Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

TERMINATION REPORT

NO 688

ALLEGED DUMPING OF CERTAIN FLAT ROLLED STEEL PRODUCTS

EXPORTED TO AUSTRALIA 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

26 August 2026

CONTENTS

ABBREVIATIONS

$	Australian dollars
ABF	Australian Border Force
the applicant	BlueScope Steel Limited
the Act	*Customs Act 1901 (Cth)*
ADN	Anti-Dumping Notice
Anti-Dumping Agreement	*Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*
AUD	Australian dollars
the Australian industry	BlueScope AIS
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	*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
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	*Customs (Extensions of Time and Non-cooperation) Direction 2015*
CNY	Chinese yuan
Dumping Duty Act	*Customs Tariff (Anti-Dumping) Act 1975*
EPR	electronic public record
FOB	Free On Board
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	*Guidelines on the Application of Forms of Dumping Duty November 2013*
HTNE	High and New Technology Enterprise
HRC	Hot Rolled Coil
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
NIFC	National Interbank Funding Centre
NIP	non-injurious price
OCOT	ordinary course of trade
PAD	preliminary affirmative determination
the PAD Direction	*Customs (Preliminary Affirmative Determinations) Direction 2015*
PIC	POSCO International Corporation
the Regulations	*Customs (International Obligations) Regulation 2015*
REQ	response to exporter questionnaire
R&D	Research and Development
RIQ	response to importer questionnaire
SASAC	State-owned Assets Supervision and Administration Commission
SEF	Statement of Essential Facts
SOE	state-owned enterprise
USD	United States Dollar
VAT	Value Added Tax
WTO	World Trade Organization

1 SUMMARY AND CONCLUSIONS

1.1 Introduction

This *Termination Report No. 688* (TER 688) has been prepared in response to an application for the publication of a dumping duty notice in respect 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) and a countervailing duty notice in respect of the goods exported to Australia from China.

This investigation was initiated 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]

This report sets out the reasons concerning a decision of the Commissioner of the Anti-Dumping Commission (the Commissioner) to terminate the dumping investigation as it relates to exports by POSCO from Korea, and the subsidy investigation as it relates to exports by Baosteel Zhanjiang Iron & Steel Co., Ltd (Baosteel Zhanjiang) and Hunan Valin Lianyuan Iron and Steel Co., Ltd (Hunan Valin) from China.

The commission has found that exports of the goods to Australia by these exporters were either not dumped or subsidised, or the dumping and subsidy margins were found to be negligible (less than 2%).

This termination report follows the Commissioner's publication of *Statement of Essential Facts No 688* (SEF 688) on 23 June 2026.[2]

In conjunction with this report, the commission has published a notice detailing the Commissioner's decision to terminate this investigation in part.[3] The remaining aspects of the investigation that have not been terminated are outlined in *Anti-Dumping Commission Report No. 688* (REP 688) that the Commissioner provided to the Minister for Industry and Innovation and Minister for Science (the Minister). The Commissioner's report to the Minister was due by 26 August 2026. It was provided to the Minister on 26 August 2026.

1.2 Background and conduct of the investigation (chapter 2)

In the initiation notice for the investigation, 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 Australian 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.

[1] Anti-Dumping Notice (ADN) No. 2025/111 refers.
[2] Electronic Public Record (EPR) 688, Item No. 020 refers.
[3] ADN 2026/102 refers.

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.[4]

On 23 June 2026, the Commissioner published SEF 688 which outlined their preliminary conclusion that dumping from the subject countries (except POSCO from Korea) and subsidisation from China (except by Baosteel Zhanjiang and Hunan Valin) had caused material injury to the Australian industry producing like goods.

Consistent with the preliminary findings outlined in SEF 688, and subject to submissions received in response to SEF 688, the Commissioner proposed to terminate the dumping investigation as it relates to POSCO from Korea and the subsidy investigation as it relates to Baosteel Zhanjiang and Hunan Valin from China.

Submissions in response to the Commissioner's preliminary findings and conclusions outlined in SEF 688 were due by no later than 13 July 2026. The commission received several submissions relevant to the decision to terminate part of the investigation. Having regard to the matters raised in those submissions, the Commissioner was satisfied the preliminary findings relevant to the termination decision did not require alteration. The full list of submissions is provided in Table 4 at chapter 2.5.

1.3 Finding and Conclusions (chapter 3)

1.3.1 The goods and like goods

The Commissioner finds locally produced goods are 'like' goods to the goods the subject of the application.

1.3.2 Current anti-dumping measures

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 198 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 2.3.

1.4 Dumping investigation (chapter 4)

The Commissioner has found that goods exported to Australia by POSCO from Korea were not dumped. POSCO's dumping margin was found to be negative 5.0%.

The commission received 4 submissions relevant to the preliminary dumping margin determined for POSCO in SEF 688. The Commissioner's consideration of the matters

[4] EPR 688 Item no. 014.

raised in all submissions has not resulted in a change to the preliminary dumping margin determined in SEF 688.

The submissions covered the following matters.

- POSCO exportation charges, related exports arms length assessment, downward adjustments to normal value (chapter 4.4.1).
- The suitability of Korean domestic market plate steel prices for a normal value under section 269TAC(1) (chapter 4.4.2).

1.5 Subsidy Investigation (chapter 5)

The Commissioner has found that goods exported to Australia by Baosteel Zhanjiang and Hunan Valin from China were subsidised at margins that are 'negligible'.[5]

Country	Exporter	Subsidy margin
China	Baosteel Zhanjiang	0.9%
	Hunan Valin	1.8%

Table 1: Subsidy margins relevant to TER 688

1.6 Termination (chapter 6)

Based on the findings outlined in chapter 4, the Commissioner must terminate the dumping investigation in so far that it relates to the goods exported by

- POSCO, as no evidence was found that dumping had occurred. Therefore, the investigation must be terminated in accordance with section 269TDA(1)(b)(i) as it relates to POSCO

Based on the findings outlined in chapter 5, the Commissioner must terminate the subsidy investigation in so far that it relates to the goods exported by

- Baosteel Zhanjiang and Hunan Valin as the subsidy margins were found to be negligible (less than 2%). Therefore, the investigation must be terminated in accordance with section 269TDA(2)(b)(ii) in so far as it relates to these exporters.

In deciding to terminate the investigation in so far as it relates to certain exporters, the Commission has had regard to the following.

- the application lodged by the Australian industry
- any submissions to which the Commissioner had regard to in formulating the SEF 688
- the SEF 688
- any submission made in response to the SEF 688 received within 20 days of the publication of the SEF
- any other matters the Commissioner considers relevant.

[5] Section 269TDA(2).

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 a dumping and countervailing duty notice, for the purpose of making a report to the Minister.

Under section 269TEA(1), in the report to the Minister, the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice and/or countervailing duty notice under sections 269TG, 269TJ or 269TJA.[6]

Under sections 269TG, 269TJ and 269TJA, in order to publish a dumping duty and/or countervailing duty notice, the Minister must be satisfied that, because of dumping and/or subsidy, 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).[7] The Commissioner may also have regard to any other matters they consider relevant.

The Commissioner was originally due to place the SEF 688 on the public record by 11 February 2026. However, the Commissioner extended this date to 23 June 2026. The Commissioner placed SEF 688 on the public record on 23 June 2026.

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

[7] 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.

2.2 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.[8]

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

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.[9]

2.3 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%

[8] EPR 688, Item no. 001, Application.
[9] EPR 688, Items 2 and 3, *Consideration Report 688* and ADN 2025/111.

Country	Manufacturer/Exporter	Dumping Margin	Subsidy Margin	Effective Rate of Duty
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 2: Summary of measures after Investigation 198

These measures resulting from Investigation 198 expired on 19 December 2018, with no application received for their continuation.[10]

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

2.4 Conduct of the investigation

2.4.1 Investigation period and injury period

As specified in the initiation notice, the Commissioner set an investigation period of 1 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 Australian industry and assess potential injury factors.

2.4.2 Australian industry

<u>BlueScope Steel (AIS) Pty Ltd</u>

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.[11]

2.4.3 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

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[10] Relating to Anti-Dumping Notice No 2017/183.
[11] EPR 688, Item 014, BlueScope AIS verification report.

questionnaire available on the commission's website. The initiation notice stated exporter questionnaires were due by 1 December 2025.[12]

The commission received requests from several exporters seeking an extension of time to lodge their questionnaire responses.[13] 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)
- 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.

2.4.4 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:

[12] ADN 2025/111 refers.
[13] Details of the extensions granted are outlined in ADN 2025/126.

- 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.

2.4.5 Importers

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

- 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

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

2.4.6 Submissions on conduct of the investigation

<u>BlueScope</u>

The submission from BlueScope dated 6 May 2026 raises its concerns regarding the adequacy of questionnaire responses from Baoshan, Baosteel Zhanjiang and Hunan Valin.[14]

The commission assessed the questionnaires from Baoshan, Baosteel Zhanjiang and Hunan Valin by performing a 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.[15]

[14] EPR 688 Item no. 015.
[15] EPR 688, Item nos. 017, 018, 019.

2.5 Submissions by interested parties

After the initiation of the investigation and prior to the publication of SEF 688, the Commissioner received the following submissions relevant to the termination of the investigation as detailed in this report. The Commissioner has considered these submissions in formulating the preliminary findings outlined in SEF 688 and for deciding to terminate certain aspects of the investigation.

EPR no	Interested party	Date received	Issues raised	Reference
008	POSCO	25 February 2026	• BlueScope application deficiencies • BlueScope's economic condition • POSCO's exporters are non-injurious • Material injury assessment • Causation factors	2.5.1
009	BlueScope AIS	3 March 2026	POSCO verification visit briefing	4.5
013	BlueScope Steel Limited	2 April 2026	• Response to POSCO submission on 25 Feb 2026. • POSCO sales volume and pricing was materially injurious during the investigation period • POSCO reliance on published financial statements	2.5.1
015	BlueScope Steel Limited	6 May 2026	Observations and comments regarding exporter questionnaire responses made by Baoshan, Baosteel Zhanjiang and Hunan Valin	2.4.6

Table 3: Submissions received prior to SEF 688

Submissions in response to the SEF were due on 13 July 2026. After the publication of SEF 688, the Commissioner received the following submissions relevant to the termination of the investigation as detailed in this report. The Commissioner considered these submissions when making this report and deciding to terminate the investigation as it relates to certain exporters.

EPR no	Interested party	Date received	Issues raised	Reference
025	BlueScope Steel Limited	13 July 2026	POSCO related party export expenses, related party sales and normal value adjustments.	4.4
			Suitability of Korean domestic plate prices	
			Uncooperative exporters normal value adjustments	
028	POSCO	20 July 2026	Response to BlueScope submission at EPR 025 addressing related party export expenses, related party sales, normal value adjustments and Korean domestic plate pricing	4.4

EPR no	Interested party	Date received	Issues raised	Reference
029	BlueScope Steel Limited	29 July 2026	POSCO's submission at EPR 028 does not resolve the issue of suitability of Korean domestic plate pricing for determining a normal value	4.4

Table 4: Submissions received in response to SEF 688

2.5.1 Submissions on material injury

<u>POSCO</u>

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.[16] 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 prefabricated steel products
- The relationship between BlueScope's performance and government investment in infrastructure projects.

<u>BlueScope</u>

In response to POSCO's submission of 25 February 2026, BlueScope submitted the representations outlined by POSCO are incorrect and require correction by way of BlueScope's submission.[17]

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*

[16] EPR 688 Item no. 008
[17] EPR 688 Item no. 013.

analysis the Commission will undertake on the basis of verified like goods data.'

3 THE GOODS AND LIKE GOODS

3.1 Findings

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.*

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[18]

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

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 5: 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 6 in this investigation.

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 6: 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

4 DUMPING INVESTIGATION

4.1 Finding

The Commission has found that, during the investigation period, exports of the goods from Korea by POSCO were not dumped. The dumping margin of POSCO was negative 5.0%.

4.2 Legislative and policy framework

Dumping occurs when a product from one country is exported to another country at a price less than its normal value. The export price and normal value of goods are determined under sections 269TAB and 269TAC respectively.

In the report to the Minister under subsection 269TEA(1), the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice under section 269TG.

Under section 269TG, one of the matters the Minister must be satisfied of, in order to publish a dumping duty notice, is that the goods have been dumped.

Subsection 269TDA(1) also requires that the Commissioner must terminate the investigation, in so far as it relates to an exporter, if satisfied that there has been no dumping by the exporter, or there has been dumping during the investigation period, but the dumping margin is less than 2%.

4.2.1 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.

4.2.2 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) because 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 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 where the records:

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

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

4.2.3 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)).

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

4.3 Cooperative Exporters

Subsection 269T(1) provides that, in relation to a dumping investigation, an exporter is a 'cooperative exporter' where the exporter's exports were examined as part of the investigation and the exporter was not an 'uncooperative exporter'. An exporter who is not an 'uncooperative exporter' and whose exports the commission does not examine as part of the investigation is a 'residual exporter.'

The exporters the subject of this termination report are considered cooperative exporters.

4.4 Submissions on dumping margins in response to SEF 688

The commission received 4 submissions on the preliminary dumping margin calculation for POSCO outlined in SEF 688. The Commissioner has had regard to matters raised in these submissions in reaching their final conclusion on the margins of dumping determined for the investigations. The Commissioner's consideration of the matters raised in all submissions has not resulted in a change to the preliminary dumping margins determined in SEF 688 for POSCO. The submissions covered the following matters.

- POSCO exportation charges, related exports arms length assessment, downward adjustments to normal value (chapter 4.4.1).

- The suitability of Korean domestic market plate steel prices for a normal value under section 269TAC(1) (chapter 4.4.2).

Details of the matters raised in each submission and the commission's assessment is outlined below.

In response to the preliminary findings outlined in SEF 688, the commission received a submission from BlueScope on the preliminary dumping margin calculations concerning the exporters the subject of this termination report.[19]

4.4.1 POSCO variable factors (BlueScope)

In their submission of 13 July 2026 in response to SEF 688, BlueScope raises whether the commission had properly examined the following matters relevant to the determination of POSCO's dumping margin.[20]

- POSCO's export price with respect to the value of certain expenses arising prior to export of the goods, and whether the value reported by POSCO was affected by its relationship with the entity who paid those expenses.[21]
- The finding that POSCO's exports through related parties were arms length transactions and whether commission's approach to the assessment was adequate.[22]
- Normal value adjustments for differences in level of trade between POSCO's domestic and Australian market customers and whether POSCO correctly classified domestic market customers as being in the end-user level of trade.[23]
- The evidentiary basis relied on for applying a range of downward adjustments to POSCO's normal value.[24]

On 20 July 2026, POSCO provided a response to BlueScope's submission addressing the matters raised.25 BlueScope made a further submission following POSCO's response on 29 July 2026.26 As these responses concern the same matters raised in BlueScope's initial response to SEF 688 on 13 July 2026, the commission considers that the discussion outlined below addresses all 3 submissions made by BlueScope and POSCO following the publication of SEF 688.

The commission has considered the matters raised by BlueScope in relation to POSCO and makes the following conclusions.

- Port handling charges used for calculating POSCO's export price were not affected by its relationship with the party who incurred the charges.
- The method used to assess whether POSCO's exports to related parties were arms length was suitable in the circumstances relevant to POSCO's supply chain arrangements. Further analysis confirmed POSCO's related party exports were arms length transactions. This involved consideration of its related party pricing

[19] EPR 688, Item no. 025, section III, pp. 7-10 refers.
[20] EPR 688, Item no. 025, section III, pp. 7-10 refers.
[21] EPR 688, Item no. 025, section III, p. 7 refers.
[22] EPR 688, Item no. 025, section III, p. 8 refers.
[23] EPR 688, Item no. 025, section III, p. 9 refers.
[24] EPR 688, Item no. 025, section III, p. 10 refers.
[25] EPR 688, Item no. 028.
[26] EPR 688, Item no. 029.

and profitability and analysis of POSCO's monthly export prices for sales of models sold to related and unrelated customers.

- A review of POSCO's level of trade adjustment confirmed it has correctly categorised its customer base as either end-user or distributor. Almost all of POSCO's related customers were distributors and thus did not attract a level of trade adjustment. The method for working out the value of the adjustment was adequate for capturing differences in price caused by sales at each level of trade.

- The commission's review of the available information for downwards normal value adjustments applied to POSCO established the adjustments were appropriate.

The commission's consideration of the matters raised above is outlined as follows.

<u>Export price calculation</u>

As outlined in the POSCO verification report, the commission found that certain charges relevant to the export of the goods by POSCO were incurred by POSCO's related party intermediary rather than by POSCO directly.[27] POSCO's covered the cost of inland transport to the port of export however it did not cover any other expenses, these were covered by POSCO's customers. POSCO's export price determined under section 269TAB(1)(c) was based in part on port of export port handling charges incurred by POSCO's related party customer.

POSCO's related party port handling expenses were reported in a listing of the related party's Australian sales provided with POSCO's REQ. Logistics vendor source documents relevant to the port handling charges established that the amounts reported in the sales listing were accurate. The amounts used for POSCO's export price calculation were not affected by the fact a related customer incurred these expenses. The commission worked out the weighted average port handling expense paid by the related customer and applied this to all other sales to unrelated parties. The resulting price reflecting Free on Board (FOB) terms.

<u>Related customer export sales</u>

The differences between the arms length assessment performed for POSCO compared to Baosteel Zhanjiang and Baoshan stems from the information that was available to the commission for that purpose and circumstances relevant to each exporter.

POSCO's exports to Australia were transacted through several entities, with only one being related to POSCO. All other customers were unrelated and represented most exports by POSCO.

In contrast, Baoshan and Baosteel Zhanjiang exclusively sold their exports via the same related party trading intermediary who on sold the goods to only one related Australian customer. The whole supply chain from exporter to importer involved related entities. Further, the points of comparison available the analysis of POSCO's related party export prices were not available for Baoshan and Baosteel Zhanjiang. A different analytical method was therefore necessary.

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[27] EPR 688, Item no. 016, chapter 3.2, p. 5 refers.

POSCO's verification report states that export prices for sales to related and unrelated customers were similar.[28] This finding has been subject to further testing which examined differences in monthly prices for each export model sold to related and unrelated customers. The additional analysis indicated that where POSCO sold the same model to related and unrelated customers, the related customer price was higher overall and in numerous months throughout the investigation period. In other cases, POSCO's related customers price was lower, however the magnitude of the price difference did not satisfy the commission this was indicative of the sales not being arms length.[29]

The commission concludes that the initial analysis and findings about POSCO's related export sales was appropriate in light of the relevant circumstances. The commission further concludes that together with the analysis undertaken for verification, and the further analysis outlined in this report, POSCO's prices to related party customers were arms length transactions.

Normal value level of trade adjustment

BlueScope contends POSCO operates a substantial domestic distributor and processing channel for plate that does not wholly align with the end user characterisation relied on by the commission.[30] BlueScope requests the commission to re-examine POSCO's sales data to ensure the level of trade comparison properly matches like models and excludes shipbuilding plate.

The commission's initial assessment of POSCO's claim for a level of trade adjustment is detailed in the POSCO verification report.[31] This assessment informed the preliminary findings outlined in SEF 688. The assessment had regard to information POSCO provided out its about customers at the end-user level of trade and comparing monthly weighted average prices for each level of trade.

Other sales data such as plate specification and the presence of expenses for payment of certification fees was indicative of the buyer being an end-user, e.g. shipbuilding. Transactions exhibiting these circumstances were largely representative of sales to end-users. Where sales were not connected with such information, the commission relied on POSCO's account which was cross checked against publicly available information about the customers.

POSCO's related party sales mostly involved customers that it reported as being involved at the distribution level of trade, this includes the customers cited in BlueScope's submission. Sales to these entities did not attract a level of trade adjustment. Related party sales to customers at the end user level of trade were immaterial.

The commission does not agree with BlueScope's approach that appears to seek the exclusion of plate sold to customers engaged in shipbuilding. Domestic sales of plate steel for shipbuilding are like goods with reference to the description of the goods under consideration outlined in BlueScope's application for the investigation. The commission's

[28] EPR 688, Item no. 016, chapter 3.2.3.2, p. 6 refers.
[29] See worksheet *'REP 688 Price Analysis'* in Confidential Attachment 8.
[30] EPR 688, Item no. 025, section III, p. 9 refers.
[31] EPR 688 Item no. 016, chapter 3.3.8 refers.

analysis of pricing observed that the value of the level of trade adjustments was not inflated due to the inclusion of plate for shipbuilding.

Normal value downwards adjustments

BlueScope's does not specify the downward adjustments the subject of its submission, however the commission interprets it to concern the following.

- Domestic after sales support (warranty claims)
- Domestic early payment discount
- Domestic warehousing costs
- Domestic inspection costs
- Domestic late payment fee

Except for inspection costs, the quantum of all other adjustments listed below affected the normal value by less than 0.1%. The commission has not further examined these adjustments. Inspections costs were observed to be material to the normal value, so the commission has reviewed this adjustment in more detail.

In response to E-4.3 of its REQ, POSCO outlines it incurred inspection costs, in the form of fees payable for sales of plate steel to customers engaged in shipbuilding. The fees relate to services rendered by several organisations who certify plate steel as being suitable for use in shipbuilding. A summary of fee payments was supplied at Confidential Exhibit E-6 of the REQ. This summary provided a monthly breakdown of the fees paid to each certification entity and the amount of inspected plate.

POSCO also provided additional information about its inspection fees during verification. This related to a range of source documents concerning the fees incurred for the month of May 2025.[32]

The commission contacted POSCO to collect further information about how it allocated inspection fee expenses and whether certification was a condition of sale, thereby demonstrating the cost of it was included in POSCO's prices.

POSCO directed the commission to evidence that confirmed inspection fees were a price extra within the plate pricing scheme. Specification data in POSCO's sales listing corresponded to the relevant certification organisation. Inspection fees were also reported in this scenario. Where the specification data did not relate to certification, no inspection fees were reported. Fees were allocated based on the monthly volume of plate certified in each month by each certification entity.

Having regard to the available information, the commission is satisfied that that inspection fees arise as a result the requirements for entities engaged in shipbuilding and the inspection activity is incorporated in prices charged by POSCO.

POSCO was not required to perform similar inspection activities in relation to its Australian exports, so it follows that its export price did not reflect such costs. The

[32] See Attachment GP13-B to Attachment 1 of the POSCO Verification Report at EPR 688 Item no. 016.

adjustment performed under section 269TAC(8) in relation to domestic inspection fees is therefore appropriate.

4.4.2 Suitability of Korean domestic plate prices (BlueScope)

In their submission of 13 July 2026, BlueScope outlines that the commission's findings in SEF 688 did not expressly address whether Korean domestic plate steel prices were suitable for determining normal values under section 269TAC(1) of the Act.[33] BlueScope contends the following

- an assessment of Korean market pricing should have been performed in light of findings for other investigations and the finding in this investigation concerning a particular market situation in the Chinese domestic market for plate steel.
- the approach in SEF 688 should not have assumed that Korean domestic plate prices were suitable for normal values under section 269TAC(1)
- distortions originating in the Chinese steel sector have affected price formation in markets outside of China, including Korea.

The commission has considered BlueScope's submission and concludes

- it does not appear that Korean imports of plate steel from China affected price formation in the Korean domestic market for plate steel to an extent which could make Korean domestic prices unsuitable for determining a normal value.
- Domestic sales reported by POSCO are suitable for normal values under section 269TAC(1)

The commission's conclusion is based on the following assessment.

<u>Korean market findings in other investigations</u>

The relevant investigations cited in BlueScope's submission concerned *Investigation 679 – Light gauge steel stud and track from China* (SEF 679) and *Continuation Inquiry 689 – Precision pipe and tube from China* (SEF 689). Both investigations involved identifying a benchmark for determining a cost of production in China that was free of distortions induced by GOC influence in the Chinese steel sector. HRC, as a semi-finished product, was the subject of the commission's benchmark assessment a this was the material used by Chinese producers of tube and steel stud and track.

SEF 679 and SEF 689 concluded that exports from China, which were influenced by GOC involvement in the Chinese steel sector, rendered Korean domestic prices for HRC unsuitable as a benchmark for determining a cost of production in China and instead developed a benchmark based on the cost of production in Japan.[34]

The commission's decision not to use Korean domestic HRC prices as a benchmark in SEF 679 and SEF 689, in favour of a Japanese benchmark, does not mean that the evidence before the commission in those investigations could support a finding that

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[33] EPR 688, Item no. 025, section IV, pp. 10-13 refers.
[34] SEF 689, chapter 6.3.5, pp. 47-48.

Korean domestic prices for steel slab are unsuitable to determine a normal value under section 269TAC(1).

Commission should not have assumed that Korean domestic prices were suitable

BlueScope contends the commission should not have assumed that Korean domestic prices were suitable for a normal value. The commission disagrees that the preliminary findings in SEF 688 were based on assumptions. Rather, the commission had regard to the available and relevant information at the time of preparing SEF 688.

BlueScope's submission on Korean market pricing was not received until after the publication of SEF 688 and concerns matters that it had not previously raised, either in its application for the measures, prior to day 37 of the investigation, after the POSCO verification report was published, or prior to the publication of SEF 688. The findings in SEF 688 reflect the available and relevant information.

Korean market analysis

BlueScope's submission provides detailed commentary about the change in prices and volumes for the Korean plate steel market across the four year injury analysis period, 1 July 2021 to 30 June 2025.

BlueScope's analysis compared the weighted average price and total volume of each 12 month period of the injury rather than looking at trends within the investigation period itself. Based on this analysis, BlueScope found the that Korean domestic market share held by imports from China had increased to become the main source of imported steel plate during the investigation period. The second largest country of origin was Japan. Plate steel from these two countries makes up almost all imports.

BlueScope illustrates declining plate steel prices in Korea coincide with an overall increase in the volume of imports from China and the price of these imports reducing throughout the injury analysis period. In contrast, the volume of imports from Japan reduced. The prices for imports from China, Japan and domestic market prices published by MEPS all display the same downward trend throughout the injury analysis period. The lowest prices across the injury analysis period being in the investigation period.

BlueScope's submission also refers to anti-dumping measures on Korean imports of plate steel from China that were implemented in November 2025 following an investigation by the Government of Korea. BlueScope attributes observed price increases to these measures. The commission has found that certain exporters from China committed to price undertakings to voluntarily increase their prices.[35]

BlueScope further refer to findings in Investigation 658 where it claims the commission recognised distortion originating in the Chinese steel sector may affect price formation outside of China, including in Korea. The commission notes no finding was made in this regard.

[35] https://www.steelradar.com/en/south-korea-imposes-up-to-33-anti-dumping-duty-on-hot-rolled-steel-from-china-and-japan/, viewed 11 August 2026.

The commission has reviewed the information provided with BlueScope's submission and compared this to other relevant information to assess whether BlueScope's claimed price formation scenario was evident within the investigation period.

Having regard to the information provided in BlueScope's submission, POSCO's domestic sales and MEPS pricing for the Korean domestic plate steel market, the commission concludes, on the balance of the available evidence, it cannot be satisfied that the price of imports from China affected price formation Korea domestic plate steel market during the investigation period to an extent which could make Korean domestic plate steel prices unsuitable for determining a normal value. In making this conclusion, the commission has relied on the following observations.[36]

- Korean market pricing in the investigation period was noticeably lower than the prior 12 month period, but so was the size of the Korean market volume.
- The level of market penetration connected with imports from China and Japan during the investigation has reduced, with the volume of imports from China and Japan each being lower by approximately 30% compared to the prior 12 month period.
- Korean imports of plate from China showed signs of deterioration during the second half of the investigation period, despite having a lower price, whilst imports from Japan, at a higher price, regained previously lost market share.
- Korean domestic market prices published by MEPS did not track with the change in price for imports from China and Japan.
- POSCO's prices did not appear to follow the price of imports from China or Japan and appeared to be trading at a different price point and also exhibit an upward trend from around the mid point of the investigation period, notwithstanding lower prices Chinese imports were available at the same time.
- Prices for imports from China started to increase at least 6 months prior to the Government of Korea imposing measures in November 2025.

The commission therefore finds that the price of POSCO's domestic sales of like goods during the investigation period was suitable for a normal value under section 269TAC(1). As POSCO was the only cooperating exporter from Korea, the commission's examination is limited to this exporter. POSCO domestic prices are also used as the basis of a normal value for uncooperative exporters from Korea under section 269TAC(6).

4.5 POSCO (Korea)

4.5.1 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.

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[36] See worksheet *'Analysis'* in Confidential Attachment 8.

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.

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.

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.

4.5.2 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).

4.5.3 Normal value adjustments

The commission considers the adjustments in Table 7 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

Adjustment description	Deduction/Addition
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 7: Summary of adjustments to POSCO normal value

4.5.4 Dumping margin

The 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 1 to 4**.

5 SUBSIDY INVESTIGATION

5.1 Finding

The Commission has found that, during the investigation period, countervailable subsidies were received in respect of the goods exported to Australia from China. The commission has calculated subsidy margins in respect of the goods exported to Australia from China during the investigation period.

The Commissioner has found that goods exported to Australia by Baosteel Zhanjiang and Hunan Valin from China were subsidised at margins that are ‘negligible’.[37]

Exporter	Subsidy margin
Baosteel Zhanjiang	0.9%
Hunan Valin	1.8%

Table 8: Summary of subsidy margins

5.2 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.

5.3 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 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.

[37] Section 269TDA(2).

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 2.4.3 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.

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

Based on the characteristics of each program, 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	Not 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	Not 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	Not applicable to any exporters	No
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	Baosteel Zhanjiang 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
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 9: Programs countervailed by the commission

5.5 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.

The commission's assessment of all subsidies is outlined in Appendix A.

5.6 Submissions on subsidy margins in response to SEF 688

In response to the preliminary findings outlined in SEF 688, the commission received no submissions on the preliminary subsidy margin calculations concerning the exporters the subject of this termination report. Therefore, there has not been in any changes to the preliminary subsidy margins determined in SEF 688 for Baosteel Zhanjiang or Hunan Valin.

5.7 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%
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	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.1%
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	0.0%
658-177	Preferential loans	Loans at preferential rates of interest	0.0%
Total			**0.9%**

Table 10: 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 5.**

5.8 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%
684-12	Tax	Individual income tax handling fee refund	1.2%
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 11: 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 6.**

6 TERMINATION

Section 269TDA sets out the circumstances in which the Commissioner must terminate an investigation in its entirety, or solely in respect of a specific exporter. Section 269TDA provides for rules of termination on the basis of volumes and scale of dumping by countries and exporters.

6.1 Termination of a dumping investigation

Section 269TDA(1)(b) 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 of any of those goods, but the dumping margin for the exporter is less than 2%.

Based on the findings outlined in chapter 4, the Commissioner must terminate the dumping investigation in so far that it relates to the goods exported by:

- POSCO from Korea as no evidence was found that dumping had occurred. Therefore, the investigation must be terminated in accordance with section 269TDA(1)(b)(i) as it relates to POSCO.

6.2 Termination of a subsidy investigation

Section 269TDA(2) provides that in a subsidy investigation, the Commissioner must terminate the investigation in so far as it relates to an exporter, if the Commissioner is satisfied that:

- an exporter has not received a countervailable subsidy in respect of goods, or
- if a countervailable subsidy was received in respect of the goods by an exporter, but it never at any time during the investigation period exceeded the negligible level.[38]

Based on the findings outlined in chapter 5, the Commissioner must terminate the subsidy investigation in so far that it relates to the goods exported by:

- Baosteel Zhanjiang and Hunan Valin as the subsidy margins were found to be negligible (less than 2%). Therefore, the investigation must be terminated in accordance with section 269TDA(2)(b)(ii) in so far as it relates to these exporters.

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

7 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	POSCO export price
Confidential Attachment 2	POSCO CTMS
Confidential Attachment 3	POSCO normal value
Confidential Attachment 4	POSCO dumping margin
Confidential Attachment 5	Baosteel Zhanjiang subsidy margin
Confidential Attachment 6	Hunan Valin subsidy margin
Confidential Attachment 7	LTAR programs assessment
Confidential Attachment 8	Korean market assessment

APPENDIX A ASSESSMENT OF SUBSIDY PROGRAMS

A1 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.

A2 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.

A2.1 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.

A2.2 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.

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)*[39] 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.[40]

A2.3 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.[41]

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[39] DS379 United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China.

[40] 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].

[41] 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].

A3 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.

A4 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.

- 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	Not 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	Not 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	Not applicable to any exporters

Table 12:LTAR programs countervailed by the commission

A4.1 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 to REP 688.

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.[42]

A4.2 Provision of raw materials

The commission considers that LTAR programs 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.

[42] 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.

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 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.

A4.3 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.

A.4.3.1 Baoshan and Baosteel Zhanjiang

Baoshan

The commission jointly assessed Baoshan and Baosteel Zhanjiang owning 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 was 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.

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 A4.4

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 Chinse Communist Party representation on the board of directors.[43] 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 includes 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 commission 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.[44]

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. The was a Chinese based web resource concerning the shareholdings of SOE companies.[45] 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 to REP 688, 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.

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[43] Baoshan and Baosteel REQ H-2.4, 2.5 and 2.6 refers.

[44] SEF 690, Chapter D4.1.3.

[45] https://www.qcc.com/

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.

A.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.

A4.4 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 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.*[46]

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 principle 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 7**.

<u>Iron ore</u>

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

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[46] Manual, p76.

cooperating exporters, the commission does not consider iron ore was received at prices that reflect LTAR.

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 or 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.

Appendix C7 in REP 688 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. The Commissioner considers that the reasons provided in Appendix C7 to REP 688 which make the benchmark apt to represent a cost of production in China absent the effects of not normal and ordinary circumstances, also make it the best available reflection of the prevailing market conditions in China, noting above that the commission was unable to obtain information allowing a comparison between Chinese government prices and private operator prices.

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.

<u>Scrap steel</u>

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.

A4.5 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 stablished 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
- 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)

A4.6 Amount of subsidy – Baoshan

The commission finds that Baoshan appears to have received a countervailable 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 13 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 13: Baoshan amount of LTAR subsidy[47]

A4.7 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.

[47] Confidential Attachment 7 refers.

The commission has determined whether a benefit was provided in respect of programs using the method outlined in Table 14 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Baosteel Zhanjiang
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 14: Baosteel Zhanjiang amount of LTAR subsidy[48]

A4.8 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 658-178 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 15 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 15: Hunan Valin amount of LTAR subsidy[49]

A4.9 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

[48] Confidential Attachment 7 refers.
[49] Confidential Attachment 7 refers.

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.

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, and as discussed in Appendix A to REP 688, 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 16 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 16: Non-cooperative entities amount of LTAR subsidy[50]

A5 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	Baosteel Zhanjiang 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 17:Tax programs countervailed by the commission

A5.1 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

[50] Confidential Attachment 7 refers.

Program No.	Program name
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
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 18: 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.

A5.2 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
658-172	Value Added Tax (VAT) deduction for enterprises employing poor people
658-173	Deferred income – tax refunds – amortization
658-176	Corporate income tax benefit
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises

Table 19:Tax programs previously countervailed by the commission

A5.3 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
688-80	Input tax credit deduction carried forward to other income	• Input tax credit deduction carried forward to other income	Yes

Program No.	Original or nominated program name	Programs as described by exporters	New 688 program
688-81	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	• Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Yes

Table 20:Other tax programs countervailed by the commission

The following appendices discuss these programs in detail.

A5.4 Program 688-51 Preferential Treatment for High and New Technology Enterprises

A.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).

A.5.4.2 WTO notification and legal basis

SEF 684 and SEF 690 provide that:[51]

> *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.

[51] SEF 684, p23 and SEF 690, p.170

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%.

A.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%.[52]

In SEF 684 and 690, the Commissioner concluded that the criteria do not appear to have changed. The evidence before the Commissioner in this investigation also indicates the program criteria are unchanged.

A.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.

A.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

[52] *Report 469 – PVC flat electric cables exported from China, p82.*

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.

A.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. See chapter 5.6 concerning a revision to the amount of subsidy Baoshan received under this program.

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).

A5.5 Program 684-12 Individual income tax handling fee refund

A.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 behand 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.*'[53]

The commission also recently identified this program in SEF 684.

A.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.

A.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.

[53] SEF 690, Chapter D4.4.2, p.172

A.5.5.4 Is there a subsidy?

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.

A.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.[54] 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.

A.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).

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[54] SEF 690, Chapter D4.4.2, p.173

A5.6 Program 658-170 VAT deduction for advanced manufacturing enterprises

A.5.6.1 Scope of program

Baoshan reported receiving amounts relating to additional deductions on input VAT available for advanced manufacturing enterprises. See chapter 5.6 concerning a revision to the amount of subsidy received under this program for Baoshan.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined *in Anti-Dumping Commission Report No. 658 – HRC from China* (REP 658). The commission found Baoshan, Baosteel Zhanjiang and Hunan Valin received a countervailable subsidy under this program.

Under this program, 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 of the program.

A.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.[55] 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.

A.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.

A.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.[56]

[55] EPR 658, Item No.8, Section D-3.1, pp. 37-39.
[56] EPR 658, Item No.8, Section D-3.1(g), p. 38.

In REP 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.

Based on the eligibility criteria outlined in REP 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 REP 658.

A.5.6.5 Amount of subsidy

The amount of countervailable subsidy received by Baoshan under Program 658-170 is the amount they received over the investigation period (as amended after SEF 688).

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).

A5.7 Program 658-171 VAT additional deduction

A.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.

A.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.

A.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.

A.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).

A5.8 Program 658-172 VAT deduction for enterprises employing poor people

A.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.

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.

A.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.

A.5.8.3 Is the subsidy countervailable?

In REP 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 REP 658.

A.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).

A5.9 Program 658-173 Deferred income tax refunds amortization

A.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.

A.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.

A.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 REP 658.

A.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).

A5.10 Program 658-176 Corporate income tax benefit

A.5.10.1 Scope of program

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined 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.[57] 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. [58]
- Offsets for equity investment income. [59]
- Wages paid to employ disabled persons. [60]

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[57] Termination Report 658, p. 43.
[58] See form A107012 in the FY2024 income tax return.
[59] See form A107011 in the FY2024 income tax return.
[60] See form A100000 in the FY2024 income tax return.

- Investment income cost offset, expenses incurred for use of financial funds. [61]

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.

A.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.

A.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.

A.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.

[61] See form A105000 in the FY2024 income tax return.

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).

A5.11 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 finds it 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.

A.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.

A.5.11.2 Eligibility criteria

The commission has not been provided with nor has it identified evidence that outlines the eligibility criteria upon which the payments were made.

A.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.

A.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 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).

A6 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. As the grants payments were observed to cover a large number of individual and unique purposes, based on the financial records of the exporters, the commission has grouped the grants into the following subsidy programs.

- Program 688-82 Grant programs limited to specific enterprises
- Program 688-83 Capital grant programs (deferred income – fixed assets)

A6.1 Grant programs limited to specific enterprises

A.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.

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. Fo 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 indicted 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 simplify the presentation below, the commission has assigned one program number to all of Hunan Valin's grants assessed as being limited to specific enterprises

A.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.[62]

The commission examined information provided by the exporter and information obtained during verification 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 each

[62] World Trade Organization (WTO), *China – Subsidies and Countervailing Measures Notifications*, WTO Notification Portal, accessed 5 June 2026

program. In the alternative, Table 21 in chapter A.6.1.3 relies on the available information in exporter questionnaires.

A.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 21 below.

Program Number	Exporter	Program name	Granting authority
688-82	Baoshan	Various	Central and local government organisation and select GOC affiliated research institutions.
688-82	Baosteel Zhanjiang	Various	Zhanjiang Municipal and Zhanjiang Economic and Technological Development Zone
688-82	Hunan Valin	Various	Loudi Municipal Government and entities associated with the Loudi Economic and Technological Development Zone

Table 21: Grant programs limited to specific enterprises

A.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.

A.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.

A.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.

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).

A6.2 Capital grant programs (deferred income – fixed assets)

A.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.

<u>Other cases involving capital grant subsidies</u>

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 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 690.

The Commissioner is satisfied that grants relating to capital-grant programs as reported by Baoshan and Baosteel Zhanjiang are countervailable.

A.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 22.[63]

The commission examined information provided by the exporter and information obtained during verification 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. In the alternative, Table 22 in chapter A.5.6.2 relies on the available information in exporter questionnaires.

A.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
688-83	Baoshan	Baoshan deferred income – fixed assets grants	Central and local Government
688-83	Baosteel Zhanjiang	Baosteel Zhanjiang deferred income – fixed assets grants	Central and local Government

Table 22: Capital grant programs (deferred income fixed assets)

A.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.

[63] World Trade Organization (WTO), *China – Subsidies and Countervailing Measures Notifications*, WTO Notification Portal, accessed 5 June 2026.

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 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.

A.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.

A.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.[64] The commission identified that exporters examined in SEF 690 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 690. The commission therefore considers it unnecessary to calculate an

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64 The Manual, p69.

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).

The commission has attributed the amounts received by each exporter to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

A7 Preferential loans (658-177)

A7.1 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.[65] 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.[66]

In SEF 688, the commission outlines that the REQs filed by Baoshan and Hunan Valin for Investigation 688 similarly did not report the receipt of loans from any SOE banks, notwithstanding this information is requested at question I-5 of the questionnaire.

Baoshan's submission to SEF 688 raised that it had in fact provided information about its loans from state owned banks as part of the REQ, although not at the relevant questions on loans from policy banks. See chapter 5.6 concerning the available information for Baoshan.

The commission's assessment of subsidies in the form of preferential loans has therefore limited to the information available to Investigation 658 and the REQs filed by the exporters for Investigation 688, including the specific information Baoshan and Baosteel Zhanjiang included in their REQ.

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. The REQ from Baoshan confirmed this to be

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[65] Chapter D7.1 in REP 658, p. 202 refers.
[66] Chapter D7.2 in REP 658, p. 202 refers.

correct whereas the REQ from Baosteel Zhanjiang confirmed it had no loan relevant to 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 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.

Based on the findings for Investigation 658 and the available information for Investigation 688 as provided in the REQ from Baoshan, the commission finds the following in relation to the loans payable by Baoshan in relation to the investigation period.

- 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.

The commercial market rate benchmark used by the commission is based on the Loan Prime Rates (LPR) calculated by the National Interbank Funding Centre (NIFC). According to the NIFC website, it is a sub-institution affiliated to the People's Bank of China.[67] The LPR was relied on by the commission for the same program in Investigation 658 into HRC from China.

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
- the eligibility criteria upon which the loans were made.

A7.2 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.

A7.3 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

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[67] https://www.chinamoney.com.cn/english/bmklpr/, viewed 24 July 2026.

Baoshan and Hunan Valin were provided by SOE lenders at preferential rates of interest and these loans were not available to all enterprises.

A7.4 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.[68]

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 the following

- loans payable by Hunan Valin at the end of its 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.
- loans payable by Baoshan that were due either wholly or partly during the investigation period were 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.

A7.5 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 are 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.

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.

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[68] Chapter 16.3 in the Manual refers, p. 73.

A7.6 Amount of subsidy

Since Hunan Valin 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 Hunan Valin.

For 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 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.

In the case of Baoshan, the commission has departed from the approach outlined in SEF 688 which had regard to the reported amount of short and long term borrowings owed at end the end of the 2024 financial year by Baoshan. Having regard to Baoshan’s submission to SEF 688, the commission has instead relied on the loan records information Baoshan provided with its REQ.

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).