Dalian Steelforce Hi-Tech Co., Ltd (**Dalian Steelforce**) is an exporter of the goods the subject of this inquiry from China during the inquiry period. Dalian Steelforce refers to *Statement of Essential Facts No. 689* (**SEF 689**) of the Anti-dumping Commission (**commission**) and makes the following observations.

Should the information in the exporter's records be used?

The commission observes that:

> *There is also an additional feature of Dalian Steelforce's recorded costs which suggest they were formed in not normal and ordinary circumstances.*
>
> *Dalian Steelforce received a "market support adjustment" from SOE suppliers of steel coils in the inquiry period. The market support adjustment was not provided by the Chinese private suppliers of steel coils. The market support adjustment is a small discount applied to the invoice value for steel coils, and it does not arise from contracts or price negotiations.*[1]

This is a discordant conclusion to draw from the evidence before the commission.

Dalian provided information to show that the following HRC suppliers are SOEs/SIEs

- [redacted]
- [redacted]
- [redacted]

The "market support adjustment" is recorded for both [redacted]. There is no market support adjustment for [redacted] and [redacted]. Therefore, the evidence does not support the conclusion that this "adjustment" were due to the supplier being an SOE. If so, then it would apply to all SOE suppliers. In reality it is an "adjustment" specific to two suppliers, based on their trading terms and related to market price rather than GOC influence or any other type of program. This is similar to the standard pricing model applied by the importer, which adjusts a standard price to actual at the prevailing market price at the time of sale.

This view is also supported by reference to the invoices Dalian Steelforce provided to the commission (example attached as CONFIDENTIAL ATTACHMENT 1) which shows that the "market support adjustment" generated both positive and negative adjustments to the price.

In other words the commission has not demonstrated sufficient grounds that Dalian Steelforce's records not be used.

Benchmark selection

The Commission has concluded that Japanese domestic prices for steel coils were considered preferable in benchmark competitive market costs for Chinese steel coils because:

- ***selecting a domestic steel coil price in a proximal region near China has potential to reflect a price in China absent GOC influence. Market conditions, and the degree to which Chinese exports of steel coil (with distorted prices)***

[1] SEF 689, p. 46

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affect the domestic price of a trading partner are relevant to whether an external domestic price is considered a competitive price that is formed under normal and ordinary conditions.

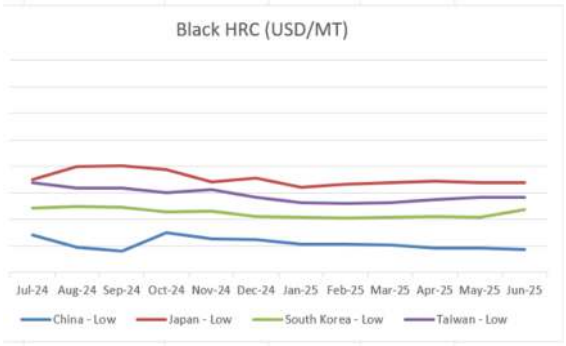
Dalian Steelforce observes that the Ministry of Economy, Trade and Industry (METI) and the Ministry of Finance (MOF) of Japan decided on 1 June 2026 to initiate a new anti-dumping investigation of hot-rolled steel coil, sheet and strip exported to Japan from; in relevant part; South Korea, China, and Taiwan.[2] The domestic Japanese industry claimed the following:

> *The rate of dumping margin of the subject product ranged from 3% to 20% for exports from Korea, from 20% to 40% for exports from China and from 3% to 20% for exports from Taiwan.*
>
> *The import volume of the subject product increased from 1,225,949 tons in fiscal year 2021 to 1,430,415 tons during the period from October 2024 to September 2025. In these periods, the market share of imports in aggregate domestic demand has increased.*
>
> *The sales price of the subject product in Japan has been significantly lower than that of the like product produced by the applicants since fiscal year 2022 and the domestic producers were forced to lower their prices and were prevented from setting sales prices that reflect the increase in the manufacturing costs.*[3]

It is observed that the period of investigation for the Japanese investigation (1 October 2024 to 30 September 2025) overlaps the inquiry period for CON 689 (1 July 2024 to 30 June 2025) by three-quarters. With alleged dumping margins 'from 20% to 40% for exports from China', and the Japanese domestic industry's prima facie claims of price depression and suppression caused by the allegedly dumped imports, it is not reasonable for the commission to conclude that Japanese domestic hot-rolled steel coil prices are 'absent [alleged] GOC influence' or reflect 'a competitive price that is formed under normal and ordinary conditions'.

The commission asserts that Figure 6 in SEF 689 *'indicates that Korean steel prices are likely more influenced by Chinese exports of steel coils than Japan'*. It is noted that this figure is only for HRC and not HDG HRC. When observing Figure 6, Dalian Steelforce fails to see the correlation claimed, specifically, the Korean prices do not appear to change with Chinese prices. By way of counterfactual, Dalian Steelforce has recreated the Figure 6, and added values for Taiwan and also HDG HRC:

[2] https://www.meti.go.jp/english/press/2026/0601_001.html (accessed 2 June 2026)
[3] https://www.meti.go.jp/english/press/2026/pdf/0601_001a.pdf (accessed 2 June 2026)



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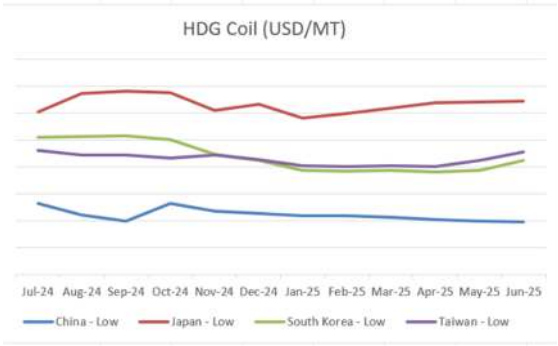

- ***In this case, Japan was not listed in the top 20 importers of steel in 2024 and imported 2.3 million MT less steel than China did in the same period. Nippon Steel Corporation also positively responded to the deterioration of spread between price and raw material cost in Asian HRC markets in its 2025 Integrated Report:***

  "...we have consistently achieved high profit margins compared to other steelmakers worldwide, demonstrating earning power, particularly in recent challenging conditions."

The (relatively) small import volume and Nippon Steel's earning power, indicates that the price of steel coil in Japan does not appear to be materially affected by Chinese steel coil in the inquiry period.

There are several problems with the commission's stated rationale here. Firstly, we are unclear what the relevance of Japan not being *'listed in the top 20 importers of steel in 2024'* is to the question of Japan's hot-rolled steel coil domestic price? The commission offers no analysis of what this "interesting" insight has to the question of whether a competitive price is formed 'under normal and ordinary conditions'? Similarly, no explanation of the relevance of the '2.3 million MT less steel imported' by Japan than China is offered. Finally, as a co-applicant in the recently initiated anti-dumping investigation by the Japanese authorities, the commission's statement attributed to Nippon Steel Corporation does not support the commission's conclusion that 'price of steel coil in Japan does not appear to be materially affected by Chinese steel coil in the inquiry period'.

- ***Japan is proximal to China; there is reliable data on Japanese domestic steel coil prices, and Japan is also the world's third largest producer of steel while China is the largest***

We observe that of major steel producer sources that are 'proximal to China', South Korea, Viet Nam and Taiwan are also regionally relevant.

In terms of reliable data on Japanese domestic steel coil prices, the same source, MEPS data is also available; to the same detail as Japan for both South Korea and Taiwan.

Finally, it is unclear what conclusion we are to draw from Japan's status as the 'world's third largest producer of steel', given that Japan's steel production represents 8.4 per cent of China's steel production output.[4]

- ***Japanese producers of steel coils have economies of scale that are comparable with (and in some cases, exceed) Chinese producers of steel coil. Nippon Steel Corporation and JFE Steel Corporation (Japanese steel coil producers, ranked number 4 and 14 by steel output respectively in 2024) had similar crude steel production as 5 of Dalian Steelforce's steel coil suppliers in this inquiry period.***

Immediately we observe that Nippon Steel Corporation includes non-Japanese production related to their partnerships, joint ventures and other arrangements:

> [Footnote] [2] Includes Nippon Steel Stainless Steel Corporation, Sanyo Special Steel, Ovako, 40% AM/NS India and 22% USIMINAS[5]

Separately, even if all of Nippon Steel Corporation's crude steel production is Japanese in melt and pour origin, then we again fail to see how the combined crude steel production between it and JFE Steel Corporation (67.17 million metric tonnes) is representative of any economies of scale comparison to any single one of Dalian Steelforce's steel coil suppliers. A comparison of economies of scale is one contained production system (i.e. enterprise) to another. To combine two enterprises and claim that they represent a comparable economy of scale to another; single; enterprise is flawed.

Noting that the commission considered and discarded domestic South Korean steel coil prices as a benchmark because information obtained in REP 658 demonstrated that Korea was the largest importer of HRC from the cooperating exporters in that investigation period, the commission concluded that Korean steel prices are likely more influenced by Chinese exports of steel coils than Japan.

Issues arising from the commission's cost adjustment method based on benchmark competitive market cost comparison for Chinese steel coils

In Appendix A,[6] the commission explained that has adjusted the cost of production (**COP**) of black HRC in Japan to calculate a COP of black HRC in China.

At the outset we note that the commission's methodology is based on black HRC, even though over [redacted] % of the PPT product produced by Dalian Steelforce uses HDG coil as its raw material. Given the significant price differences, this cannot but generate large calculation and adjustment errors.

[4] World Steel Association (**WSA**), '2025 World Steel in Figures', 4 June 2025, p. 9 (Source: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf, accessed 10 June 2026)
[5] WSA (2025), p. 8.
[6] SEF 689, p. 80.

Furthermore, the commission's calculation for the adjustment is based on all coil purchases by Dalian, not specific to coil used just for PPT. In other words, the commission is calculating an adjustment factor based on raw material purchases not relevant to PPT. Specifically, the baseline of similar grades is limited to "Black MEPS-similar" which is [redacted] tonnes out of the total [redacted] tonnes, or [redacted] %. This means all benchmark coil prices are adjusted using only [redacted] % of total coil purchases and only for Black coil.

The total amount of galvanised PPT produced was [redacted] %, with all of the adjustment in coil price being based on black coil. Therefore, when trying to calculate adjusted coil price based only on coil purchases used for PPT it is not possible to accurately calculate the adjustments.

This is a flawed methodology applied by the commission because the limited grades/gauges used for MEPS coil prices, especially when comparing to the description of the goods (particularly around gauge) as PPT is generally a thin product but MEPS black coil thickness is above the PPT range.

Due to the MEPS HDG coil being such limited thickness, there are no similar coils. But the MEPS HRC is above 2.0mm, so then when categorising "Black MEPS grade, not gauge" as one category, the actual coil can in fact be thicker or thinner. But then applying this to the HDG coil, the actually purchased coil is only ever thicker so the commission's logic does not apply.

The categories selected do not account for galvanised coating mass. The Japanese MEPS data has a coating mass of 275g/m^2, while most of the gal coil Dalian purchased was [redacted] g/m^2, and the PPT coil was all [redacted] g/m^2.

In summary, the commission's entire approach to calculating the adjustment rate by reference to a benchmark is flawed as there is no common physical point of reference, or indeed relevance to the subject goods, i.e. PPT.

The commission's failure to account for a comparison of Dalian Steelforce's (>[redacted] %) galvanised HRC, and black HRC indicia is reflected in the extent to which the price premium paid by Dalian Steelforce is completely lost in the commission's methodology. For example, if the MEPS data for Chinese HRC and HDG coil data is used, and compared to the purchase material price data from Dalian Steelforce there is variation. The table, below, shows the difference between the MEPS Chinese coil data and Dalian Steelforce purchased materials, and you can see that especially for galvanised coil that the purchase price for Dalian Steelfoce material is much more expensive that the MEPS reported prices for coil. In other words, the commission is inflating the price of Dalian Steelforce cost of materials, by applying the upward adjustment to the Chinese MEPS index price, but not accounting for the premium that Dalian Steelforce is already paying for its material purchases above the MEPS index price. This is significant, with a premium of between [redacted] % and [redacted] % being double counted.

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	Dal vs MEPS (Black HRC)	Dal vs MEPS (HDG HRC)
Jul-24	[redacted]	[redacted]
Aug-24	[redacted]	[redacted]
Sep-24	[redacted]	[redacted]
Oct-24	[redacted]	[redacted]
Nov-24	[redacted]	[redacted]
Dec-24	[redacted]	[redacted]
Jan-25	[redacted]	[redacted]
Feb-25	[redacted]	[redacted]
Mar-25	[redacted]	[redacted]
Apr-25	[redacted]	[redacted]
May-25	[redacted]	[redacted]
Jun-25	[redacted]	[redacted]

The key problem with reliance on MEPS benchmarks are the generic, commodity standards applied. PPT is unique and requires specific gauge and galvanising thicknesses. The large difference in the galvanised coil between Dalian Steelforce purchases and MEPS China values would be related to the grade and also the coating thickness. It is noted that MEPS data uses Z80-Z120 coating thickness, Dalian Steelforce coil is mostly [redacted], while Japanese MEPS is Z275 which is a much thicker galvanised coating than that used by Dalian Steelforce. Specifically, Dalian Steelforces uses:

- Where the gauge of the coil is ≥ 1.5mm, the coating thickness is always [redacted] g/㎡ ([redacted]); and
- Where the gauge of the coil is ＜1.5mm, the coating thickness is [redacted] g/㎡ ([redacted]).

This means that most HRC used for precision tube is the [redacted] g/m^2 coating, which is significantly cheaper than the thicker coating which forms the basis of the Japanese MEPS price series. Below are the specifications of the different standards of HDG HRC used in the MEPS price data series.

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STEELFORCE
大连斯瑞特高新技术有限公司

Hot Dipped Galvanised Coil

US (Midwest) ex works. Grade A653 CS.
Basis - Thickness 0.028-0.079in, Width 48-60in, excludes coating extras.
Transaction - Thickness 0.044-0.059in, Width 48-60in, Coating G90.

Canada ex works. Grade A653 CS.
Basis - Thickness 0.028-0.079in, Width 48-60in, excludes coating extras.
Transaction - Thickness 0.044-0.059in, Width 48-60in, Coating Z275/G90.

China ex works. Grade SGCC, DX51D+Z.
Thickness 1mm, Width 1000-1250mm, Coating Z80-Z120.

Japan, South Korea, Taiwan delivered. Grade SGCC.
Thickness 1.00-1.25mm, Width 1000-1250mm, Coating 275g/m2.

Suggested approach to determining the commission's cost adjustment method based on benchmark competitive market cost comparison for Chinese steel coils

Given the technically specific needs of PPT, Dalian Steelforce notes that the cost of production of other, non-Chinese, PPT producers was determined and verified in the original investigation, specifically exporters from Viet Nam (refer TER 550). It is observed that the Australian industry's arguments concerning a particular market situation concerning Vietnamese exporters failed in that investigation. Therefore, there is no reason why the commission cannot use the COP information of Vietnamese exporters for the purpose of setting a market competitive benchmark with a timing adjustment applied.

In terms of setting a timing adjustment, Dalian Steelforce, attaches Vietnamese import data for HRC for the period covering the original investigation period (INV 550) to the current inquiry period. Viet Nam is a significant importer of HRC (black and galvanised) exported from Japan. When considering Vietnamese PPT producers verified in the original investigation and Vietnamese market conditions for HRC between the original investigation period and the current inquiry period, Dalian Steelforce observes that:

- Black HRC prices increased by 3.3% in the Vietnamese market; and
- Galvanised HRC prices increased by 7.0% in the Vietnamese market.[7]

These timing adjustments may be applied to the Vietnamese PPT producers' benchmark costs.

Conclusion

The commission's grounds for rejecting Dalian Steelforce' costs are not sound. However, even if its costs are not used, the commission's benchmark selection of Japan based is problematic and should be rejected.

[7] CONFIDENTIAL ATTACHMENT 2.

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If Dalian Steelforce's costs are not used in the calculation of its normal value, then the costs of a previously verified PPT producer in a country other than China should be adopted to form the benchmark value. Such verified costs in the original investigation may have a timing adjustment applied. Dalian Steelforce has provided reliable information that permits such an adjustment to be made.

FOR AND ON BEHALF OF

THE EXPORTER

Dalian Steelforce Hi-Tech Co., Ltd

June 15, 2026

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