) Limited v Attorney-General of the Commonwealth* [2013] FCA 870, [27] - [70]; *Dalian Steelforce Hi Tech Co Ltd V Minister for Home Affairs* [2015] FCA 885, [50] - [73].

D3 Countervailability of subsidies

In assessing whether a subsidy is countervailable, the commission applies the criteria set out in section 269TAAC. A subsidy is countervailable if it is specific, meaning it is limited in availability to certain enterprises, industries, or regions, or is contingent on export performance or the use of domestic goods.

Section 269TAAC(2) provides that a subsidy is specific:

- (a) if, subject to subsection (3), access to the subsidy is explicitly limited to particular enterprises; or
- (b) if, subject to subsection (3), access is limited to particular enterprises carrying on business within a designated geographical region that is within the jurisdiction of the subsidising authority; or
- (c) if the subsidy is contingent, in fact or in law, and whether solely or as one of several conditions, on export performance; or
- (d) if the subsidy is contingent, whether solely or as one of several conditions, on the use of domestically produced or manufactured goods in preference to imported goods.

Section 269TAAC(3) provides that a subsidy is not specific, subject to section 269TAAC(4), if:

- (a) eligibility for, and the amount of, the subsidy are established by objective criteria or conditions set out in primary or subordinate legislation or other official documents that are capable of verification; and
- (b) eligibility for the subsidy is automatic; and
- (c) those criteria or conditions are neutral, do not favour particular enterprises over others, are economic in nature and are horizontal in application; and
- (d) those criteria or conditions are strictly adhered to in the administration of the subsidy.

Section 269TAAC(4) provides that the Minister may determine that a subsidy is specific, having regard to:

- (a) the fact that the subsidy program benefits a limited number of particular enterprises; or
- (b) the fact that the subsidy program predominantly benefits particular enterprises; or
- (c) the fact that particular enterprises have access to disproportionately large amounts of the subsidy; or
- (d) the manner in which a discretion to grant access to the subsidy has been exercised.

Section 269TAAC(5) further provides that, in making a determination under section 269TAAC(4), the Minister must take account of:

- (a) the extent of diversification of economic activities within the jurisdiction of the subsidising authority; and
- (b) the length of time during which the subsidy program has been in operation.

D4 Goods and services provided by government at less than adequate remuneration (LTAR)

The commission's exporter questionnaire identified 3 programs concerning subsidies relating to LTAR.

- Program 688-10 - Coke provided by government at less than adequate remuneration
- Program 688-14 - Steel slab provided by government at less than adequate remuneration
- Program 688-50 - Hot rolled steel provided by government at less than fair market value

For investigation 658 concerning HRC from China, the commission also examined the following LTAR programs.

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- Program 658-178 – Raw materials and utilities provided at LTAR
- Program 658-179 – Hot rolled steel at LTAR

The table below summarises the commission’s findings in relation to the examined LTAR programs.

Program No.	Program name	Countervailable subsidy for the goods?	Beneficiary
688-10	Coke provided by government at less than adequate remuneration	No	No applicable to any exporters
688-14	Steel slab provided by government at less than adequate remuneration	Yes	Baoshan, Baosteel Zhanjiang and non-cooperative entities
688-50	Hot rolled steel provided by government at less than fair market value	No	No applicable to any exporters
658-178	Raw materials and utilities provided at LTAR	Yes	Baoshan, Hunan Valin and non-cooperative entities
658-179	Hot rolled steel at LTAR	No	No applicable to any exporters

Table 30:LTAR programs countervailed by the commission

D4.1 Scope of programs

There is no single legislative authority or policy within China for providing raw material inputs at less than adequate remuneration (LTAR). Rather, the commission considers this program as a collective way to describe conditions within the Chinese steel market under which Chinese SOEs provide raw materials at a price lower than an adequate market price having regard to prevailing market conditions of competition. These market conditions are discussed in the particular market situation analysis in APPENDIX A

In determining whether a Chinese entity has received an LTAR subsidy in connection with the purchase of raw materials used in the production of the goods, the Commissioner must consider if the following elements are present:

- the provision of raw materials
- the provision of those raw materials by a public body
- the provision of those raw materials at LTAR, having regard to prevailing market conditions.²⁵⁴

D4.2 Provision of raw materials

The commission considers that the LTAR program are limited to the provision of raw material inputs such iron ore, coal, coke, steel scrap and semi-finished steel slab. Provision of other goods or services, such as electricity, gas or coking coal and the provision of goods or services by privately owned and controlled entities are not included under the programs.

Commissioner’s assessment

Iron ore, coal and coke are the key raw material input for the manufacture of steel slab in the circumstance it is produced as part of a fully integrated production process. The steel

²⁵⁴ The commission’s consideration of this program has been conducted consistent with *Reinvestigation 550 - Precision pipe and steel tube exported from China* and Anti-Dumping Review Panel Review No 2021/143.

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slab is then fed into the process for production of plate steel. These inputs make up the majority of input costs, i.e. excluding labour, manufacturing overheads, etc. The commission confirmed Baoshan, Baosteel Zhanjiang and Hunan Valin produced their own steel slabs through a fully integrated production process and also purchased non-material volumes of slab from third party suppliers during the investigation period.

D4.3 Provision by a public body

The commission considers that this program is limited to the provision of raw material inputs by public bodies. Purchases from private manufacturers are not considered to have conferred a benefit under this program.

As outlined below, the commission has found that all three cooperating exporters purchased raw materials from entities that the commission considers to be a public body for the purpose of defining a subsidy under section 269T(1) of the Act.

D.4.3.1 Baoshan and Baosteel Zhanjiang

Baoshan

The commission jointly assessed Baoshan and Baosteel Zhanjiang owing to the circumstance they are related parties and because Baosteel Zhanjiang is fully owned subsidiary of Baoshan. Data concerning their purchases of raw materials was also presented on the same exhibit filed with their questionnaire responses.

Baoshan's response to G-7.4 of its REQ reported purchases iron ore, coal, coke and steel slab from entities that it identified as SOEs. Iron ore and steel slab was sourced almost exclusively from related party SOEs with a non-material volume from unrelated SOEs.

Baoshan reported a high proportion of its coal was sourced from SOEs. Within the SOE supply chain for coal, the share provided by related SOE suppliers was about half the amount from unrelated SOE suppliers.

A material volume of Baoshan's coke purchases were from SOE suppliers with the remainder from unrelated non-SOE suppliers. All of Baoshan's purchases of steel slab were from related SOE suppliers who also manufactured the steel.

Baosteel Zhanjiang

Baosteel Zhanjiang's response to G-7.4 of its REQ reported purchases iron ore, coal and steel slab from entities that it identified as SOEs. Iron ore and steel slab was sourced exclusively from related party SOEs, whilst a high proportion of its coal was also sourced from SOEs.

Within the SOE supply chain for coal, the share provided by related SOE suppliers was slightly lower than the amount from unrelated SOE suppliers. Baosteel Zhanjiang did not purchase any coke during the investigation period.

In the case of both Baoshan and Baosteel Zhanjiang, the commission identified evidence that in the case of some supply chain arrangements, such as for iron ore and coal, both companies imported a portion of these goods from overseas suppliers who were not SOEs.

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For the specific assessment of whether their supplier is a public body, the commission has observed the supplier who is the last entity in the supply chain to transfer ownership of the materials to the exporters, irrespective of whether the original vendor was an SOE. This reflects the information both exporters provided in the raw material purchase listings. Whether this arrangement resulted in a transfer of goods at prices that are LTAR is the subject of the findings outlined below in chapter D4.4

Based on the information in the REQ from Baoshan and Baosteel Zhanjiang, their related SOE suppliers were in the most part subsidiaries of either Baoshan or Baowu Resources Co., Ltd. (Baowu Resources). Baoshan and Baosteel Zhanjiang confirmed they are ultimately controlled by SASAC with Chinese Communist Party representation on the board of directors.²⁵⁵ Their ultimate parent company is China Baowu Steel Group Corporation Limited which is 100% owned by the SASAC.

The Commissioner considers that the SASAC is mandated to ensure their assets, which inclusive of Baowu Steel Group and its subsidiaries, operate in a way consistent with government policies and interests. These GOC objectives are not only enforced by the GOC ownership of Baowu Steel Group, but also through the Communist Party of China committee member appointed to the board of companies within the group, e.g. Baoshan.

The commissions notes that similar findings concerning Baowu Steel Group have been made in relation to Investigation 690 into freight railway wheels. This investigation examined Maanshan Iron and Steel Company Limited, of which Baowu Steel Group retains a majority interest.²⁵⁶

Other than their REQ identifying a range of its other unrelated suppliers as SOEs, the commission could not access the information Baoshan and Baosteel Zhanjiang refer to at I-2.1 of their REQ. There was a Chinese based web resource concerning the shareholdings of SOE companies.²⁵⁷ As a result, no further information regarding the ownership structure, or further involvement of the GOC in these other suppliers' operations has been examined. In the absence of contrary information, the Commissioner considers it reasonable that these other suppliers have a similar level of GOC involvement to Baowu Steel Group.

The Commissioner considers that the GOC's ultimate ownership of Baowu Steel Group, along with the other SOE suppliers of iron ore, coal, coke and steel slab, gives it meaningful control over the entities, including influence over appointments, business objectives, investment and business decisions. As discussed in appendices A5 and A6, steel mills in China, regardless of ownership, are already subject to the directives, plans and guidelines of the GOC central government, the commission considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

In light of all available information, the Commissioner concludes that the SOE suppliers to Baoshan and Baosteel Zhanjiang possess, exercise and are vested with governmental authority and are, therefore, public bodies.

²⁵⁵ Baoshan and Baosteel REQ H-2.4, 2.5 and 2.6 refers.

²⁵⁶ SEF 690, Chapter D4.1.3.

²⁵⁷ <https://www.qcc.com/>

D.4.3.2 Hunan Valin

Hunan Valin's response to G-7.4 of its REQ reported purchases iron ore, coal and coke from entities that it identified as SOEs.

Iron ore volume sourced from SOE entities was material although the predominant suppliers were neither related or an SOE. Hunan Valin's iron ore SOE suppliers were overwhelmingly unrelated parties and numbered upwards of over 50 entities. Most of the iron ore supplied through this channel was identified as originating from Australia. Some suppliers were members of the Baowu Steel Group. Hunan Valin's iron ore purchases from related parties was less than 1% of its total reported purchases of iron ore.

Purchases of coal from SOE suppliers was exclusively from China, whereas coke, whilst also exclusively originating in China, was sourced from a mix of SOE and non-SOE vendors, although most were SOEs.

Hunan Valin provided information at I-2.1 of its REQ to support its responses in the raw material purchase listing at G-7.4 that identified its suppliers as SOEs. The commission has also established through the records of other cooperating exporters, that some of Hunan Valin's suppliers are SOES. Hunan Valin's response has been accepted.

Hunan Valin's REQ at H-1 and H-2 states it is a state-owned enterprise and is a wholly owned subsidiary of its parent company Hunan Valin Steel Co., Ltd. Hunan Valin also advises it is under the supervision of SASAC with respect to the exercise of its shareholders' rights. Hunan Valin outlines none of its shareholders, directors, or members of its board are representatives, or appointed or otherwise affiliated with the GOC or the Chinese Communist Party. Limited information was provided with respect to similar arrangements of its parent company Hunan Valin Steel Co., Ltd.

Apart from Hunan Valin's REQ and other findings made in relation to certain entities in the Baowu Steel Group, the commission has no further information regarding the ownership structure, or further involvement of the GOC in Hunan Valin's unrelated suppliers' operations. In the absence of contrary information, the Commissioner considers it reasonable that these other suppliers likely have a similar level of GOC involvement to those identified in relation to Baowu Steel Group.

D4.4 At less than adequate remuneration

In order for there to be a subsidy under this program, a benefit must be conferred to manufacturers of the goods in respect of their raw material purchases. That benefit, if any, is determined as the difference between the prices paid by manufacturers to government suppliers and what the Commissioner determines as adequate remuneration for those raw materials.

Section 269TACC(4) provides that 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.

The Manual further provides:

As a first step where there has been a provision of goods/services by a government, it must be established whether the same goods or services involved are provided both by the government and by private operators. If so, the price

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charged by the government body would normally constitute a benefit to the extent that it is below the lowest price available from one of the private operators to the company involved for a comparable purchase. The amount of subsidy is the difference between these two prices.

If the company involved has not made comparable purchases from private operators, details are required of the price paid by comparable companies in the same sector of the economy. If such price is not available, a price will be obtained for comparable companies in the economy as a whole.²⁵⁸

Commissioner's assessment

Chinese entities were asked in the exporter questionnaire to provide details on their raw material purchases and whether the suppliers of those raw materials were private enterprises or SOEs. The commission also sent a questionnaire to the GOC which included questions about the broader Chinese steel industry. The GOC did not submit a response.

Baoshan, Baosteel Zhanjiang and Hunan Valin all reported purchases of raw materials from private enterprises or provided enough information to assist establishing whether their purchases from SOEs, whilst in principal being sourced from an SOE, actually concerned materials exported to China from overseas suppliers with no affiliation with the GOC.

The discussion outlined below relies on the analysis contained in **Confidential Attachment 36**.

Iron ore

The commission finds that none of the cooperating exporters received iron ore at prices that represent LTAR. Prices paid to SOE suppliers in relation to imported iron ore were generally the lowest available, however most iron ore was ultimately sourced from private overseas mining companies.

Supply chain analysis performed for Baoshan demonstrated the value of its iron ore purchases was fully transferred from the originating iron ore supplier through related trading entities. The commission obtained a full suite of documentation to validate this finding. Other charges and fees such as importation expenses, ocean freight and agent fees covered by Baoshan were reflected in its accounts at the full value. Notwithstanding the involvement of SOEs within Baoshan's supply chain, the commission does not consider this necessarily resulted in Baoshan receiving a benefit in the form of a lower transfer price compared to price paid to overseas mining supplier.

The examination of Baoshan has been relied on by the commission as a benchmark to inform the arrangements that are likely in place for all other cooperating exporters. Based on the evidence obtained in relation to Baoshan, and comparing the prices reported by all cooperating exporters, the commission does not consider iron ore was received at prices that reflect LTAR.

²⁵⁸ Manual, p76.

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Coal

The commission examined pricing of coal imported from overseas markets through both SOE and private enterprises. The price of coal was comparable with respect to either supply route. The price of Chinese coal was also examined and compared to the price of imported coal through SOE and private suppliers. It was observed that the price of coal purchases from SOE suppliers was higher than the prices for private enterprises.

With the exception of Baoshan, the commission does not consider Baosteel Zhanjiang or Hunan Valin purchased coal at prices that represented LTAR. Baosteel Zhanjiang and Hunan Valin purchases of Chinese coal from SOE suppliers were at prices that were higher than prices paid for coal from international markets through either SOE and private suppliers.

In Baoshan's circumstance, its purchased significant quantities of Chinese coal from SOE suppliers at a price that was lower than the prices it paid for imported coal. Although Baoshan's imported coal was also transacted through SOE traders, the commission's supply chain analysis was able to verify that the price charged by the originating coal mining vendor in the overseas location was fully transferred through to Baoshan.

The commission therefore considers the price of coal sourced from international market suppliers, albeit through SOE traders, represents a reasonable comparison point for evaluating if LTAR has occurred as this price likely reflects circumstances that are unaffected by the distortions identified for the Chinese coal market.

The commission considers the price differential observed in relation to Baoshan's purchases of Chinese coal from SOEs reflects the provision of goods by a public body at LTAR.

Coke

Except for Baosteel Zhanjiang, all other cooperating exporters from China reported purchases of coke from both SOE and private enterprises. The prices were comparable via both kinds of suppliers. The price of SOE sourced coke was also observed to be comparable to the available coke production cost data provided by Baoshan, Baosteel Zhanjiang and Hunan Valin.

Steel slab

Baoshan and Baosteel Zhanjiang reported purchases of steel slab from related SOE suppliers and had no purchases of steel slab from private operators during the investigation period. Hunan Valin did not report any slab purchases. No other Chinese entities responded to the commission's questionnaire, nor did the commission receive a response from the GOC. Further, the commission was unable to source Chinese steel slab cost or price information via other sources that were not SOEs.

Accordingly, the commission cannot compare the government price to private operator prices, or prices paid in the same sector or the economy as a whole.

The commission has therefore used the constructed slab steel benchmark price used in the calculation of the cooperating exporters' normal value as the benchmark for the LTAR assessment.

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Appendix C7 sets out the Commissioner's full assessment of the benchmark selection process. In summary, the Commissioner has examined the suitability of several steel markets in relation to assessing the cost of production in China unaffected by the distortions identified in the Chinese steel market. The factors considered in this assessment were:

- the status of each country's domestic steel manufacturing industry, including recent plant developments and the relative size of the country's steel industry
- the level of economic development, including an assessment of GDP per head, life expectancy, literacy rates, the World Bank human capital index and the United Nations human development classification levels
- relative labour costs
- the market-based status of each country
- other factors that may be relevant.

After considering the above, the Commissioner finds that Brazilian domestic steel slab prices provide a suitable and preferable representative price for comparative analysis with prices paid for slab sold in the Chinese domestic market.

The Commissioner considers this is the most suitable benchmark that reflects the prevailing market conditions in China, after accounting for the particular market situation in the broader Chinese steel market.

Having determined that Brazilian domestic prices for steel slab are a suitable and preferable basis to calculate a benchmark, the Commissioner sourced price data from the subscription service MEPS.

The prices paid by Baoshan and Baosteel Zhanjiang were found to reflect a discount on the Brazil based benchmark (as adjusted). The commission considers this price differential reflects the provision of goods by a public body at LTAR.

Scrap steel

Hunan Valin was the only exporter that reported purchases of scrap steel. Hunan Valin purchases most of its scrap steel from private enterprises but sourced from SOE in material quantities. Scrap steel from SOEs was sold at a discount to the prices charged by private suppliers. The commission considers this price differential reflects the provision of goods by a public body at LTAR.

D4.5 Is the subsidy countervailable?

The Commissioner is satisfied that eligibility for a subsidy under Programs 658-10, 688-14, 688-50, 658-178 and 658-179 are limited to particular enterprises purchasing materials that are relevant to those programs, e.g. iron ore, coal, coke, steel slab, scrap steel and hot rolled steel.

The commission has seen no evidence indicating that:

- eligibility for this subsidy is established by objective criteria or conditions set out in primary or subordinate legislation or other official documents capable of verification
- eligibility for this subsidy is automatic
- the eligibility criteria for this program were neutral, do not favour particular enterprises, are economic in nature and horizontal in application

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- that there are criteria strictly adhered to in the administration of the subsidy.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others, i.e. those enterprises raw materials used in the production of steel plate. It therefore does not satisfy the exception to specificity in section 269TAAC(3).

Accordingly, the Commissioner is satisfied that this program meets the criteria of a countervailable subsidy under section 269TAAC(2)(a)

D4.6 Amount of subsidy – Baoshan

The commission finds that Baoshan appears to have received a countervailing subsidy in relation to its purchases of coal and steel slab. Programs 688-14 and 658-178 are therefore applicable to Baoshan.

The commission has determined whether a benefit was provided in respect of programs using the method outlined in Table 31 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Baoshan
688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baoshan to SOEs and the constructed steel slab benchmark price, multiplied by the total volume of materials purchased.
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Baoshan.
658-178	Raw materials and utilities provided at LTAR	The difference between the weighted average prices paid by Baoshan to SOEs for Chinese coal and the weighted average prices paid to SOEs for coal purchases from overseas suppliers, multiplied by the total volume of materials purchased.
658-179	Hot rolled steel at LTAR	Not applicable to Baoshan.

Table 31: Baoshan amount of LTAR subsidy²⁵⁹

D4.7 Amount of subsidy – Baosteel Zhanjiang

The commission finds that Baosteel Zhanjiang appears to have received a countervailing subsidy in relation to its purchases of slab steel. Program 688-14 is therefore applicable to Baoshan.

The commission has determined whether a benefit was provided in respect of programs using the method outlined in Table 32 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Baosteel Zhanjiang

²⁵⁹ Confidential Attachment 36 refers.

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688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baosteel Zhanjiang to SOEs and the constructed steel slab benchmark price, multiplied by the total volume of materials purchased.
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Baosteel Zhanjiang
658-178	Raw materials and utilities provided at LTAR	Not applicable to Baosteel Zhanjiang
658-179	Hot rolled steel at LTAR	Not applicable to Baosteel Zhanjiang

Table 32: Baosteel Zhanjiang amount of LTAR subsidy²⁶⁰

D4.8 Amount of subsidy – Hunan Valin

The commission finds that Hunan Valin appears to have received a countervailing subsidy in relation to its purchases of scrap steel. Program 688-178 is therefore applicable to Hunan Valin.

The commission has determined whether a benefit was provided in respect of all LTAR programs using the method outlined in Table 33 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Hunan Valin
688-14	Steel slab provided by government at less than adequate remuneration	Not applicable to Hunan Valin
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Hunan Valin
658-178	Raw materials and utilities provided at LTAR	The difference between the prices paid by Hunan Valin to SOEs and the prices paid to private suppliers, multiplied by the total volume of materials purchased.
658-179	Hot rolled steel at LTAR	Not applicable to Hunan Valin

Table 33: Hunan Valin amount of LTAR subsidy²⁶¹

D4.9 Amount of subsidy – Non-cooperative entities

For non-cooperative entities, no information was provided by either the GOC or the entities themselves to identify whether a financial contribution has been received under programs concerning LTAR. The commission considers that these entities have not given the Commissioner information considered to be relevant to the investigation within a reasonable period.

Pursuant to sections 269TAACA(1)(c) and 269TAACA(1)(d), the Commissioner has acted based on all the facts available and made reasonable assumptions to determine whether a countervailable subsidy has been received in respect of the goods.

²⁶⁰ Confidential Attachment 36 refers.

²⁶¹ Confidential Attachment 36 refers.

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Based on the findings in respect of Baoshan, Baosteel Zhanjiang and Hunan Valin, the Commissioner considers it likely that non-cooperative entities purchased coal, steel slab and scrap steel from SOEs at subsidised prices and therefore received a financial contribution under this program. This is based on assuming non-cooperative entities rely on a fully integrated method of plate steel production and as a result, such inputs would be required. However, the commission does not consider it is reasonable to conclude a countervailable subsidy may have been received in respect of iron ore and coke as the available information is not adequate to merit this finding.

Further, given the presence of raw materials available from SOEs at below market prices, as discussed in APPENDIX A, it is reasonable for the Commissioner to assume, pursuant to section 269TAACA, that non-cooperative entities would purchase such raw materials to manufacture the goods.

The commission has also considered the potential that some plate steel producers in China could have used a simplified process that relied on purchased HRC as a feedstock. This would convert the HRC into flat plate steel of a thickness being equal to or greater than 4.75mm as covered the description of the goods the subject of this investigation. On the balance of the available methods concerning of plate steel production used for the goods exported to Australia, the commission has limited its findings on LTAR subsidies to the fully integrated scenario. Programs 688-50 and 658-179 are therefore not considered applicable as both relate to hot rolled steel products.

The amount of countervailable subsidy, and in turn the subsidy margin for LTAR programs applicable to non-cooperative entities, has been determined using the methods outlined in Table 34 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to non-cooperative entities
688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baosteel Zhanjiang to SOEs and the constructed steel slab benchmark price (as adjusted).
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to non-cooperative entities
658-178	Raw materials and utilities provided at LTAR	<u>Coal</u> The difference between the lowest weighted average prices paid by cooperating exporters from Chinese coal from SOEs and the highest weighted average prices paid to private enterprises for coal purchased from overseas suppliers. <u>Steel scrap</u> The difference between the prices paid by Hunan Valin to SOEs and the prices paid to private suppliers.
658-179	Hot rolled steel at LTAR	Not applicable to non-cooperative entities

Table 34: Non-cooperative entities amount of LTAR subsidy²⁶²

²⁶² Confidential Attachment 36 refers.

D5 Preferential tax programs

The commission’s examination of the available information concludes the following preferential tax programs conferred a benefit in the form of a countervailable subsidy during the investigation period. Two out the 10 programs were found to be new and not previously countervailed by the commission.

Program No.	Program name	New 688 program	Countervailable subsidy for the goods?	Beneficiary
684-12	Individual income tax handling fee refund	No	Yes	All exporters
684-12	Individual income tax handling fee refund	No	Yes	All exporters
658-170	Value Added Tax (VAT) deduction for advanced manufacturing	No	Yes	Baoshan and non-cooperative entities
658-171	Value Added Tax (VAT) additional deductions	No	Yes	Baoshan, Hunan Valin and non-cooperative entities
658-172	Value Added Tax (VAT) deduction for enterprises employing poor people	No	Yes	Baoshan and non-cooperative entities
658-173	Deferred income – tax refunds – amortization	No	Yes	Baosteel Zhanjiang and non-cooperative entities
658-176	Corporate income tax benefit	No	Yes	All exporters
688-51	Preferential Treatment for High and New Technology Enterprises	No	Yes	All exporters
688-80	Input tax credit deduction carried forward to other income	Yes	Yes	Baosteel Zhanjiang and non-cooperative entities
688-81	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Yes	Yes	Baosteel Zhanjiang and non-cooperative entities

Table 35: Tax programs countervailed by the commission

D5.1 Tax programs listed in the commission’s exporter questionnaire

The commission’s exporter questionnaire identified or nominated the following 12 programs concerning preferential tax policies. With the exception of Program 51, none of the cooperating exporters were found to receive a benefit in relation to any of these programs. However, they did report receiving a benefit in relation to a range of other tax related programs not initially identified in the questionnaire.

Program No.	Program name
11	Comprehensive utilization of resources - VAT refund upon collection
15	Preferential Tax Policies for Foreign Invested Enterprises— Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years
16	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai
17	Tariff and VAT Exemptions on Imported Materials and Equipment
20	Local Tax Bureau Refund
21	Return of Farmland Use Tax
22	Return of Land Transfer Fee

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Program No.	Program name
23	Return of Land Transfer Fee from Shiyou
51	Preferential Tax Policies for High and New Technology Enterprises
76	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones
77	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)
78	Preferential Tax Policies in the Western Regions

Table 36: Investigation 688 nominated tax programs

All cooperating exporters from China reported they were recognised as a High and New Technology Enterprise (HNTE) making the eligible for a preferential corporate income tax rate of 15% under Program 51.

D5.2 Previously countervailed relevant programs

The preferential tax programs listed below were countervailed by the commission in prior investigations and were found to be relevant to exporters for this investigation. The relevant case number is shown as a prefix to the program number.

Program No.	Program name
684-12	Individual income tax handling fee refund
658-170	Value Added tax (VAT) deduction for advanced manufacturing
658-171	Value Added Tax (VAT) additional deductions
658-173	Deferred income – tax refunds – amortization
658-176	Corporate income tax benefit
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises

Table 37: Other tax programs countervailed by the commission

D5.3 Other programs

Additional programs not previously identified by the commission were reported by cooperating exporters. Some of these programs appear to be identical to programs countervailed by the commission in prior cases. The table below shows the nominated program number from those prior cases and an investigation specific number where the commission has not previously examined the program, of which there are two.

Program No.	Original or nominated program name	Programs as described by exporters	New 688 program
684-12	Individual income tax handling fee refund	<ul style="list-style-type: none"> Shanghai Baosteel Xinyue Talent Technology Co., Ltd.- Individual income tax handling fee refund Budgetary Revenue - Individual income tax handling fee refund 	No
658-170	Value Added Tax (VAT) deduction for advanced manufacturing	<ul style="list-style-type: none"> Notice on accounting processing related to additional deduction of VAT for advanced manufacturing 	No
658-172	Value Added Tax (VAT) deduction for enterprises employing poor people	<ul style="list-style-type: none"> VAT deduction for enterprises hiring impoverished individuals during the month. VAT deduction for enterprises employing poor people 	No

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Program No.	Original or nominated program name	Programs as described by exporters	New 688 program
688-80	Input tax credit deduction carried forward to other income	<ul style="list-style-type: none"> Input tax credit deduction carried forward to other income 	Yes
688-81	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	<ul style="list-style-type: none"> Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees 	Yes

Table 38: Other tax programs countervailed by the commission

The following appendices discuss these programs in detail.

D5.4 Program 688-51 Preferential Treatment for High and New Technology Enterprises

D.5.4.1 Scope of program

All cooperating exporters from China reported they were recognised as a High and New Technology Enterprise (HNTE) making them eligible for a preferential corporate income tax rate of 15%, compared to the general tax rate applying to enterprises in China of 25%.

The questionnaire responses filed by Baoshan, Baosteel Zhanjiang and Hunan Valin all stated they were eligible HNTEs in relation to the period the subject of Investigation 658 into HRC from China. However, this particular program was not countervailed in that investigation.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in *SEF 684 – PVC flat electric cables from China* (SEF 684) (Program 5) and *SEF 690 – Freight railway wheels* (Program 5).

D.5.4.2 WTO notification and legal basis

SEF 684 and SEF 690 provide that:²⁶³

China's New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures, 26 August 2025 (China subsidy notification), lists this program at page 8.

The policy objective and/or purpose of the subsidy is to encourage high and new technology industrial development and enhance technology progress.

The authorities for the subsidy are given in the China subsidy notification as the Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Finance and State Taxation Administration.

The legislation under which the program is granted is Article 28 of the Law of the People's Republic of China on Enterprise Income Tax (2007), Article 93 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007) and a State Council Circular Guo Fa No. 40 of 2007.

²⁶³ SEF 684, p.23 and SEF 690, p.170

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The form of the subsidy is preferential tax treatment specific to enterprises recognised as high or new technology enterprises. The enterprise income tax shall be levied at the reduced rate of 15% from 25%.

D.5.4.3 Eligibility criteria

Based on the findings in SEF 684 and by reference SEF 690, this program does not appear to be generally available to all enterprises in China, it is specific to new and high technology enterprises that meet certain criteria. These criteria were first described in *Report 469 – PVC flat electric cables exported from China*. The criteria state that a company must:

- be registered as an enterprise for more than 12 months
- operate within mainland China
- possess intellectual property as defined within the scope of high tech fields supported by the state
- maintained ongoing research and development (R&D) advancements to core technology
- R&D expenditure over last 3 years must be:
 - In the last 12 months total income is not less than 6% if annual sales income is less than 50 CNY; not below 4% if annual sales income is between CNY 50 million and CNY 200 million; not below 3% if annual sales income is greater than CNY 200 million
 - R&D expenditure within China is not less than 60%
 - the ratio of income from high-tech operations vs total income is not less than 60%.²⁶⁴

In SEF 684 and 690, the Commissioner concluded that the criteria does not appear to have changed. The evidence before the Commissioner in this investigation also indicates the program criteria are unchanged.

D.5.4.4 Is there a subsidy?

The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government. Due to the nature of this program (reduced income tax rate) it is considered that a financial contribution would be made in connection to the production, manufacture, or export of all goods of the recipient enterprise (including goods exported to Australia).

The Commissioner considers that this constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under these programs meet the definition of a subsidy under section 269T.

D.5.4.5 Is the subsidy countervailable?

Based on the eligibility criteria outlined in SEF 684 and SEF 690, and in reliance of the cooperating exporters', the Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2) and that this program is countervailable. The commission considers the criteria or conditions providing access to the subsidies favour

²⁶⁴ *Report 469 – PVC flat electric cables exported from China*, p82.

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particular enterprises over other enterprises in China (namely new and high technology enterprises), and therefore section 269TAAC(3) does not apply to this subsidy.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 684 or SEF 690.

D.5.4.6 Amount of subsidy

The amount of countervailable subsidy received by Baoshan, Baosteel Zhanjiang and Hunan Valin under Program 51 is equal to the reduction in tax otherwise payable by these exporters over the investigation period.

As this amount 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.5 Program 684-12 Individual income tax handling fee refund

D.5.5.1 Scope of program

All cooperating exporters reported receiving amounts relating to a refund of income tax handling fees. The amounts received were very low relative to the size of each exporter's business.

In SEF 690, the commission established the mechanism behind the calculation of handling fee refund, '*When a company withholds and pays individual income tax on behalf of its employees, it can receive a 2% handling fee refund from the tax authorities.*'²⁶⁵

The commission also recently identified this program in SEF 684.

D.5.5.2 WTO notification and legal basis

In SEF 684, the commission did not identify any specific legal basis for this program, i.e. no specific law, regulation, or other GOC document that provides for the establishment or regulation of this program. The commission is not aware of any WTO notification of this program.

The commission was also unable to identify any specific legal basis for this program in this investigation.

D.5.5.3 Eligibility criteria

In both SEF 684, SEF 690 and in this investigation, the program appears to be limited to specific businesses operating within the jurisdiction of the granting authority. In the case of exporters cooperating with 688, this was cited as the authority overseeing the area in which each exporter was located.

D.5.5.4 Is there a subsidy?

²⁶⁵ SEF 690, Chapter D4.4.2, p.172

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From the evidence before it, the commission considers that a grant provided under this program by way of a refund paid by the relevant tax authority, is a financial contribution by a government which involves the direct transfer of funds from that government.

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.5.5.5 Is the subsidy countervailable?

The eligibility criteria for this program limit access to specific enterprises based on geographic location.

The Commissioner is satisfied this meets the criteria of a countervailable subsidy under section 269TAAC(2)(b).

In SEF 690, the commission outlines it found no evidence indicating that the eligibility criteria for this program is neutral, does not favour particular enterprises, is economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.²⁶⁶ The available information provided to Investigation 688 has not advanced the commission's understanding on the eligibility criteria for this program.

Eligibility for this program therefore appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidy available under this program is specific and is therefore countervailable under section 269TAAC.

D.5.5.6 Amount of subsidy

The amount of countervailable subsidy received by Baoshan, Baosteel Zhanjiang and Hunan Valin under Program 684-12 is the amount they received over the investigation period.

As this amount 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.6 Program 658-170 VAT deduction for advanced manufacturing enterprises

D.5.6.1 Scope of program

²⁶⁶ SEF 690, Chapter D4.4.2, p.173

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Baoshan reported receiving amounts relating to additional deductions on input VAT available for advanced manufacturing enterprises.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in *REP 658 – HRC from China* (REP 658). The commission found Baoshan, Baosteel Zhanjiang and Hunan Valin received a countervailable subsidy under this program.

Under this programs, eligible advanced manufacturing enterprises in China can offset an extra 5% of their creditable input VAT against their output VAT liability, effectively reducing their overall tax burden. The policy remains effective through to December 31, 2027.

Apart from reporting the receipt of a payment under this program, the exporters have not detailed any other aspects.

D.5.6.2 WTO notification and legal basis

The GOC identified this program in section D-3.1 of the response to the government questionnaire the GOC filed for the purpose of Investigation 658.²⁶⁷ The program is established according to *Announcement on the Policy of Value-Added Tax Additional Deduction for Advanced Manufacturing Enterprises* (Announcement No. 43 of 2023 by the Ministry of Finance and the State Administration of Taxation).

The commission is not aware of any WTO notification of this program.

D.5.6.3 Eligibility criteria

The ability to offset VAT payable under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government. Due to the nature of this program, it is considered that a financial contribution would be made in connection to the production, manufacture, or export of all goods of the recipient enterprise (including goods exported to Australia).

The Commissioner considers that this program constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under these programs meet the definition of a subsidy under section 269T.

D.5.6.4 Is the subsidy countervailable?

According to the GOC questionnaire response to Investigation 658, this program is administered by the GOC State Tax Bureau with the support of other relevant departments, and it is implemented by authorities in charge of local taxation within each jurisdiction.²⁶⁸

In SEF 658, the commission concluded that this program is only available to particular enterprises that are operating in the advanced manufacturing sector as identified by the governing law.

²⁶⁷ EPR 658, Item No.8, Section D-3.1, pp. 37-39.

²⁶⁸ EPR 658, Item No.8, Section D-3.1(g), p. 38.

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Based on the eligibility criteria outlined in SEF 658, and in reliance of the available information from cooperating exporters, the Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2) and that this program is countervailable.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 658.

D.5.6.5 Amount of subsidy

The amount of countervailable subsidy received by Baoshan under Program 684-170 is the amount they received over the investigation period.

As this amount 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.7 Program 658-171 VAT additional deduction

D.5.7.1 Scope of program

Baoshan's REQ reported receiving amounts described as VAT additional deductions. Hunan Valin did not report payments under this program in its REQ for Investigation 688. However, Investigation 658 found Hunan Valian did receive payments, and some of these were dated within the investigation period for Investigation 688. No payments were reported by Baosteel Zhanjiang in either Investigation 658 or this investigation.

The commission notes the VAT deduction the subject of this program is considered distinct from the VAT deduction available for advanced manufacturing under Program 658-170.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined *in REP 658 – HRC from China* (REP 658). The commission found Baoshan and Hunan Valin received a countervailable subsidy under this program. The commission countervailed the payments for VAT additional deductions on under section 269TAACA of the Act having regard to all facts available.

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.

No information provided by the exporters concerning:

- 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 payments were made.

D.5.7.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.7.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded amounts received in the form of as VAT additional deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- 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.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.7.4 Amount of subsidy

The amount of countervailable subsidy received by Baoshan is the amount they received over the investigation period. The amount of countervailable subsidy received by Hunan Valin has been worked out by firstly observing the amount it received in its 2024 financial year relative to its reported income for that year, and applying this ratio to the revenue it has reported for the investigation period.

As this amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.8 Program 658-172 VAT deduction for enterprises employing poor people

D.5.8.1 Scope of program

Baosteel Zhanjiang's REQ reported receiving amounts under this program.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined *in REP 658 – HRC from China* (REP 658). The commission found Baosteel Zhanjiang received a countervailable subsidy under this program. The commission countervailed the payments under section 269TAACA of the Act having regard to all facts available.

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In the case of both this investigation and for REP 658, the exporters provided information that was limited to the following:

- 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.

No information has been provided by the exporters of the GOC concerning:

- 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 payments were made.

D.5.8.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.8.3 Is the subsidy countervailable?

In SEF 658, the Commissioner concluded amounts received in the form of as VAT deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- 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.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 658.

D.5.8.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As this amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

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D5.9 Program 658-173 Deferred income tax refunds amortization

D.5.9.1 Scope of program

Baosteel Zhanjiang's REQ reported receiving amounts under this program.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined *in REP 658 – HRC from China* (REP 658). The commission found Baosteel Zhanjiang received a countervailable subsidy under this program. The commission countervailed the payments under section 269TAACA of the Act having regard to all facts available.

In the case of both this investigation and for REP 658, the exporters provided information that was limited to the following:

- 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.

No information has been provided by the exporters of the GOC concerning:

- 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 payments were made.

D.5.9.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.9.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded amounts received were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- 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.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 658.

D.5.9.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As this amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.10 Program 658-176 Corporate income tax benefit

D.5.10.1 Scope of program

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in *REP 658 – HRC from China* (REP 658). The commission found Hunan Valin received a countervailable subsidy under this program. The commission assessed several items on Hunan Valin's income tax assessments that collectively conferred a benefit in the form of reductions in taxable income for Hunan Valin.²⁶⁹ The commission countervailed the deductions under section 269TAACA of the Act having regard to all facts available. These were grouped under *Program 176 - Corporate income tax benefit*.

Apart from disclosing eligibility for a preferential rate of tax under Program 51, Investigation 658 did not receive information from either the exporters of the GOC concerning:

- whether the tax deductions had been declared as part of China's WTO notifications,
- the legal basis upon which the deductions had been provided, or
- the eligibility criteria upon which the deductions were made.

Further examination of the program has been performed for the purpose of this investigation. This revealed deductions relevant to the program were identified in the exporters' tax assessments and appear to reflect a double deduction of amounts that are already included in the exporters taxable profit calculated on their income statements. This has in turn allowed the company to offset its taxable income.

The following list specifies the nature of the additional deductions identified by the commission and cross references the relevant line item in the GOC tax assessment form.

- A double deduction of research and development (R&D) expenses already factored into the companies operating profit.²⁷⁰
- Offsets for equity investment income.²⁷¹
- Wages paid to employ disabled persons.²⁷²

²⁶⁹ Termination Report 658, p. 43.

²⁷⁰ See form A107012 in the FY2024 income tax return.

²⁷¹ See form A107011 in the FY2024 income tax return.

²⁷² See form A100000 in the FY2024 income tax return.

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- Investment income cost offset, expenses incurred for use of financial funds.²⁷³

Absent of the deductions listed above, all cooperating exporters received a benefit in the form of additional deductions that resulted in a reduced level of taxable income for the 2024 financial year. The commission has not been provided with tax assessments for the 2025 financial year at the time of preparing this report.

Absent of the above deductions, all cooperating exporters would have generated taxable income for the 2024 financial year and presumably would have been subject to a 15% corporate rate of tax available to eligible High and New Technology Enterprises under Program 51. Within this context, the exporters to have received a benefit under Program 51.

D.5.10.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.10.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded the benefit realised from the deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission's concluded was on the basis of the following reasons.

- The deductions 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 make the deductions 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 or enterprises undertaking specification activities, e.g. R&D.
- The benefit resulting from the deductions was 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.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.10.4 Amount of subsidy

The commission considers this program is linked to Program 688-51 for entities with HNTE status. The benefit conferred under Program 688-51 is the difference between income tax payable with respect to the standard corporate income tax rate of 25% and amount payable at the rate of 15%. The method for working out the benefit conferred under Program 51 is based on what would have been each exporters' taxable income absent of the deductions allowable under Program 658-176.

²⁷³ See form A105000 in the FY2024 income tax return.

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As the deductions have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.11 Tax programs identified during this Investigation (688-80 & 688-81)

Baosteel Zhanjiang's REQ reported receiving the following financial contributions from central, provincial, municipal and development-zone authorities in China. The commission find its suitable to classify these as tax related and has designated the programs as 688-80 and 688-81.

- 688-80 Input tax credit deduction carried forward to other income
- 688-81 Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees

The commission considers that each of the programs listed above involved a financial contribution within the meaning of section 269T(1) and conferred a benefit, either through the provision of grants, reimbursement of costs incurred, or government revenue foregone.

D.5.11.1 Scope of program

Baosteel Zhanjiang's REQ provided information that was limited to the following:

- 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.

No other information has been provided by the exporter or the GOC concerning:

- 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 payments were made.

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by Baosteel Zhanjiang for the programs.

The commission examined information provided by the exporter order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program.

Having regard to Baoshan's REQ, it was possible to establish that the granting authority for Program 688-80 was at the central government level, whilst for 688-81 it was stated as local government.

D.5.11.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.11.3 Is the subsidy countervailable?

The Commissioner concludes the amounts received in respect of Program 688-80 and Program 688-81 were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission finds the amounts received under this program were countervailable subsidies due to the following reasons.

- 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.5.11.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As this amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D6 Grant programs

Based on the information provided in their REQs, cooperating exporters from China reported receiving grants that the commission considers to be countervailable subsidies. The commission has assessed that the grants were relevant to two main categories.

- Grant programs limited to specific enterprises
- Capital grant programs (deferred income – fixed assets)

D6.1 Grant programs limited to specific enterprises

D.6.1.1 Scope of programs

The REQs filed by the cooperating exporters reported receiving a range of grants from central, provincial, municipal and development-zone authorities.

The exporters provided limited information about the payments but did include:

- 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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No information was provided by the exporters or the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided.

Baoshan and Baosteel Zhanjiang

Baoshan and Baosteel Zhanjiang provided a basic description of the granting authority as being either a central or local government organisation. Other details included in accounting narrations indicated this response to be generally correct. The commission also observed several grants also appeared to be associated with GOC affiliated research institutions

The number of grants reported by Baoshan involved 74 transactions, some being related to the same activity. The commission was able to consolidate these transactions down to 44 after having regard to information provided by Baoshan in the grants listing at I-4 of its REQ. The nature of the transactions appeared to indicate the grants were non-recurring. For the purpose of simplifying the presentation below, the commission has assigned one program number to all Baoshan's grants assessed as being limited to specific enterprises.

Baosteel Zhanjiang reported a much lower number of grants and indicated the granting authority for its grants were the Zhanjiang Municipal Government and entities associated with the Zhanjiang Economic and Technological Development Zone. Baosteel Zhanjiang is in the jurisdiction of Zhanjiang. The nature of the transactions appeared to indicate the grants were non-recurring. To simplifying the presentation below, the commission has assigned one program number to all Baosteel Zhanjiang's grants assessed as being limited to specific enterprises

Hunan Valin

Hunan Valin indicated the granting authority for its grants were the Loudi Municipal Government and entities associated with the Loudi Economic and Technological Development Zone. Hunan Valin is in the jurisdiction of Loudi City. The nature of the transactions appeared to indicate the grants were non-recurring. To simplifying the presentation below, the commission has assigned one program number to all of Hunan Valin's grants assessed as being limited to specific enterprises

D.6.1.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by the exporters in their REQs.²⁷⁴

The commission examined information provided by the exporter and information obtained during verification in order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program, but has listed the available information concerning the granting authority in Table 39.

²⁷⁴ World Trade Organization (WTO), *China – Subsidies and Countervailing Measures Notifications*, WTO Notification Portal, accessed 5 June 2026

D.6.1.3 Eligibility criteria

From the information available to the commission, eligibility for the programs is limited to specific entities, as set out in Table 39 below.

Program Number	Exporter	Program name	Granting authority
690-3	Baoshan	Various	Central and local government organisation and select GOC affiliated research institutions.
690-3	Baosteel Zhanjiang	Various	Zhanjiang Municipal and Zhanjiang Economic and Technological Development Zone
690-20	Hunan Valin	Various	Loudi Municipal Government and entities associated with the Loudi Economic and Technological Development Zone

Table 39: Grant programs limited to specific enterprises

D.6.1.4 Is there a subsidy?

From the evidence before it, the commission considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.6.1.5 Is the subsidy countervailable?

Eligibility for these programs appears to limit access to specific enterprises, based variously on geographic location of specific activities undertaken by recipients.

The Commission is satisfied this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and/or 269TAAC(2)(b).

The commission has seen no evidence indicating that the eligibility criteria for these programs 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.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidies available under these programs is specific and is therefore countervailable under section 269TAAC.

D.6.1.6 Amount of subsidy

The amount of countervailable subsidy received by the cooperating exporters is the amount they reported receiving over the investigation period.

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As the amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).

D6.2 Capital grant programs (deferred income – fixed assets)

D.6.2.1 Scope of programs

The commission identified a range of payments reported as deferred income in relation to fixed-asset projects. Baoshan and Baosteel Zhanjiang declared receiving payments concerning deferred income in section I-4 of their questionnaire responses. The exporters identified these payments as grants and indicated them as being countervailable.

The exporters provided limited information about the payments but did include:

- transaction narrations that supported the amounts related to capital works projects for fixed assets used for steel making
- 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.

No information was provided by the exporters or the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided.

Baoshan and Baosteel Zhanjiang provided a basic description of the granting authority as being either a central or local government organisation. No other information was included to further information the identity of the granting authority.

Baoshan reported 39 individual transactions, some being related to the same project or asset. The commission consolidated these transactions down to 36 after having regard to information provided by Baoshan in the grants listing at I-4 of its REQ.

Baosteel Zhanjiang reported 104 individual transactions, some being related to the same project or asset. The commission consolidated these transactions down to 53 after having regard to information provided by Baosteel Zhanjiang in the grants listing at I-4 of its REQ.

To simplifying the presentation below, the commission has assigned one program number each to all of Baoshan's and Baosteel Zhanjiang's grants assessed as being related to deferred income in relation to fixed asset capital works.

Other cases involving capital grant subsidies

The commission also countervailed grants concerning deferred income on fixed assets in relation to exporters of FRW examined in SEF 690.

SEF 690 outlined that the commission considers that capital grants used to acquire or construct production-related fixed assets may continue to confer a benefit beyond the period of receipt, where the assets remain in productive use and the subsidy applies to

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fixed assets used over several years. In such circumstances, the amortised portion of the deferred income reflects the residual benefit of the subsidy during the investigation period.

Whilst limited, the available information provided by exporters for this investigation appears to support a conclusion that their reported deferred income shares similar characteristics as the payments that were countervailed in SEF 590.

The Commissioner is satisfied that grants relating to capital-grant programs as reported by Baoshan and Baosteel Zhanjiang are countervailable.

D.6.2.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by the exporters in their REQs for the programs in Table 40.²⁷⁵

The commission examined information provided by the exporter and information obtained during verification in order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program, but has listed the relevant granting authority in Table 40.

D.6.2.3 Eligibility criteria

From the information available to the commission, eligibility for Program 688-14 is limited to specific enterprises carrying on capital works projects connected with manufacturing, approved by the granting authority.

Program Number	Exporter	Program name	Granting authority
690-14	Baoshan	Baoshan deferred income – fixed assets grants	Central and local Government
690-14	Baosteel Zhanjiang	Baosteel Zhanjiang deferred income – fixed assets grants	Central and local Government

Table 40: Capital grant programs (deferred income fixed assets)

D.6.2.4 Is there a subsidy?

From the evidence before it, the commission considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The Commissioner has determined that grants provided in relation to deferred income on fixed assets relate to supporting steel making assets that are not exclusively used for the production of plate steel but nonetheless conferred a benefit (whether directly or indirectly) in relation to the goods under consideration during the investigation period.

Baosteel Zhanjiang reported that some deferred income fixed assets payments were not related to the goods. Information provided in its REQ indicated the payments concerned

²⁷⁵ World Trade Organization (WTO), *China – Subsidies and Countervailing Measures Notifications*, WTO Notification Portal, accessed 5 June 2026

cold rolled steel production processes. Based on this disclosure, the commission considers the payments declared in relation to cold rolled steel are not relevant to the goods under consideration.

The commission considers that the deferred income on fixed assets reported by Baoshan and Baosteel Zhanjiang are a financial contribution are in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.6.2.5 Is the subsidy countervailable?

Eligibility for these programs is limited to designated enterprises and projects and meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and/or 269TAAC(2)(b).

The commission has seen no evidence indicating that the eligibility criteria for these programs 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.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidies available under these programs is specific and is therefore countervailable under section 269TAAC.

D.6.2.6 Amount of subsidy

In SEF 690, the commission considered an approach that amortises the grant over the depreciation period of the fixed asset.²⁷⁶ The commission identified that exporters examined in SEF 590 received deferred payments for the fixed assets funded under the relevant programs, rather than an upfront payment. Each financial year, the exporter received a payment for the relevant fixed asset.

Accordingly, the commission concluded it was appropriate to use the actual deferred amounts paid during the investigation period.

Although the commission has received very limited information about the payments received in relation to the exporters the subject to this investigation, the description of the payments declared by the exporters appeared to correspond with the observations outlined in SEF 590. The commission therefore considers it unnecessary to calculate an amortised benefit and instead use the actual deferred amounts paid during the investigation period.

As these programs each relate to the broader steel making activities, the Commissioner considers this amount has been provided in connection with the production, manufacture, or export of all products produced by the exporters (except for certain amounts not considered relevant).

²⁷⁶ The Manual, p69.

The commission has attributed the amounts received by each exporters to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D7 Preferential loans (658-177)

D7.1 Scope of programs

The commission's assessment of preferential loans in REP 658 found Baoshan and Hunan Valin were the recipients of loans from SOE's at preferential rates of interest that were lower than commercial rates.²⁷⁷ The commission concluded the favourable rates of interest paid on the loans from SOE banks conferred a benefit that was a countervailable subsidy under section 269TAACA of the Act having regard to all the facts available. The subsidy was designated program number 658-177.

The REQs filed by Baoshan and Hunan Valin for Investigation 658 did not disclose the existence of preferential loans. Rather, they were identified by the commission during verification of the exporters.²⁷⁸

The REQs filed by Baoshan and Hunan Valin for Investigation 688 have similarly not reported the receipt of loans from any SOE banks, notwithstanding this information is requested at question I-5 of the questionnaire.

The commission's assessment of subsidies in the form of preferential loans is therefore limited to the information available to Investigation 658 and the REQs filed by the exporters for Investigation 688.

The evidence examined for Investigation 658 establishes that the loans were relevant to the investigation period for Investigation 688 and involved SOE lenders in the case of both short and long term loans.

The 2024 financial year financial statements provided by Baoshan and Hunan Valin in their REQ for Investigation 688 show ending year balances concerning both short and long term loans payable within one year, i.e. by 31 December 2025. This timing places the loans within the investigation period.

Based on the findings for Investigation 658 and the available information for Investigation 688, the commission finds the following in relation to the loans payable by Baoshan and Hunan as at the end of the 2024 financial year.

- the balance of short and long term loans were owed to state owned lenders
- the loans payable to SOE lenders were subject to preferential rates of interest that were lower than the prevailing commercial market rates.

No information has been provided by the exporters of the GOC concerning:

- whether the loans had been declared as part of China's WTO notifications,
- the legal basis upon which the loans had been provided, or

²⁷⁷ Chapter D7.1 in REP 658, p. 202 refers.

²⁷⁸ Chapter D7.2 in REP 658, p. 202 refers.

- the eligibility criteria upon which the loans were made.

D7.2 WTO notification and legal basis

The commission examined information provided by the exporter and information by Investigation 658 in order to identify the legal basis under which these programs were established or administered. The commission also sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for this program.

D7.3 Eligibility criteria

The Commissioner's conclusion outlined for Investigation 658 found it was reasonable to assume under section 269TAACA(1) that SOE loans to the exporters examined in that investigation were not available to all enterprises.

On the basis of the available information for this investigation, the commission considers it is also reasonable to conclude, under section 269TAACA(1) that the loans made out to Baoshan and Hunan Valin were provided by SOE lenders at preferential rates of interest and these loans were not available to all enterprises.

D7.4 Is there a subsidy?

From the evidence before it, the commission considers that loans provided under this program are financial contributions by a government which involve government revenue forgone through lending at lower than commercial rates of interest charged to the borrower by the SOE bank.²⁷⁹

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

Under section 269TAACA of the Act and having regard to all the facts available, the commission concludes that loans payable by the exporters at the end of their 2024 financial year are owed to banks with SOE status and therefore the below market interests payable on those loans meets the definition of a subsidy under section 269T.

D7.5 Is the subsidy countervailable?

The Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2).

The commission has found no evidence indicating that the eligibility criteria for this program is neutral, does not favour particular enterprises, is economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.

²⁷⁹ Chapter 16.3 in the Manual refers, p. 73.

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Eligibility for this program therefore appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).

In REP 658, the Commissioner concluded the benefit conferred in relation to SOE bank loans provided at preferential rates of interest was a countervailable subsidy in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable.

Having regard to the available information for this investigation, the Commissioner considers in accordance with section 269TAACA(1) it is reasonable to conclude Baoshan and Hunan Valin received loans from SOE banks at preferential rates of interest, and the benefit conferred was a countervailable subsidy.

D7.6 Amount of subsidy

Since the cooperating exporters failed to provide any information about their loans from SOE banks, the commission has relied on other relevant information to determine an amount of amount of subsidy.

For both Baoshan and Hunan Valin, the commission firstly worked out the benefit conferred as a proportion of their reported outstanding loans examined by Investigation 658. This ratio has then been applied to the reported amount of short and long term borrowings owed at end the end of the 2024 financial year by Baoshan and Hunan Valin.

In the case of Baoshan, 100% of its short and long term loans are considered debts owed to SOE banks and attracting a preferential rate of interest. For Hunan Valin, the commission has countervailed 100% of its long term loan balance and 50% of its short term loans, in observance of the evidence examined by Investigation 658.

As the amounts above have been determined 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 all company turnover during the investigation period, in accordance with section 269TACD(2).