Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

FINAL REPORT
NO 690

ALLEGED DUMPING AND SUBSIDISATION OF FREIGHT RAILWAY WHEELS EXPORTED TO AUSTRALIA FROM THE PEOPLE'S REPUBLIC OF CHINA

14 August 2026

CONTENTS

ABBREVIATIONS

$	the Australian dollar
ABF	Australian Border Force
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*
the applicant, or Comsteel	Commonwealth Steel Company Pty Ltd
AUD	Australian dollar
BF-BOF	blast furnace and basic oxygen furnace
BHR	Shandong Bohong Rail Transportation Equipment Technology Co., Ltd.
CCCME	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
China	the People's Republic of China
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
CMRG	China Mineral Resources Group Limited
the commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
the Customs Direction	*The Customs (Extensions of Time and Non-cooperation) Direction 2015*
CON 632	Continuation Inquiry No 632
CON 690	Consideration Report No 690
CTMS	cost to make and sell
CNY	Chinese yuan
Dumping Duty Act	*Customs Tariff (Anti-Dumping) Act 1975*
EAF	electric-arc furnace
EPR	Electronic Public Record
EXW	ex-works (INCOTERM)
FIS	free into store (INCOTERM)
FOB	free on board (INCOTERM)
FRW	Freight railway wheels
FY	Financial year, 1 July to 30 June.
GFSEC	Global Forum on Steel Excess Capacity
GOC	Government of China
the goods	The goods the subject of the application, freight railway wheels
Guidelines	*Guidelines on the Application of Forms of Dumping Duty November 2013*
ICD	interim countervailing duties
IDD	interim dumping duties

Initiation notice	ADN 2025/110
injury period	1 July 2021 to 30 June 2025
INV 466	Investigation No 466
INV 658	Investigation No 658
INV 676	Investigation No 676
LTAR	less than adequate remuneration
investigation period	1 July 2024 to 30 June 2025
Manual	Dumping and Subsidy Manual
Masteel	Baowu Group Masteel Rail Transit Materials Technology Company Ltd
Material Injury Direction	the Ministerial Direction on Material Injury 2012
MEPS	MEPS International Ltd
MIS	Maanshan Iron & Steel Co Ltd
MMT	Million metric tonne
the Minister	Minister for Industry and Innovation and Minister for Science
MT	Metric tonne
NIP	Non-Injurious Price
OCOT	ordinary course of trade
OECD	Organisation for Economic Co-operation and Development
PAD	Preliminary Affirmative Determination
REP 632	Final Report No. 632
the Regulations	*Customs (International Obligations) Regulation 2015*
REQ	Response to Exporter Questionnaire
RIQ	Response to Initial Questionnaire
R&D	Research and Development
ROI	Return on Investment
SG&A	selling, general and administrative
SEF	Statement of Essential Facts
SOE	state-owned enterprise
TER 466	Termination Report No. 466
USP	Unsuppressed Selling Price
VAT	value added tax
WTO	World Trade Organization

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This report (REP 690) follows Investigation 690 (the investigation) by the Commissioner of the Anti-Dumping Commission (the Commissioner) into the alleged dumping and subsidisation of Freight Railway Wheels (FRW, or the goods) exported to Australia from the People's Republic of China (China).

The Commissioner initiated this investigation on 23 October 2025 following an application from Commonwealth Steel Company Pty Ltd (Comsteel, or the applicant). Comsteel is an Australian manufacturer of FRW and represents the Australian industry for like goods.[1]

This REP 690 sets out the Commissioner's recommendations to the Minister for Industry and Innovation and Minister for Science (the Minister) concerning the investigation, the material findings of fact on which those recommendations are based and provides particulars of the evidence relied on to support those findings, pursuant to section 269TEA(1) of the *Customs Act 1901* (Cth) (the Act).[2]

REP 690 follows the publication on the Electronic Public Record (EPR) of the *Statement of Essential Facts No 690* (SEF 690) for the investigation on 29 May 2026.[3]

For the reasons set out in this report, the Commissioner found that certain goods exported to Australia from China during the investigation period were dumped and subsidised, and that this dumping and subsidisation caused material injury to the Australian industry producing like goods.

Chapter 13 sets out the Commissioner's recommendations in relation to this investigation.

As set out in chapter 1.4, the Commissioner has also partially terminated the dumping investigation in respect of Baowu Group Masteel Rail Transit Materials Technology Company Ltd (Masteel); see Termination Report 690 (TER 690) published on 14 August 2026. Masteel's exports to Australia comprised less than 10% of Chinese imports of the goods during the investigation period.

1.2 Findings

The Commissioner found that exporters from China exported the goods to Australia at dumped and subsidised prices during the investigation period, being 1 July 2024 to 30 June 2025 (the investigation period).

The Commissioner is satisfied:

- all exporters from China, except Masteel, exported dumped goods to Australia during the investigation period
- Masteel did not export dumped goods to Australia during the investigation period
- all exporters from China, including Masteel, received countervailable subsidies in respect of the goods exported to Australia during the investigation period

[1] See chapter 4.3.
[2] All legislative references in this report are to the *Customs Act 1901* (Cth), unless otherwise stated.
[3] EPR 690, Item 25

- the dumped and subsidised goods caused material injury to the Australian industry producing like goods.

Accordingly, the Commissioner recommends that the Minister publish:

- a dumping duty notice in respect of the goods exported to Australia from China, except for goods exported by Masteel
- a countervailing duty notice in respect of the goods exported to Australia from China by all exporters, including Masteel.

1.2.1 Background

On 23 October 2025, Comsteel lodged an application with the Commissioner under section 269TB(1), alleging that the Australian industry producing FRW had experienced material injury caused by goods exported to Australia from China at dumped and subsidised prices. A non-confidential version of the application is available on the EPR.[4]

Having considered the application and supporting evidence, the Commissioner decided not to reject the application and initiated the investigation on 23 October 2025.

Anti-Dumping Notice (ADN) 2025/110 (initiation notice) and *Consideration Report No 690* (CON 690) provide further details on the Commissioner's consideration of the application and the initiation of the investigation.[5]

1.2.2 The goods, like goods and the Australian industry (chapters 3 and 4)

The goods are:

> *Railway wheels of forged and rolled high-carbon steel, with an outside diameter from 27.5 inches to 37.5 inches (699 mm to 953 mm), whether or not including alloys*.[6]

The Commissioner found that:

- locally produced goods are 'like' to the goods the subject of the application
- there is an Australian industry, comprised solely of Comsteel, producing like goods
- the like goods are wholly manufactured in Australia.

1.2.3 Australian market (chapter 5)

The Australian FRW market comprises the Australian industry, of which Comsteel is the sole member, exporters, importers and customers who are typically freight transport operators and maintenance suppliers. Some customers will directly import FRW.

During the investigation period, Comsteel (the sole Australian producer) supplied 84% of the Australian market (by piece)[7], with 13% coming from China and the remainder from other countries. The Australian market fell slightly over the injury period, but Comsteel's

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[4] EPR 690, Item 1

[5] EPR 690, Items 2 and 3

[6] See chapter 3.3.1 for the full goods description, including further information and exclusions.

[7] The commission has examined the Australian market in this investigation generally by 'pieces' or 'units' of FRW, i.e. number of wheels. However, in certain analyses, the commission may have used weight where piece data was not available or relevant.

percentage of that market fell 3%, which equates to 25% reduction in Comsteel's sales volume (chapter 8.3).

During the investigation period, China was the main source of imports of FRW into Australia. Masteel's volume of exports of the goods to Australia comprises less than 10% of the total import volume from China for the investigation period, with the remainder coming from uncooperative Chinese exporters. Masteel was not a price leader for the goods in the Australian market during the investigation period and sold only one MCC to one Australian customer during the investigation period.

Imported goods and domestically produced like goods compete directly in the Australian market. Customers typically procure FRW through long-term supply contracts or tender agreements, which set pricing and supply quantities for a defined period. In negotiating these contracts, price is the material factor in the purchasing decisions of customers.

1.2.4 Dumping investigation (chapter 6)

The Commissioner found that, during the investigation period:

- uncooperative exporters[8] from China exported dumped goods to Australia at a margin that is not negligible
- Masteel did not export dumped goods to Australia
- the volume of those dumped goods exported to Australia by uncooperative exporters from China was not negligible.

The Anti-Dumping Commission (commission) has calculated dumping margins in respect of the goods exported to Australia from China during the investigation period for Masteel and uncooperative exporters as set out in the table below:

Exporter	Dumping margin
Masteel	Negative 28.2%
Uncooperative exporters	3.6%

Table 1: Summary of dumping margins

In calculating Masteel's dumping margin, the Commissioner used:

- an export price based on the price paid by importers to Masteel less transport and other costs arising after exportation
- a constructed normal value, with Masteel's recorded cost of production adjusted by reference to a benchmark for Chinese competitive market costs for steel billet, consisting of Turkish steel billet prices, plus a premium to account for the difference in the grade of steel used to manufacture FRW, plus selling, general and administrative (SG&A) expenses and an amount for profit.

In calculating the dumping margin for uncooperative exporters, the Commissioner used:

- the lowest weighted average free on board (FOB) export price for Chinese exporters who exported to Australia during the investigation period, as reported in the Australian Border Force (ABF) import database

[8] Throughout this report, for the avoidance of doubt, in relation to the dumping investigation, uncooperative exporters include all exporters from China, except Masteel. Masteel was the only cooperating exporter for the investigation.

- the constructed normal value of Masteel.

1.2.5 Subsidy investigation (chapter 7)

The Commissioner found that, during the investigation period:

- countervailable subsidies were received in respect of the goods exported to Australia from China
- the level of subsidisation in respect of those goods was not negligible
- the volume of those subsidised goods was not negligible.

The Commissioner calculated subsidy margins in respect of the goods exported to Australia from China during the investigation period as set out in the table below.

Exporter	Subsidy margin
Masteel	10.0%
Non-cooperative entities[9]	28.8%

Table 2: Summary of subsidy margins

Masteel's subsidy margin changed from 12.0% in SEF 690 to 10.0%. This change resulted from the Commissioner's consideration of Masteel's submission to SEF 690 which highlighted that its purchases of non-prime billet, along with processing transactions, were included in the commission's calculation of a benefit under *Program 1 - D4.1 Steel billet provided by government at less than adequate remuneration* and should be removed. The Commissioner accepted Masteel's claim and removed the non-prime billet and processing transactions from the relevant calculation. Appendix D4.1.6 discusses this in detail.

The non-cooperative entity subsidy margin changed from 25.5% in SEF 690 to 28.8%. This is for two reasons. Firstly, the commission identified an error in the calculation of the non-cooperative entity subsidy margin in SEF 690, which it rectified. Secondly, the change to Masteel's subsidy margin also impacted the non-cooperative entity calculation. Chapter 12.3 discusses this in detail.

The Commissioner considered the change in margins in making the findings and recommendations in this report.

1.2.6 Economic condition of the Australian industry (chapter 8)

The Commissioner found that Comsteel, the sole Australian industry producing like goods, has experienced injury in the form of:

- lost sales volume and market share
- lower production volumes
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced research and development (R&D)

[9] Throughout this report, for the avoidance of doubt, in relation to the countervailing investigation, non-cooperative entities include all exporters from China, except Masteel. Masteel was the only cooperative exporter for the investigation.

- reduced revenue
- reduced return on investment (ROI)
- reduced capacity utilisation
- reduced productivity.

The Commissioner also found that dumped and subsidised goods undercut Australian industry prices throughout the investigation period by up to 24%.

1.2.7 Material injury from dumping and subsidisation (chapter 9)

The Commissioner found that dumped and subsidised FRW exported from China caused material injury to the Australian industry producing like goods for the following reasons:

- exported goods and like goods produced by the Australian industry are substitutable
- exporters sold the goods from China at dumped and subsidised prices, which allowed those exporters to be more competitive on price than otherwise would be the case
- the Australian industry's prices were undercut by the dumped and subsidised goods exported to Australia in the investigation period
- exports of the dumped and subsidised goods represented all import volumes from China
- by responding to the lower priced dumped and subsidised exports, the Australian industry has experienced price suppression
- by selling at a lower dumped and subsidised price, Chinese exporters have attracted sales which would likely otherwise have gone to Comsteel, leading to lost sales volume and market share for the Australian industry
- these suppressed prices and lower volumes in turn led to material reductions in the Australian industry's revenue, profit, profitability and other economic indicators
- while certain factors other than dumping and subsidisation may have influenced the performance of the Australian industry, those factors do not negate that material injury was caused by dumped and subsidised imports (chapter 9.8).

The Commissioner's analysis indicates that FRW imported from China were generally priced below Comsteel's selling prices during the investigation period, and that this price undercutting coincided with price suppression. The Commissioner found that dumping and subsidisation enabled Chinese exporters to supply goods to Australian customers at prices lower than would have been the case in the absence of dumping and subsidisation.

When adjusted to remove the effects of dumping and subsidisation (that is, at 'remedied prices'), the prices of imported goods are broadly comparable to the Australian industry's prices. The Commissioner considers that, in the absence of dumping, the Australian industry would unlikely experience price injury.

The remedied prices would also be expected to improve other economic indicators of the Australian industry, including sales volumes, revenue, profitability and market share, consistent with the relationship between suppressed prices, lost sales and declining performance identified in chapter 8.

1.2.8 Whether dumping and/or subsidisation may continue (chapter 10)

The Commissioner is satisfied that exports of the goods from China to Australia may continue at dumped and subsidised prices.

1.2.9 Non-injurious price (chapter 11)

The Commissioner compared the non-injurious price (NIP) with:

- for Masteel, the sum of the export price and the amount of interim countervailing duty (ICD)
- for uncooperative, non-cooperative and all other exporters, the sum of the export price, ICD and the interim dumping duty (IDD)

and determined that the NIP was not less than those amounts. Accordingly, the NIP should not be the operative measure.

The Commissioner recommends that measures be imposed in relation to the goods exported to Australia from China at the full dumping and subsidy margins, as applicable.

1.2.10 Recommendations (chapter 12)

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

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

The recommended and effective rates of IDD and ICD are in Table 3 below.

Exporter	Recommended duty method	Effective rate of ICD and IDD (%)[10]	Rate of ICD (%)	Rate of IDD (%)[11]
Masteel	ICD: as a proportion of the export price	10.0%	10.0%	-
Uncooperative exporters	IDD: Combination ICD: as a proportion of the export price	28.8%	28.8%	3.6%

Table 3: Summary of effective interim dumping and countervailing duty

1.3 Preliminary affirmative determination

On 22 December 2025, day 60 of the investigation, the Commissioner made a Preliminary Affirmative Determination (PAD) in respect of the dumping investigation, being satisfied at that time that there appeared to be sufficient grounds for the publication of a dumping duty notice in relation to FRW exported to Australia from China. The Commissioner also considered that provisional measures under section 42 were necessary to prevent material injury to the Australian industry while the investigation continued.

The Commissioner's findings in SEF 690 necessitated changes to the PAD. As part of SEF 690, the Commissioner:

[10] As Program 1 is in respect of steel billet provided at less than adequate remuneration (LTAR) and the commission has adjusted steel billet as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel billet adjustment on exporters' costs. To avoid double counting, the commission has adjusted the combined interim duty payable. See chapter 12.4.
[11] The Commissioner has calculated a negative dumping margin for Masteel and accordingly terminated the dumping investigation in respect of Masteel.

- determined no securities will be required and taken for any IDD that may become payable in respect of the goods exported by Masteel, on account that Masteel was not dumping
- revised the level of securities required and taken under section 42 in respect of any IDD payable by all exporters from China, other than Masteel
- determined that securities will be required and taken under section 42 in respect of any ICD payable by all exporters from China, including Masteel.

Further detail regarding securities and the PAD is in chapter 2.5.

1.4 Termination of Masteel dumping investigation

Based on the findings in a separate report, TER 690, the Commissioner terminated the dumping investigation in relation to Masteel, on the basis that Masteel did not export dumped goods to Australia during the investigation period, in accordance with section 269TDA(1).

TER 690 and the related termination notice, ADN 2026/117 are on the public record.

2 BACKGROUND

2.1 Application and initiation

On 23 October 2025, Comsteel lodged an application with the Commissioner under section 269TB(1), alleging that the Australian industry producing FRW had experienced material injury caused by goods exported to Australia from China at dumped and subsidised prices. A non-confidential version of the application is available on the EPR.[12]

Having considered the application and supporting evidence, the Commissioner decided not to reject the application and initiated the investigation on 23 October 2025.

The initiation notice and CON 690 provide further details on the Commissioner's consideration of the application and the initiation of the investigation.[13]

2.2 Legislative framework

2.2.1 Legislative tests

Investigation procedures

Division 2 of Part XVB sets out, among other things, the procedures to be followed and matters to be considered by the Commissioner in conducting investigations in relation to goods covered by applications for the publication of dumping and countervailing duty notices, for the purpose of making a report to the Minister.

Under section 269TEA(1), in the report to the Minister, the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice and/or countervailing duty notice under sections 269TG, 269TJ or 269TJA.[14]

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 subsidisation, the Australian industry has experienced material injury.

Termination of an investigation

Section 269TDA sets out certain circumstances in which the Commissioner must terminate an investigation.

Relevantly, under sections 269TDA(1) and (2), the Commissioner must terminate an investigation in relation to an exporter if satisfied that dumping margins or countervailable subsidies received by the exporter are negligible.

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[12] EPR 690, Item 1

[13] EPR 690, Items 2 and 3

[14] 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.

If the Commissioner is satisfied that the injury, if any, to an Australian industry, that has been, or may be, caused by goods exported to Australia from a particular country of export, is negligible, then the Commissioner must terminate the investigation in relation to that country:

- in relation to an application for a dumping duty notice, pursuant to section 269TDA(13)
- in relation to an application for a countervailing duty notice, pursuant to section 269TDA(14).

Material injury and negligible injury

The Act does not define material injury. However, the *Ministerial Direction on Material Injury 2012* (Material Injury Direction) provides guidance to the Commissioner on material injury.

The Material Injury Direction provides that dumped or subsidised goods need not be the sole cause of the injury, but the injury they cause must be material in degree. It also includes the following key points:

- material injury is injury, which is not immaterial, insubstantial or insignificant
- the injury must be greater than that likely to occur in the normal ebb and flow of business
- identifying material injury will depend on the circumstances of each case
- injury caused by other factors must not be attributed to dumping or subsidisation, however dumping or subsidisation need not be the sole cause of injury to the industry
- it is important to consider regional dumping, the greater impact of injury during periods of economic downturn and reduced rates of growth as an element of injury.

2.2.2 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 EPR.[15]

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

The Commissioner was originally due to publish the SEF on the EPR by 10 February 2026. The Commissioner extended this date to 29 May 2026,[16] which is when the Commissioner published SEF 690.[17]

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[15] 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.

[16] EPR 690, Item 16

[17] EPR 690, Item 25

2.2.3 Final report

Section 269TEA(1) requires the Commissioner, after conducting an investigation in respect of the application, to give the Minister a report which recommends (among other things) whether a dumping duty notice, or countervailing duty notice (as relevant), should be published and the extent of any duties that are, or should be, payable because of that notice.

Section 269TEA(3) requires the Commissioner, in deciding on the recommendations to be made to the Minister in the report, to have regard to:

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

Under section 269TEA(4), the Commissioner is not obliged to have regard to a submission received by the Commissioner after the 20 days if to do so would, in the Commissioner's opinion, prevent the timely placement of the report to the Minister.

The Commissioner's report to the Minister was originally due on, or before 27 March 2026. The Commissioner extended this date to 14 August 2026[18], which is the date the Commissioner provided this report to the Minister.

2.3 Previous cases

This is the first investigation into FRW. However, the commission previously completed inquiries into Railway Wheels, which are a type of railway wheel, but with characteristics different to FRW.

Table 4 below summarises previous major cases on Railway Wheels.

Case	ADN	Date	Outcome
Investigation 466 (INV 466)	2018/59	18 April 2018	Anti-dumping measures imposed on China of 17.4% and France of 37.2%.
Continuation 632 (CON 632)	2023/048	14 August 2023	Measures continued for China at 13.3%. Measures for France allowed to expire.

Table 4: Summary of Railway Wheel cases

2.4 Conduct of the investigation

2.4.1 Investigation period and injury period

The Commissioner specified in the initiation notice an investigation period from 1 July 2024 to 30 June 2025.

The Commissioner set an injury period commencing 1 July 2021, in order to assess the economic condition of the Australian industry and assess potential injury factors.

[18] Ibid.

2.4.2 Australian industry

Information relied on to assess the Australian industry

The Commissioner used information provided by Comsteel in its application to assess the Australian industry for like goods. The commission collected and verified further information from Comsteel during the investigation.

The commission also accessed publicly available information from the Office of National Rail Industry Coordination Rolling Stock Capability Index.[19]

Chapter 4.3 discusses further the composition of the Australian industry.

Comsteel

The Commissioner is satisfied that Comsteel represents the Australian industry producing like goods to the goods the subject of the application. Comsteel is the sole producer of FRW in Australia during the investigation period and therefore accounts for 100% of the total production of like goods in Australia.

The commission visited Comsteel's premises as part of the investigation. The resulting verification report is available on the EPR.[20]

Other producers

The commission confirmed whether Comsteel is the only Australian producer of FRW. In doing so, the commission examined publicly available information, including government capability mapping material published on the Office of National Rail Industry Coordination website. While the Commissioner identified a number of entities participating in related or supporting activities within the rail supply chain, the Commissioner did not find information indicating that those entities produce FRW.

No other parties provided evidence of Australian production of FRW.

The Commissioner is therefore satisfied, for the purposes of this investigation, that Comsteel is the sole Australian producer of FRW.

2.4.3 Exporters

Exporter questionnaire request

At initiation of this investigation, the commission requested exporters respond to an exporter questionnaire by 1 December 2025. No responses were received by the due date. However, prior to the due date, Masteel requested an extension to submit its response.

The commission granted Masteel an extension to provide a response to the exporter questionnaire (REQ) to 2 January 2026. The commission advised Masteel that as a consequence of the response not being provided within 37 days of the date of initiation of the investigation, the Commissioner was not obliged to consider this information if doing so would prevent the timely consideration of whether to make a PAD. Masteel provided a REQ on 2 January 2026.[21]

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[19] Available at https://www.industry.gov.au/publications/rolling-stock-capability-index
[20] EPR 690, Item 11
[21] EPR 690, Item 14

The commission visited Masteel in March 2026. The resulting verification report is available on the EPR.[22]

For all other exporters who did not provide a response or request additional time within the legislated period (1 December 2025), the commission has treated them as uncooperative exporters under section 269T(1) (i.e. in respect of a dumping duty notice), and as non-cooperative entities under section 269TAACA (i.e. in respect of a countervailing duty notice). As a result, the commission determined the export price, normal value and amount of countervailable subsidy received for these exporters on the basis of the facts available, as permitted by the Act.

Uncooperative exporters and non-cooperative entities

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.

In relation to a dumping duty notice, this report uses the term 'uncooperative exporter'. In relation to a countervailable duty notice, this report uses the term 'non-cooperative entity'. In relation to both notices, the report uses 'uncooperative exporter'.

2.4.4 Foreign governments

Consultation and submissions

In accordance with section 269TB(2C), the commission invited the Government of China (GOC) for consultations prior to initiation. The commission provided the GOC with a non-confidential version of Comsteel's application. The GOC accepted the Commissioner's invitation and consultations were held via videoconference on 17 October 2025. The purpose of the consultations was to provide an opportunity for the GOC to respond to the claims made within the application in relation to countervailable subsides, including whether they exist, and if also, whether they are causing, or are likely to cause, material injury to an Australian industry, with the 'aim of clarifying the situation […] and arriving at a mutually agreed solution'.[23]

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[22] EPR 690, Item 22

[23] As set out in Article 13.1 of the WTO Agreement on Subsidies and Countervailing Measures.

The GOC expressed the view that the application for the imposition of dumping and countervailing duties should be rejected. The GOC stated that the information in the application regarding countervailing duties lacked sufficient evidence to demonstrate the existence of the alleged subsidy programs.

During the consultation, the GOC raised the following key points:

- the subsidy claims in the application rely on the findings from previous Australian anti-dumping and countervailing investigations on similar Chinese products
- the claims lack detail regarding the specificity of the alleged programs and the amount of benefit received by exporters of the goods
- there are no systemic subsidy programs or corresponding laws or policies governing the pricing or production of raw materials or inputs for FRW in China
- there are no subsidy programs involving the provision of electricity or land at less than adequate remuneration (LTAR) in China.

The GOC also referred to the applicant's use of constructed normal value based on out-of-country costs, the allegation of a particular market situations and the findings of the DS603 Panel Report.[24]

The commission notes the GOC's view that the requirement under Article 11.2 of the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures have not been met and the rejection of the claims made in the application regarding the LTAR subsidy programs. These matters were considered by the Commissioner in section 4.4.3 of CON 690 as part of the initiation of the investigation.

Chapter 7 and Appendix D4.1 set out the Commissioner's consideration of LTAR subsidy programs.

Chapter 6 and APPENDIX A set out the Commissioner's consideration of the particular market situation allegation.

Government questionnaire

The commission sent a government questionnaire to the GOC following initiation of the investigation, seeking information about any subsidies that might have been received in respect of the goods exported to Australia from China during the investigation period, along with questions in respect of allegations of a particular market situation in the Chinese domestic market for FRW. The GOC did not respond to the government questionnaire.

2.4.5 Importers

The commission identified importers of FRW from China using the ABF import database. The commission contacted the largest importers and invited them to participate in the investigation by providing a response to the importer questionnaire (RIQ). The commission also made the importer questionnaire available on its website for completion by other importers not contacted directly.

The commission did not receive any completed RIQs from importers. The Commissioner's analysis of the Australian market and consideration of injury and causation is therefore

[24] Panel Report, Australia – Anti-Dumping and Countervailing Duty Measures on Certain Products from China, WTO Doc WT/DS603/R (26 March 2024).

based on information provided by the applicant, Comsteel, data from the ABF import database and Masteel.

2.4.6 Other entities

After reviewing Masteel's REQ, the commission sought additional information from Masteel's related supplier, Maanshan Iron & Steel Company Limited (MIS). MIS provided this information on 9 March 2026. The information is available on the EPR.[25]

2.5 Preliminary affirmative determination and amendment to securities

2.5.1 Background

Under section 269TD(1), the Commissioner may make a PAD if satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice, or it appears that there will be sufficient grounds for the publication of a dumping duty notice or a countervailing duty notice subsequent to the importation of the goods into Australia.

In accordance with the *Customs (Preliminary Affirmative Determinations) Direction 2015*, 60 days after the initiation of such an investigation, which in relation to this investigation was 22 December 2025, the Commissioner must make either a PAD or provide a Status Report outlining the reasons why a PAD has not been made.

The Commonwealth may require and take securities at the time a PAD is made or at any time during the investigation after a PAD has been made if the Commissioner is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

2.5.2 PAD and securities

On 22 December 2025, which was 60 days after the initiation of this investigation, the Commissioner published a PAD as part of ADN 2025/128 which stated the Commissioner was satisfied:[26]

- that there appeared to be sufficient grounds to publish a dumping duty notice for the goods exported to Australia from China by uncooperative and all other exporters[27]
- that to prevent material injury to the Australian industry while the investigation continues, it was necessary for the Commonwealth to require and take securities under section 42 in respect of IDD that may become payable on the goods imported from China and entered for home consumption in Australia on or after 22 December 2025.

The Commissioner determined that securities to be taken would be an amount worked out in accordance with the *ad valorem* method duty method. At the publication of the PAD,

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[25] EPR 690, Item 18

[26] EPR 690, Item 12

[27] At the time of making the PAD on 22 December 2025, the Commissioner was not satisfied that there appear to be sufficient grounds to make a PAD in relation to the alleged subsidisation of the goods exported to Australia from China. The commission undertook to conduct further analysis to consider whether the goods have been exported to Australia from China at subsidised prices and outline that assessment in the SEF.

securities were imposed in relation to the goods exported to Australia from China at the rate specified in Table 5.

Exporter	Dumping security
Uncooperative and all other exporters*	36.9%

Table 5: Dumping securities imposed at publication of PAD

* The PAD noted that Masteel was granted an extension to the exporter questionnaire until 2 January 2026 to submit an exporter questionnaire. Accordingly, at day 60 of the investigation, the Commissioner had not yet determined whether Masteel was an uncooperative exporter. Masteel was therefore subject to the PAD as an 'all other exporter'.

2.5.3 Update to securities and new PAD in respect of the subsidy investigation

In SEF 690, the Commissioner was preliminarily satisfied:

- that there appeared to be sufficient grounds to publish a dumping duty notice for the goods exported to Australia from China (except for Masteel)
- that there appeared to be sufficient grounds to publish a countervailing duty notice for all goods exported to Australia from China
- that to prevent material injury to the Australian industry while the investigation continued, it was necessary for the Commonwealth to require and take securities under section 42 in respect of IDD and/or ICD that may become payable on the goods imported from China and entered for home consumption in Australia on or after 29 May 2026.

Based on the Commissioner's preliminary findings as set out in SEF 690, the Commissioner published ADN 2026/073 on 29 May 2026 revising the securities to be taken in respect of imports of the goods from China and cancelling dumping securities previously taken in respect of imports of the goods exported from China by Masteel.

The Commissioner determined that, as of the date of publication of the SEF, securities will no longer be imposed in relation to the goods exported from China at the rates and duty method specified in ADN 2025/128 (i.e. at 36.9%), but will be imposed, in respect of both the dumping and subsidy investigation at the rates and duty methods specified in Table 6.

Exporter	Recommended duty method	Effective rate of ICD and IDD (%)*	Rate of ICD (%)	Rate of IDD (%)
Masteel	ICD: as a proportion of the export price	12.0%	12.0%	-
Uncooperative exporters	IDD: combination ICD: as a proportion of the export price	25.5%	25.5%	3.6%

Table 6: Securities imposed as of the publication of SEF 690

Securities applied to imports of the goods entered for home consumption up to 4 months prior to the publication of the Minister's notice to impose anti-dumping duties under section 269TG(1) and 269TJ(1) are to be converted to ICD and IDD in accordance with section 8 and 10 of the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act).

2.6 Submissions by interested parties

The commission received 21 submissions during the course of the investigation which the Commissioner considered in preparing this report, including 5 received in response to SEF 690 (EPR 690, Items 28 to 32).

Table 7 lists all public submissions received during the investigation, along with reference to where this report discusses each submission. The non-confidential versions of each submission are available on the EPR.

EPR no.	Date Published	Interested Party	Issues raised	Chapter Reference
4	30/10/2025	Jetransit Pty Ltd	Injury and causation	2.6.1 Chapter 8 Chapter 9
5	17/11/2025	Comsteel	Provisional measures	2.6.2
6	2/12/2025	Jetransit Pty Ltd	Public and private manufacturers Change to market conditions Previous investigations VAT rebates	2.6.1 2.6.4 6.6 Chapter 7 7.5.2
7	3/12/2025	Shandong Bohong Rail Transportation Equipment Technology Co Ltd (BHR)		
8	8/12/2025	China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME)	Injury and causation	2.6.3 9.8
10	12/12/2025	Comsteel	Response to CCCME submission	
9	9/12/2025	Comsteel	Appropriate benchmark for cost replacement	2.6.5 Appendix C7
13	24/12/2025	Comsteel	Preliminary Affirmative Determination	2.6.6
15	15/1/2026	Masteel	Provisional measures	2.6.7 6.5
17	27/2/2026	Comsteel	Exporter briefing	2.6.8
19	1/4/2026	Comsteel	Form of measures	2.6.9 Chapter 10
20	14/4/2026	Gemco Rail Pty Ltd (Gemco)	Scope of goods under consideration – Cast railway wheels	3.7
21	24/4/2026	Comsteel		
23	14/5/2026	Gemco		
24	25/5/2025	Masteel	Specificity of certain subsidies	2.6.10[28] Appendix D4.5

[28] The Commissioner did not have regard to this submission in SEF 690 as it would, in the Commissioner's opinion, prevent the timely placement of SEF 690 on the public record on 29 May 2026 (section 269TDAA(3)). The Commissioner considered the submission in preparing the final report to the Minister.

27	28/5/2025	Freight On Rail Group	Concerns on the impact of duties	2.6.11[29]
28	18/6/2026	Comsteel	Response to SEF 690 Steel billet benchmark Special steel billet premium Form of duty	2.7.1 12.3 Appendix C7 Appendix C7.3
29	18/6/2026	Gemco	Response to SEF 690 Cast railway wheels	2.7.2 3.7
30	18/6/2026	Jetransit	Response to SEF 690 Injury effect Post investigation changes in the market Normal value calculation	2.7.3 12.2
31	18/6/2026	CCCME	Response to SEF 690	2.7.3
32	19/6/2026	Masteel	Response to SEF 690 Program 1 – Steel billet provided at less than adequate remuneration Public body determination LTAR Benchmark and particular market situation Double counting of subsidy and dumping methodology Injury and causation; Materiality	2.7.5 Chapter 9 12.4 Appendix C7.3 Appendix D4.1.3 Appendix D4.1.4 Appendix D4.1.6

Table 7: Submissions received

The Commissioner had regard to these submissions in making the findings outlined in this report. The below chapters provide the Commissioner's response where possible, or otherwise provides a short summary and outlines where to find the Commissioner's substantive response elsewhere in the report.

2.6.1 Submissions by Jetransit Pty Ltd

Jetransit Pty Ltd (Jetransit) is an importer of FRW, with its first import in August 2025, just after the end of investigation period.

Jetransit made 2 submissions prior to SEF 690, addressing issues related to injury, causation and pricing, on 30 October 2025 (EPR 690, Item 4) and 2 December 2025 (EPR 690, Item 6).

In its submission dated 30 October 2025, Jetransit states that:

- the injury claimed by the Australian industry is not caused by dumped or subsidised imports, but reflects broader market conditions
- its competitive position arises from efficient manufacturing, modern production processes, streamlined supply chains and superior product standards of the exporters, not unfair pricing

[29] See above

- pricing of imported FRW reflects legitimate commercial performance, not dumping
- Jetransit rejects the view that Comsteel's performance indicators demonstrate causation attributable to imports.

In its submission dated 2 December 2025, Jetransit distinguished publicly and privately owned manufacturers of railway wheels in China. Jetransit submitted that applying findings relating to public manufacturers on private manufacturers is an arbitrary restriction of trade.

Jetransit submitted that the investigation period, which excludes its own imports, does not take into account an Australian market where there are new competitors.

Jetransit submits that in respect of its own supplier, Shandong Bohong Rail Transportation Equipment Technology Co., Ltd. (BHR), it differs from publicly owned manufactures in that:

- no Chinese Government or Chinese Steel makers have ownership in BHR
- BHR purchases steel ingots in normal commercially competitive market
- BHR has the most modern and most efficient wheel manufacturing plant reducing the cost of waste and energy consumption in normal business operation.

Jetransit additionally notes:

- previous investigations into 'Micro Alloy steel freight wheels for a unique iron ore haulage market' *[Ed. INV 466 and CON 632 – Railway wheels from China]*, should not form a precedent for the FRW market, particularly as there has been changes in the market since those investigations
- '*Rebates for VAT are permitted under WTO rules so long as the amount of the rebate does not exceed the actual VAT applied. Therefore, are not a contribution to dumping practices, rather are part of accepted internal trade practice*'.

Commissioner's assessment

As part of its injury and causation analysis, the Commissioner has assessed whether factors other than dumping and/or subsidisation are the cause of injury to Australian industry. This analysis is in chapters 8 and 9.

The Commissioner did not examine the exports of BHR as it did not export the goods during the investigation period and so will not make a specific finding on whether it has exported dumped and subsidised goods. More generally, the Commissioner's examination of a cooperating exporter is based on the most relevant information available, which is generally its own information. However, where the commission does not have specific information on an exporter, it will use other relevant information. In this investigation, as Masteel was the only cooperating exporter, the commission has used relevant information particular to Masteel to draw informed inferences about other exporters. Chapters 6.6 and 7.5.2 discuss this in further detail.

The Commissioner notes that whether an exporter is efficient does not, of itself, preclude a finding of dumping or subsidisation. The commission will therefore consider Jetransit's claims in conjunction with verified exporter data.

The Commissioner assessed current market conditions specific to the goods the subject of this investigation and not used any earlier cases INV 466 and CON 632 as a precedent. The Commissioner has considered the findings of INV 466 and CON 632 throughout this investigation, where that is relevant information, noting that there are several similarities

between the goods in those inquiries and the goods under consideration in this investigation.

The commission has examined several VAT-related subsidies within this investigation. Chapter 7 discusses these in detail.

2.6.2 Submission by Comsteel — Provisional measures

In its submission dated 17 November 2025 (EPR 690, Item 5), Comsteel submits that the Commissioner should publish a PAD and sets out reasons in support of its claim.

Commissioner's assessment

The Commissioner considered Comsteel's submission in respect of provisional measures as part of the Commissioner's decision to publish a PAD on 22 December 2025.

2.6.3 Submission by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products and Response by Comsteel

China Chamber of Commerce for Import and Export of Machinery and Electronic Products

The China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME) made a submission dated 1 December 2025 (EPR 690, Item 8), raising several issues addressing causation, market trends, Comsteel's performance and procurement behaviour of downstream customers. CCCME submits that:

- The evidence in the application does not demonstrate that dumped or subsidised imports from China caused material injury to the Australian industry.
- Comsteel's injury indicators do not move in tandem with Chinese import trends; CCCME notes instances where Comsteel's losses worsened when import share was stable or falling, and narrowed when share rose slightly.
- Declines in Comsteel's production, sales and profitability are primarily attributable to non-import factors, including:
    - significant contractions in overall market demand for forged railway wheels in Australia
    - rising input costs (steel, energy, compliance) and a rigid cost structure
    - Comsteel's efficiency constraints, limited technological capability, weak export performance, and historical quality concerns
    - strategic procurement decisions by major mining companies reflecting broader commercial and geopolitical considerations, not price dumping.
- Evidence does not support a significant surge in Chinese imports; any increase in import share reflects shrinkage in total market demand, not increased export volumes.
- Price and cost trends do not show systematic price depression or suppression caused by imports; Comsteel's selling prices reportedly increased across much of the injury period.
- Causation analysis relies on subjective lost tender claims and hypothetical counterfactuals rather than objective evidence.

CCCME also submitted that the confidentiality treatment applied to Comsteel's injury indicators limited the ability of interested parties to understand and comment on injury and

causation claims.[30] CCCME submitted that, in its view, the non-confidential information provided did not enable interested parties to assess the extent of changes in injury indicators or to independently evaluate claims of material injury.

Comsteel

In its submission dated 12 December 2025 (EPR 690, Item 10), Comsteel responded to the CCCME submission. Comsteel submits that:

- CCCME is not an exporter, importer, or producer of FRW and lacks direct commercial knowledge of the Australian market.
- CCCME's comments on the model control code (MCC) structure, economic indicators, price trends, market share and causation are speculative, unsupported by evidence, and inconsistent with verified data relied upon by the commission.
- CCCME's analysis relies on aggregated HS-code data not specific to FRW, resulting in flawed conclusions about import prices and volumes.
- The injury and causation factors put forward by CCCME reflect misunderstandings of the Commissioner's legislative framework under section 269TAE, particularly regarding price suppression, market contraction, cost pass-through constraints, and non-attribution analysis.
- Comsteel reiterates that the verified evidence before the commission supports Comsteel's claims of material injury caused by dumped and subsidised Chinese FRW.

Commissioner's assessment

The Commissioner has considered CCCME's submissions and notes that the issues raised relate to injury, causation, and market structure. These matters are addressed in detail in chapters 8 and 9.

The Commissioner acknowledges CCCME's claim that Comsteel's performance is materially affected by demand contraction and cost pressures. The commission has examined whether non-import factors caused or contributed to injury as part of its causation analysis. The Commissioner's assessment of demand conditions, cost impacts, export performance and procurement behaviour is set out in chapter 9.8.

CCCME's submissions regarding the relationship between import share and injury indicators have been assessed against verified import data and Comsteel's economic performance indicators as part of the injury and causation analysis.

In respect of CCCME's comments on confidentiality, the Commissioner subsequently published the Comsteel verification report (EPR 690, Item 11) which sets out in further detail the Commissioner's assessment of Comsteel's injury indicators.

The Commissioner is satisfied that the non-confidential summaries and public information on the record contains sufficient detail to allow a reasonable understanding of the substance of the injury experienced by the Australian industry.

[30] EPR 690, Item 8

2.6.4 Submissions by Shandong Bohong Rail Transportation Equipment Technology Co., Ltd and Jetransit

The commission received a submission from BHR dated 3 December 2025 (EPR 690, Item 7). The submission focused on ownership structure, market behaviour and pricing of Chinese manufacturers. BHR submits that:

- there is a need to distinguish privately owned manufacturers from state-owned enterprises (SOEs)
- it is a privately owned manufacturer, and its pricing reflects legitimate production efficiencies rather than dumping
- its manufacturing processes reflect modern technical capability, and comparisons with Chinese SOEs are inappropriate
- competitive import pricing reflects efficiency, technology and legitimate commercial behaviour, not dumping
- any measures imposed should avoid punitive effects on legitimate trade and reflect current market conditions.

Commissioner's assessment

BHR's submission complements Jetransit's submission of 2 December 2025. The Commissioner's response to the Jetransit submission in chapter 2.6.1 applies equally to the issues raised by BHR.

2.6.5 Submission by Comsteel — Raw material benchmark

In its submission dated 5 December 2025 (EPR 690, Item 9), Comsteel presented its views on the appropriate raw material benchmark for constructing normal values for FRW. Comsteel submits that:

- Chinese domestic selling prices are unsuitable for determining normal value due to alleged distortions in the Chinese steel market.
- the EU steel billet price represents the most appropriate, market-based external reference point to construct Chinese normal values, accounting for higher-grade FRW steel inputs and profit levels.
- the Turkish steel billet price, previously relied upon in CON 632, is inappropriate because Turkey's steel market is materially influenced by Chinese billet exports and therefore not sufficiently independent of the alleged distortions.
- the commission should use the EU steel billet price for the purposes of INV 690, including for any preliminary assessment.

Commissioner's assessment

The Commissioner considered Comsteel's submission regarding the appropriate steel billet price for constructing normal values for FRW in appendix C7.2.

2.6.6 Submission by Comsteel — Preliminary affirmative determination

In its submission dated 24 December 2025 (EPR 690, Item 13), Comsteel made the following comments on the PAD published on 22 December 2025:

- It welcomes the Commissioner's PAD and the imposition of provisional securities at 36.9%
- The Commissioner's preliminary dumping margin of 36.9% is appropriate and based on correct application of section 269TAC(6) using an EU steel billet price, adjusted Comsteel cost data and an appropriate profit margin
- Comsteel supports the Commissioner's finding of material injury across indicators including lost sales, reduced production, price suppression, price depression, reduced profitability, lower ROI, reduced capacity utilisation, and reduced productivity
- Comsteel submits that all Chinese exporters, including Masteel, should be treated as uncooperative exporters given the absence of questionnaire responses within the original 37-day legislative timeframe.

Commissioner's assessment

The Commissioner notes Comsteel's views regarding the findings on dumping margins, injury indicators, and the application of provisional measures. The Commissioner further assessed these matters as part of the investigation, as set out in this report.

2.6.7 Submission by Masteel — Provisional measures

In its submission dated 15 January 2026 (EPR 690, Item 15), Masteel responded to the Commissioner's publication of the PAD. Masteel submits that:

- it submitted its REQ on 2 January 2026, within the extended time to do so granted by the Commissioner, and therefore should be treated as a cooperating exporter and be differentiated from uncooperative exporters for the purposes of provisional measures under the PAD
- its REQ provides full, verifiable sales and cost data enabling the calculation of an exporter-specific export price, normal value and dumping margin
- provisional measures should be adjusted to reflect this exporter-specific information
- Masteel requests that verification occur at the earliest opportunity and that its revised status be recognised in the SEF and Final Report.

Commissioner's assessment

The commission visited the premises of Masteel in March 2026. The resulting verification report is available on the EPR.[31] The commission did not calculate a normal value for Masteel in the verification report, as the Commissioner was still considering whether the normal value could be ascertained under section 269TAC(1) or whether, as alleged in the application, there was a situation in the Chinese market such that Masteel's domestic like goods sales were not suitable, as described under section 269TAC(2)(a)(ii).[32] Without a dumping margin based on Masteel's verified data, the Commissioner could not previously update the provisional measures applying to Masteel.

Now that the Commissioner has determined a dumping and subsidy margin for Masteel based on Masteel's verified data (see chapters 6.5 and 7.5), the Commissioner published

[31] EPR 690, Item 22
[32] Ibid, chapter 3.3

ADN 2026/073 on 29 May 2026 revising the securities to be taken in respect of imports of the goods from China.

2.6.8 Submission by Comsteel – Exporter briefing

In its submission dated 27 February 2026 (EPR 690, Item 17), Comsteel briefed the commission on the following issues regarding exporter verification:

- whether export sales costs, including packaging and handling costs, differ from domestic sales costs and have been fully captured
- the completeness and consistency of disclosures regarding input suppliers, including related parties and potential state instrumentalities
- the identification and quantification of admitted subsidy elements, including export VAT rebates and preferential tax treatment
- the accuracy of information concerning market conditions and competitive dynamics in Australia
- whether reported Australian prices appropriately reflect Australian-specific costs rather than domestic Chinese market information.

Commissioner's assessment

The Commissioner considered the issues raised by Comsteel as part of the commission's verification of Masteel's data. The Commissioner's examination of these matters is set out in Masteel verification report.[33]

2.6.9 Submission by Comsteel – Form of measures

In its submission dated 1 April 2026 (EPR 690, Item 19), Comsteel submitted that:

- the Chinese export price/landed Australian import price appears to be absorbing or offsetting the effect of the PAD measure
- there is a well-documented pattern in the global steel industry of Chinese exporters adapting their pricing and trade practices to circumvent or undermine anti-dumping measures
- the ad valorem form of duty currently applied is particularly vulnerable to this type of price movement, and the commission should recommend the combination form of measure in the Final Report.

Commissioner's assessment

The Commissioner has considered Comsteel's submission in chapter 10.

Chapter 12 sets out the details of the Commissioner's recommendation that the Minister impose the following anti-dumping measures:

- a dumping duty notice for uncooperative exporters from China with IDD calculated using the combination duty method
- a countervailing duty notice for all exporters from China with ICD calculated as a proportion of the export price.

This recommendation considers those issues raised by Comsteel in its submission.

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[33] EPR 690, Item 22

The Commissioner published ADN 2026/073 on 29 May 2026 revising the securities to be taken in respect of imports of the goods from China.

2.6.10 Submission by Masteel – Specificity of certain subsidies

In its submission dated 22 May 2026 (EPR 690, Item 24), Masteel made a submission regarding the Commissioner's preliminary findings on subsidisation, specifically Programs 690-15, 690-16 and 690-17.

While Masteel made this submission prior to SEF 690, pursuant to section 269TDAA(3), the Commissioner did not have regard to it in SEF 690 as it would, in the Commissioner's opinion, have prevented the timely placement of the SEF on the public record. The Commissioner has considered this submission in preparing this final report.

Masteel submitted that Programs 690-15, 690-16 and 690-17 do not confer a benefit in respect of the goods, as they are project-specific grants tied to railway axle production, which are not the goods under consideration. Masteel stated that axles are distinct from wheels in terms of function, production processes and facilities, and that the grants relate exclusively to axle-specific projects and assets.

Masteel submitted that no pass-through of benefits to the goods has been demonstrated and that attribution based on a broader 'rail equipment business unit' is not supported by the evidence or relevant legal principles.

Masteel requested that the commission exclude these programs from the subsidy margin or, alternatively, adjust the allocation methodology.

Commissioner's assessment

The Commissioner has addressed this submission in appendix D4.5.

2.6.11 Submission by Freight on Rail Group – Concerns on the impact of duties

In its submission dated 1 June 2026 (EPR 690, Item 27), FORG made a submission regarding the potential downstream impacts of measures arising from the investigation on the Australian rail freight sector.

The group submitted that duties on FRW may increase input costs for rail operators, affecting operating costs, service delivery and the efficiency of the freight task. It further submitted that higher costs may affect the competitiveness of rail relative to road, with broader implications for emissions, infrastructure use and export competitiveness.

The group also raised concerns regarding reduced competition in the supply of freight railway wheels if duties are imposed.

The group requested that the commission consider these downstream impacts in its determination and submitted that duties should not be imposed where they may adversely affect the rail freight sector.

Commissioner's assessment

The Commissioner has considered the submission made by the FORG.

The Commissioner notes that this investigation is conducted in accordance with Part XVB of the Act, which requires the Commissioner to determine whether dumping and/or subsidisation has occurred and whether such conduct has caused material injury to the Australian industry producing like goods.

Having regard to this legislative framework, the Commissioner considers that the matters raised concerning downstream and broader economic impacts cannot be considered in the Commissioner's assessment of dumping, subsidisation or injury in this investigation.

2.7 Submissions in response to SEF 690

2.7.1 Submission by Comsteel

On 18 June 2026, Comsteel made a submission in response to SEF 690 (EPR 690, Item 28), in which it generally supported the Commissioner's preliminary findings.

Comsteel submitted, however, that 3 matters require further consideration in REP 690:

- the Commissioner should use EU steel billet prices, rather than Turkish steel billet prices, as the benchmark for Chinese competitive market costs when constructing normal value
- the Commissioner's methodology for calculating the special steel billet premium reintroduces the same Chinese price distortions the Commissioner found in the particular market situation analysis and should therefore be replaced with an undistorted methodology
- the Commissioner should recognise that the legislative unavailability of a floor price for countervailing measures limits the effectiveness of the recommended measures, especially where part of the corrective adjustment is reflected in the subsidy margin rather than the dumping margin.

Comsteel requested that the Commissioner adopt the EU billet benchmark, revise the premium methodology using whichever proposed option produces the highest premium, and set the ascertained export price for dumping purposes at the highest defensible level in order to maximise the protective effect of the combination dumping duty method.

Commissioner's assessment

The Commissioner has considered Comsteel's submission. The matters raised relate to the determination of a cost of production in China for constructing a normal value, and the form and effectiveness of measures. These matters are addressed in detail in the following chapters:

- steel billet benchmark: Appendix C7
- special steel billet premium: Appendix C7.3
- form of duty: chapter 12.3.

2.7.2 Submission by Gemco

On 18 June 2026, Gemco Pty Ltd (Gemco), an importer of steel railway wheels from China, made a submission in response to SEF 690 (EPR 690, Item 29).

Gemco earlier submitted that its imports of cast railway wheels fall outside the scope of the goods under consideration (see chapter 3.7). Its latest submission supported the Commissioner's preliminary finding in SEF 690 that cast railway wheels fall outside the goods description.

Gemco disagreed with the findings in SEF 690 that cast railway wheels and FRW are substitutable and compete in the same market. Gemco also noted the Australian industry does not produce cast railway wheels. On this basis, Gemco reaffirmed its view that exported cast railway wheels cannot be considered the goods.

Gemco also submitted that cast railway wheel imports represent a small share of the Australian market and would not be material to any injury findings, and supported submissions regarding the potential downstream impacts of measures.

Chapter 3.7 discusses Gemco's submissions in detail.

2.7.3 Submission by Jetransit

On 18 June 2026, Jetransit made a submission in response to SEF 690 (EPR 690, Item 30) in which it raised concerns relating to the following factors:

- injury effect
- post investigation changes in the market
- normal value calculation.

Jetransit claimed that during the injury analysis period, Comsteel sourced steel billets from Chinese manufacturers. Jetransit submitted that a change in sourcing of steel billets used by Comsteel, from its own production to supply by Chinese manufacturers, would affect the magnitude of the injury and significantly alter overall profit margins. As 70% of total FRW finished product value is based on steel billet costs, 70% of Comsteel's total manufacturing cost takes advantage of the Chinese steel market pricing. According to Jetransit, the injury analysis should be based on estimations using 30% of the total FRW normal value and should be further discounted to take into account any unusual costs such as restructuring as a result of Comsteel ending its own production of billet.

Jetransit believes that a tender by one of Australia's largest FRW buyers towards the end of the investigation period significantly changed the Australian market for FRW. Jetransit submits this change should be considered in the calculation and impost of any anti-dumping measures.

Jetransit submitted that the WTO has previously indicated the Australian government should follow regular rules and consider normal domestic values in China, rather than a simulated analysis based on European or Turkish prices. Jetransit submits that, as all participants, including Comsteel, use Chinese steel billet, it makes economic sense to use the domestic Chinese steel billet value for calculating normal value, or '*…the proportion of the Steel Billet value inside the whole FRW value to be discounted out of all equations.*'

Jetransit further highlighted that the calculation of the normal value was based on 915-size wheel which is likely to be the most expensive type, compared to the lowest weight average price for all other imports. Jetransit suggests that the commission uses a per kg rate for different grades of steel for a more accurate and fair approach to applying measures.

Commissioner's assessment

The Commissioner agrees that the injury analysis should account for Comsteel's changed circumstances, including the shutting down of its billet production and consequential shifting of sourcing for billet used in the production of FRW. However, the Commissioner does not agree that the injury analysis should discount these factors, as they occurred within the context of increasing imports of FRW from China. The shuttering of Comsteel's billet production facilities occurred in a period where Comsteel experienced a fall in its asset values (see chapter 8.6.1). The Commissioner considered that this fall is one form of injury experienced by Comsteel over the injury period.

In respect of Comsteel's purchasing of steel billet from other sources, it is not clear why the Commissioner should make an adjustment to the injury analysis to account for the proportion of FRW made up by the costs for this billet, which the commission verified as supplied from unrelated manufacturers in a competitive global market. It is also not clear why the Commissioner should make an adjustment to the normal value calculations, which are based on exporter data, not Comsteel's cost data. Accordingly, the Commissioner has made no such adjustments as proposed by Jetransit.

The Commissioner agrees that customer decision making during the injury and investigation periods, including large scale procurement, should be considered in the injury analysis. The Commissioner has in fact done so, and has also considered other customer behaviour and its effect on the market in chapter 9.4.3.

In respect of Jetransit's comments on following WTO rules for calculating normal value, the Commissioner has followed the requirements as set out in Australian domestic legislation, as well as the Anti-Dumping Agreement. APPENDIX C sets this out in detail.

Chapter 12.2 sets out the Commissioner's consideration of Jetransit's comments regarding the calculation of normal value based on the 915-size wheel.

2.7.4 Submission by CCCME

On 18 June 2026, the CCCME lodged a submission in response to SEF 690 (EPR 690, Item 31). Due to the large number of issues raised in this submission, this report sets out the Commissioner's consideration of each issue in the table below.

CCCME submission	Commissioner's assessment
Insufficient non-confidential disclosure in the SEF restricting interested parties' ability to submit effective comments CCCME submitted that the SEF does not provide sufficient non-confidential disclosure of key data, methodologies and calculations (including price undercutting, subsidy margins and NIP calculations). It argued this limits interested parties' ability to meaningfully comment and is inconsistent with procedural fairness requirements.	The Commissioner considers that the SEF, read together with other documents on the public record, provides sufficient detail to enable interested parties to understand the essential facts and respond. Consistent with statutory requirements, information has been disclosed to the extent practicable without compromising confidentiality.
Product scope, like product, and MCC structure require further clarification CCCME supported the exclusion of cast railway wheels from the product scope but submitted that the remaining scope and MCC structure remain overly broad. It argued that insufficient product differentiation undermines price comparability and may distort price effects and injury analysis.	The Commissioner considers that the current MCC framework captures the key determinants of price and competition in the Australian market. The Commissioner sought submissions on the MCC structure at the initiation of the investigation, with no response. Nonetheless, the Commissioner amended the MCC throughout the investigation in light of further evidence obtained. See chapter 3.5. The Commissioner considers further disaggregation would undermine the purpose of having an MCC, with excessive granularity resulting in insufficient data for comparing domestic and export models.
The SEF does not adequately consider the structure of the Australian FRW market and customer purchasing characteristics	The Commissioner acknowledges that the Australian FRW market is concentrated and exhibits project-based characteristics. However, these features do not negate the role of price competition.

CCCME submitted that the Australian FRW market is highly concentrated, cyclical and project-driven, with Comsteel maintaining a dominant position. It submitted that customer purchasing decisions are multi-factorial and cannot be reduced to price alone, with factors such as quality, certification, delivery reliability and supply security playing an important role.	As discussed in chapter 5, the evidence indicates that price is a key factor in purchasing decisions, even where other considerations such as quality and delivery are relevant. References to import prices in customer negotiations support the conclusion that imports exert competitive pressure on domestic pricing. No contrary evidence was presented during the investigation on this point, by CCCME or any other party. Consistent with CCCME's submission, and as discussed in chapter 9 the Commissioner found that factors other than price can impact price negotiations in the Australian market.
Chinese imports are limited and do not support findings of 'significant increase in import volumes' or material loss of sales CCCME submitted that Chinese import volumes and market share remain limited and reflect cyclical demand patterns rather than a significant or sustained increase. It argued that changes in market share should be considered in the context of overall market contraction and procurement cycles, and do not demonstrate material sales displacement.	The Commissioner does not accept that import volumes are insignificant or purely cyclical. As discussed in chapters 8 and 9, there has been an increase in both the volume and market share of Chinese imports over the injury period. While demand contraction is acknowledged, the Commissioner considers that the increase in imports occurred within this context and contributed to the displacement of domestic sales. Market share movements, when considered alongside the timing and pricing of imports, support the conclusion of a material increase in import presence.
The SEF's analysis of price undercutting, price suppression and 'remedied prices' remains insufficient to establish price effects CCCME contested the Commissioner's findings on price undercutting and price suppression, submitting that price comparisons lack sufficient comparability and do not demonstrate material price injury. It submitted that the 'remedied price' analysis is insufficient and circular, and cannot substitute for a proper causation analysis.	The Commissioner has reconsidered the price effects analysis in light of CCCME's submission and finds that price comparisons have been undertaken on the best information available, with appropriate adjustments to ensure comparability. The evidence set out in chapter 9 demonstrates that imports undercut domestic prices and contributed to price suppression. The Commissioner considers that the 'remedied price' analysis is a useful analytical tool to illustrate the impact of dumping and subsidisation on pricing outcomes. It is not relied upon in isolation, but as part of a broader evidentiary framework. Chapter 9.8 discusses other possible causal factors of injury.
The SEF fails to adequately distinguish the derivative relationships among Comsteel's economic indicators or prove that deterioration in those indicators was caused by imports from China CCCME submitted that the deterioration in Comsteel's economic indicators reflects broader factors, including demand contraction, cost increases, fixed-cost absorption and internal business conditions. It submitted that multiple indicators are derivative and should not be treated as independent evidence of injury.	The Commissioner acknowledges that several injury factors are derivative of other economic indicators. The Commissioner considers this recognises the interconnected relationship between price, costs, revenue, profit, etc. and is a fundamental economic and commercial concept. This is acknowledged in CCCME's submission, where it states, '*These indicators have clear economic and accounting interrelationships.*'[34] While interconnected, the Commissioner considers that these factors represent individual forms of injury, all of which ultimately derive from the price at which Australian industry sells like goods, the volume of

[34] EPR 690, Item 31, CCCME submission to the SEF, p56.

	goods it sells and what it costs to make and sell those like goods, all of which may be affected by dumped and subsidised imports of the goods.
The SEF's analysis of subsidy findings, benefit calculation and facts available for uncooperative entities requires further review CCCME submitted that the Commissioner should reassess subsidy findings on a program-by-program basis, including financial contribution, benefit, specificity and attribution. It raised concerns regarding the public body determination, LTAR benchmark comparability, treatment of tax and grant programs, and the use of facts available for non-cooperative entities.	The Commissioner notes that SEF 690 in appendix D1 stated that '*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.*' This was a misstatement of how the Commissioner and the commission examined the information available for each program. Appendix D1 has been amended in this report to clarify this point. For the avoidance of doubt, the Commissioner's analysis of each subsidy program identified during this investigation was conducted on a program-by-program basis. The grouping of these programs within SEF 690 was for convenience of drafting and readability. The analysis has been conducted having regard to the available information, including verified exporter data. The Commissioner is satisfied that the identified programs constitute countervailable subsidies and that the benefit calculations are appropriate. The Commissioner notes that the GOC was requested to complete a questionnaire in respect of subsidies for the goods, but did not respond. Other issues raised by CCCME in respect of the subsidy findings are addressed in the following parts of this report: • Public body finding: appendix D4.1.3 • Double-counting: chapter 12.4 • Export-related programs and general grants: appendices D4.2, D4.3, D4.4 and D4.5 • Previous programs from INV 466: appendix D5
The ADC should maintain its preliminary determination to terminate the dumping investigation against Masteel and reconsider the dumping margin of uncooperative exporters CCCME supported the Commissioner's preliminary determination to terminate the dumping investigation in respect of Masteel and submitted that dumping findings for other exporters should not be generalised or used to infer broader injury.	CCCME is correct in its observation that the Commissioner has treated all uncooperative exporters as a single category. The Commissioner has considered this submission in chapter 6.6.
Whether dumping or subsidisation may continue should be based on objective evidence rather than presumption CCCME argued that findings regarding the likelihood of continuation of dumping or subsidisation are not supported by objective evidence and rely on presumption rather than exporter and program-specific analysis.	The Commissioner considers that the analysis set out in chapter 10 meets the necessary requirements to be satisfied that exports of the goods from China to Australia may continue at dumped and subsidised prices.
The SEF fails to sufficiently establish a causal relationship	The Commissioner has considered other known factors, including demand conditions, cost increases

CCCME submitted that the SEF does not adequately separate the effects of Chinese imports from other known factors, including demand contraction, procurement cycles, cost pressures, supply chain considerations and legitimate competitive advantages. It argued that the Commissioner has not established a sufficient causal link between imports and material injury.	and procurement behaviours, and is satisfied that these do not break the causal relationship between imports and injury. While other factors may have contributed to the industry's performance, the evidence indicates that imports exerted downward pressure on prices and contributed to lost sales and reduced profitability. The Commissioner considers that it has complied with the non-attribution requirements by ensuring that injury caused by other factors has not been attributed to imports. This analysis is set out in chapter 9.
The NIP and proposed measures should be limited to offsetting proven injury and avoid double counting and excessive protection CCCME submitted that the NIP and proposed measures may overstate injury by incorporating non-import factors and risk double counting, particularly in relation to the steel billet LTAR program. It argued that measures should be limited to the minimum necessary to offset proven injury.	The NIP has been calculated in accordance with an established method, and the comparison with normal value supports the application of measures at the full margin. See chapter 11. The Commissioner has accounted for double counting in its calculations, including in relation to the steel billet LTAR program. See chapter 12.4.
The imposition of measures may adversely affect the Australian public interest CCCME submitted that the imposition of measures may adversely affect downstream users, supply chain resilience and market competition, particularly given the concentrated structure of the Australian market.	The Commissioner notes CCCME's submissions regarding potential downstream and market impacts. The Commissioner does not consider that public interest is a relevant consideration in making recommendations to the Minister under the Act.

Table 8: Commissioner's assessment of CCCME submission to SEF 690

2.7.5 Submission by Masteel

On 19 June 2026, Masteel submitted that a number of the Commissioner's preliminary findings in SEF 690 contain material errors affecting the calculation of its subsidy margin, the application of LTAR methodology, and the assessment of injury and causation.

Program 1 – Steel billet provided at less than adequate remuneration

Masteel submitted that the benefit under Program 1 is overstated due to the inclusion of transactions that are not purchases of prime billet used in production. It identified two categories: (i) 'head and tail' (non-prime) billet used only for testing and priced on a scrap basis, and (ii) toll-processing transactions representing service fees rather than billet purchases. Masteel submits that these transactions are not comparable to prime billet and artificially inflate the benchmark comparison and should be excluded from the benefit calculation.

The Commissioner has considered this submission in appendix D4.1.6.

Public body determination

Masteel contested the Commissioner's finding that its billet suppliers constitute public bodies. It submitted that the determination relies impermissibly on government ownership

and control, rather than evidence that the entities possess or exercise governmental authority, contrary to WTO jurisprudence. Masteel submitted there is no evidence that its suppliers exercised governmental functions in relation to billet sales, and that reliance on non-cooperation by the GOC is inappropriate given verified exporter data. It submitted that removal of this finding would substantially reduce its subsidy margin to *de minimis*.

The Commissioner has considered this submission in appendix D4.1.3.

LTAR Benchmark and particular market situation

Masteel questioned the use of Turkish billet prices (plus a premium) as the LTAR benchmark. It submitted the benchmark does not reflect prevailing market conditions in China due to differences in production technology, i.e. electric-arc furnace (EAF) vs blast furnace and basic oxygen furnace (BF-BOF), cost structures, and currency effects, including Turkish Lira depreciation. It also submitted that the premium calculation is circular as it relies on Chinese price data already found to be distorted.

Masteel further contested the particular market situation finding, arguing the Commissioner has not demonstrated that Masteel's verified costs and sales data are unreliable. As an alternative, Masteel proposed using Vietnamese billet production costs or its own verified data.

Appendix D4.1.4 sets out the Commissioner's consideration of Masteel's submissions on the adequacy of remuneration for assessment of whether goods were provided at LTAR.

The Commissioner's consideration of appropriate billet prices for calculating the benchmark for the purpose of determining the cost of production for normal value construction is discussed in appendix C7, including whether Turkish prices are suitable and whether Vietnam prices might be preferable.

Chapter 6.4 sets out in detail the Commissioner's consideration whether a particular market situation exists in the Chinese FRW market and why Masteel's domestic sales data is not suitable for calculation of its normal value.

The Commissioner's consideration of Masteel's submission regarding the calculation of the special steel premium is in. Appendix C7.3.

Double counting of subsidy and dumping methodology

Masteel submitted that the Commissioner's use of the same Turkish benchmark in both the constructed normal value and the LTAR benefit calculation results in impermissible double counting. It submitted that this approach breaches the Commissioner's established practice, WTO obligations, and guidance in the Dumping and Subsidy Manual, as the alleged subsidy is already reflected in the dumping calculation.

Chapter 12.4 discusses avoidance of the double-count.

Injury and causation; Materiality

Masteel contested the findings of material injury and causation, submitting that its exports did not materially contribute to any injury to the Australian industry. It highlighted that:

- its dumping margin is negative
- its export volumes and market share are negligible
- it sold only one model control code to a single customer
- its prices were generally above the domestic industry's weighted average prices.

Masteel submits that the Commissioner's aggregate treatment of Chinese exports fails to account for its distinct commercial circumstances and results in an incorrect attribution of injury. It further submitted that the remedied price analysis is not applicable to its exports and that the non-attribution analysis does not adequately separate the effects of other factors, including cost pressures and market conditions.

Masteel submitted that, even if any effects were identified, they would be immaterial given its limited presence in the Australian market and lack of price leadership.

As the Commissioner has terminated the dumping investigation in respect of Masteel, the Commissioner has only considered whether subsidised goods exported by Masteel have caused injury to the Australian industry. Chapter 9.3 discusses this issue further.

The Commissioner has addressed the remaining points of Masteel's submission on injury and causation in the following chapters of this report:

- Volume effects: chapter 9.5
- Price effects: chapter 9.4
- Absence of dumping: chapter 9.5
- Distinct commercial circumstances: chapter 9.5
- Other known factors – structural cost pressures: chapter 9.8.7
- Other known factors – contraction in demand: chapter 9.8.1
- Other known factors – factors other than price: chapter 9.8.9
- Other known factors – competitive advantage: chapter 9.8.6.

3 THE GOODS AND LIKE GOODS

3.1 Finding

The Commissioner found that:

- locally produced goods are 'like' to the goods the subject of the application
- there is an Australian industry, comprised solely of Comsteel, producing like goods
- 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:

> G*oods 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:

- physical likeness
- commercial likeness
- functional likeness
- 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

3.3.1 Goods description

The goods are:

> *Railway wheels of forged and rolled high-carbon steel, with an outside diameter from 27.5 inches to 37.5 inches (699 mm to 953 mm), whether or not including alloys*.

Further information

The railway wheels are manufactured in accordance with relevant user defined specifications and drawings, and are used on rail carriages/wagons in freight transport.

The wheels used in all user applications have the following typical characteristics:

- *outside diameter from 27.5 to 37.5 inches (699 to 953 millimetres (mm)), and of similar overall dimensional tolerances and shape*
- *are manufactured from a high carbon steel with the addition of micro alloying elements to achieve hardness and mechanical properties, as defined by user/customer specifications*
- *are manufactured using a forging and rolling process in accordance with defined standards, and*
- *are suitable to operate at axle loads of up to 36 metric tonnes, as defined by user/customer specifications.*

Exclusions

Axles and other components are excluded from the description.

3.4 Tariff classification

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

- **8607.19.00 (Statistical code 20)** – *Parts of railway or tramway locomotives or rolling stock – other railway wheels*.

The tariff classifications and statistical code may include goods that are both subject and not subject to the investigation. The listing of the tariff classification and statistical code 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 the investigation.

3.5 Model control code

The Commissioner undertakes model matching using an MCC structure to identify key characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export.[35]

The Commissioner published the proposed MCC structure in the initiation notice. Interested parties were invited to make submissions on whether any proposed modifications to the MCC structure should be accepted by the Commissioner. No submissions were received in relation to the MCC structure.

During verification of Masteel's data, the commission identified that there are 3 characteristics of the goods and like goods which have an effect on Masteel's price and cost:

[35] Guidance on the Commissioner's approach to model matching is in the Dumping and Subsidy Manual (the Manual), available at www.adcommission.gov.au

- if the FRW are punched or not-punched
- if the FRW are painted or not-painted
- the type of steel billet used in the manufacture of the FRW.

Accordingly, the commission has used a revised MCC structure, to reflect its findings during the investigation. The table below outlines the MCC structure.

Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Outside wheel diameter (OD)	708 OD	708	Mandatory	Mandatory
		737 OD	737		
		760 OD	760		
		762 OD	762		
		763 OD	763		
		768 OD	768		
		780 OD	780		
		787 OD	787		
		790 OD	790		
		800 OD	800		
		836 OD	836		
		840 OD	840		
		841 OD	841		
		844 OD	844		
		850 OD	850		
		915 OD	915		
		920 OD	920		
		921 OD	921		
		940 OD	940		
2	Punched/Not punched	Punched	PN	Mandatory	Mandatory
		Not punched	NPN		
3	Painted/Not painted	Painted	PT	Mandatory	Mandatory
		Not painted	NPT		
4	Billet type	Billet code		Mandatory	Mandatory

Table 9: MCC structure used in this investigation

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 analysis outlines the Commissioner's assessment of whether the domestically produced forged FRW are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

3.6.1 Physical likeness

The goods and Australian-produced goods are both forged and rolled high-carbon steel wheels for freight rolling stock, with comparable diameters and technical specifications.

3.6.2 Commercial likeness

The goods and Australian-produced goods are sold to the same customers (rail operators, freight providers, wagon manufacturers) and compete directly in the same market.

3.6.3 Functional likeness

The goods and Australian-produced goods are designed for identical applications and are substitutable in end use.

3.6.4 Manufacturing likeness

The goods and Australian-produced goods involve comparable forging, rolling, heat-treatment, machining, and testing processes.

3.7 Cast railway wheels

Consistent with the goods description in its application, Comsteel produces FRW through forging (chapter 4.4 describes this process). Comsteel does not produce cast railway wheels.

In submissions published on 14 April 2026 and 14 May 2026, Gemco submitted information regarding the manufacturing process and technical specifications of its imported cast steel railway wheels (EPR 690, Items 20 and 23). Gemco submitted that its imports of cast steel railway wheels fall outside the scope of goods under consideration.

Gemco provided the following reasons why its imports should not be considered the goods:

- its wheels are made from cast steel, which is a different production method to the forging process for FRW
- differences in the manufacturing process result in different metallurgical and performance profiles, with forged and rolled wheels having higher tensile strength, better elongation and superior fatigue life, compared to cast steel wheels, which have a more uniform but less refined microstructure
- there is a distinct market for cast railway wheels separate to forged railway wheels.

Gemco provided supporting information from:

- Amsted company profile describing the manufacturing process of Gemco's imports
- engineering drawings of its imports
- Gemco's product brochure
- finite element analysis of its imports
- a confidential technical assessment from 2019 highlighting material differences in the performance of cast wheels versus forged wheels.

Gemco also submits that as Comsteel does not make cast railway wheels, it cannot seek trade measures covering cast wheels.

Gemco made a further submission in response to SEF 690 (EPR 690, Item 29), in which it reiterated many points from its previous submissions. It disagreed with the findings in SEF 690 that cast railway wheels and FRW are substitutable and compete in the same market and further submitted that cast railway wheel imports represent a small share of the Australian market and would not be material to any injury findings.

On 24 April 2026, Comsteel provided a submission opposing Gemco's claim that imported cast railway wheels do not fall within the goods description (EPR 690, Item 21). Its reasons for opposing the exclusion of cast wheels from the goods description are:

- The 'Further Information' accompanying the goods description provides that the railway wheels have the following '*…typical… characteristics, including that they …are manufactured using a forging and rolling process in accordance with defined standards…*'. The use of the word 'typical' in the 'Further Information' is deliberate and does not create exclusive criteria for products that may fall under the goods description.
- The 'Further information' also states that '*The railway wheels are manufactured in accordance with relevant user defined specifications and drawings, and are used on rail carriages/wagons in freight transport*'. Comsteel submits that this part of the description is the 'unifying characteristic' of the goods, i.e. the broader functional description of the goods. Reference to the manufacturing process reflects Comsteel's own manufacturing process and that of typical imports at the time of application.

Comsteel submits that inclusion of cast wheels is necessary to provide relief from material injury, and their inclusion would defeat the statutory purpose of the Act. Comsteel submits that cast and forged wheels are substitutable, and that the relevant question for the commission is '*…whether the goods compete in the same market, serve the same function, and are purchased by the same customers.*'

Comsteel further submits that exclusion of cast wheels from the goods would open up a pathway for circumvention of any measures, as Chinese exporters have a demonstrated ability to manufacture both cast and forged railway wheels.

Comsteel provides comment on the similarities in the production of cast and forged wheels and notes that the AAR Quality Assurance Specification M-1003, referred to by Gemco as a distinguishing feature, is common to both Gemco's wheels and those made by Comsteel.

Commissioner's assessment

The Commissioner considers that cast railway wheels **do not** fall within the goods description.

In reaching this finding, the Commissioner has considered the submissions and evidence from Gemco and Comsteel, as well as the production, physical, commercial and functional characteristics of both forged and cast wheels.

<u>Functional</u>

Both cast and forged railway wheels serve similar functions, that is, for use on freight rolling stock. The wheels are completely interchangeable and meet the same operational requirements, including axle load specifications, noting that, depending on physical

characteristics, as discussed below, there are differences between the service life of the wheels.

Commercial

Both cast and forged railway wheels are sold to the same customers for the same function. The Commissioner is satisfied that both wheels compete in the same market, with customers making their purchasing decisions based on the different physical properties of each wheel type.

The Commissioner does not agree with Gemco's submission that cast and forged wheels compete in different markets. Gemco did not provide any evidence in its submissions to support its claim, and in fact, the Commissioner considers that evidence provided by Gemco in its submission of 14 April 2026, specifically its product brochure, supports the view that both are substitutable and compete in the same market.

Production

The evidence provided by both Gemco and Comsteel confirms a different manufacturing process between cast and forged railway wheels, albeit with some similarities, such as heat treatment, machining, finishing and inspection. However, there is a key manufacturing process that is different: cast railway wheels are melted and poured into a mould (i.e. cast), whereas forged railway wheels are heated and shaped (i.e. forged).

While manufacturers may make both types of wheel, the plant and equipment required to make each type is significantly different, with manufacturers needing to invest in a separate production line for each type.

Physical

The different production processes result in different physical differences, including different technical specifications. Forged wheels are stronger, with a higher fatigue resistance and longer service life. Both Comsteel and Gemco acknowledge that cast steel wheels meet international standards required for use in freight service. However, cast wheels are less durable and harder to maintain compared to forged wheels.

Additional comment

While the Commissioner notes that the manufacturing process referred to in 'Further information' is prefaced by the phrase 'typical characteristics', the headline description of the goods does not use 'typical'. It clearly states that the goods are '*…of forged and rolled high-carbon steel*'. As noted previously, Comsteel does not manufacture cast wheels, only forged wheels.

Conclusion

The Commissioner notes that cast and forged railway wheels are substitutable, and compete in the same market. But there are distinct physical differences, as a result of significantly different production methods, that distinguish the products. These differences will influence customer purchasing decisions, based on their specific business requirements.

It is because of these differences, along with the clear and deliberate use of 'forged' in the goods description, that the Commissioner considers that cast railway wheels do not fall within the goods description.

In its assessment of the Australian market, the Commissioner has accordingly not included imported cast railway wheels.[36]

For market context, based on ABF import data, cast railway wheels appear to represent a small volume of goods imported into Australia, compared to the volume of FRW being imported.[37]

[36] In its submission to SEF 690, Gemco submitted that because cast railway wheels represent a small share of the Australian market, they would not be material to any injury findings. The commission confirms that cast railway wheels were not included in its assessment of the Australian market for like goods.

[37] See Confidential attachment 2 – Post-PAD analysis

4 THE AUSTRALIAN INDUSTRY

4.1 Finding

The Commissioner found that:

- at least one substantial process of manufacture of the like goods is carried out in Australia
- the like goods are wholly or partly manufactured in Australia, and
- there is an Australian industry, consisting of Comsteel, producing like goods to the goods exported to Australia.

4.2 Legislative framework

The Commissioner must be satisfied that the like goods are in fact produced in Australia. Sections 269T(2) and 269T(3) specify that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. For goods to be considered partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

4.3 Australian industry

The Australian industry comprises solely of Comsteel.

Comsteel is an Australian manufacturer of grinding media and various types of railway wheels, axles, and wheel sets at its site in Waratah, a suburb of Newcastle in New South Wales. It is the sole domestic producer of FRW in Australia.

The commission visited Comsteel's premises during the investigation. The commission witnessed Comsteel's manufacture of FRW at its premises.

The Commissioner confirmed there were no other Australian industry members by examining the Office of National Rail Industry Coordination Rolling Stock Capability Index[38] as well as company websites and other publicly available information.

The Commissioner's analysis of Australian industry members is in **Non-confidential Attachment 1 – FRW Domestic manufacturer assessment**.

Accordingly, the Commissioner is satisfied that Comsteel manufactures like goods and that it constitutes the Australian industry for the purpose of this investigation.

4.4 Production process

The following outlines Comsteel's production process for the goods:

- The manufacturing process for FRW starts with steel blooms[39], which are sawn into 'cheeses' and then heated in the rotary furnace.
- The cheeses are pre-formed in a slab press and then undergo multiple forging and rolling stages to form the wheel's profile.
- After shaping, the wheel is dished, the centre hole is punched, and hot wheel scanning is performed to ensure forging accuracy.
- The wheel is heat-treated to achieve the required strength and hardness and then shot blasted to remove loose scale, cleaned and machined for precision.

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[38] Available at https://www.industry.gov.au/publications/rolling-stock-capability-index

[39] See chapter 4.5 for discussion on raw materials used in the manufacture of FRW.

- Quality assurance follows, including hardness tests and non-destructive inspections to detect defects.
- Once verified, wheels are stamped for identification, painted and packaged according to customer specifications.
- Finished wheels are then prepared for delivery to customers.

4.5 Raw material inputs

This report refers to steel billet as the main raw material input used in the production of FRW. The Commissioner notes that steel billet can encompass a variety of semi-finished steel products. In Comsteel's application, and in Masteel's REQ, both refer to steel billet as the key input.

During verification of both Masteel and Comsteel, the commission confirmed that the key raw material input used by Masteel and Comsteel to manufacture FRW is more accurately referred to as steel 'bloom'. Steel billet and blooms are both semi-finished steel inputs, made by continual casting of molten steel.

Masteel reported in its REQ using 'wheel steel billet' as the main raw material used in its production of FRW. Comsteel refers to this billet grade as 'cast round' billet or micro-alloy steel.

For the purposes of this investigation, the commission has maintained the usage adopted by Comsteel and Masteel and used the descriptor 'steel billet'. When describing the type of steel billet used to make FRW, this report has used the term 'special steel billet'.

5 AUSTRALIAN MARKET

5.1 Finding

The Australian FRW market comprises the Australian industry, of which Comsteel is the sole member, exporters, importers and customers who are typically freight transport operators and maintenance suppliers. Some customers will directly import FRW.

During the investigation period, China was the main source of imports of FRW into Australia. Masteel's volume of exports of the goods to Australia consists of less than 10% of the total import volume from China for the investigation period, with the remainder coming from uncooperative Chinese exporters.

Imported goods and domestically produced like goods compete directly in the Australian market. Customers typically procure FRW through long-term supply contracts or tender agreements, which set pricing and supply quantities for a defined period. In negotiating these contracts, price is the material factor in the purchasing decisions of customers.

5.2 Approach to analysis

To establish the size of the Australian market, the Commissioner has used verified information provided by Comsteel, Masteel and information from the ABF import database.

The commission has used units to measure the Australian market, where one unit is one FRW. It has taken this approach over using weight to measure volume, as it reflects how participants in the market operate.

5.3 Australian market background

FRW are essential industrial products used in the operation of Australia's freight rail network. They are fitted to freight wagons and enable the transport of a wide range of goods across the Australian economy. As such, FRW are a critical input supporting domestic freight and logistics activity.

The Australian market for FRW is characterised by demand from freight rail operators and rolling stock maintenance providers. Demand is driven by the need to equip new or refurbished freight wagons and to replace wheels as part of ongoing maintenance programs. These goods are supplied to industrial users and are not consumer goods.

Comsteel is the sole Australian producer of FRW, with the remainder of demand met by imports. Imported and domestically produced FRW are used for the same purposes and compete in the Australian market.

5.4 Australian market structure

5.4.1 Marketing segmentation and end uses

FRW are manufactured for freight railway operators that transport bulk commodities such as coal and grain, as well as intermodal freight. Comsteel advised that there are no other end uses beyond these freight applications.

The Australian market for FRW can be segmented into capital purchases and maintenance purchases. Capital purchases relate to the supply of wheels for new rolling stock and are typically driven by fleet expansion, new rail projects, or major capital investment programs, and tend to occur on a project-specific basis. Maintenance purchases involve the

replacement of wheels on existing rolling stock as part of routine operations, arising on a recurring basis over the service life of freight wagons as wheels wear, are re-profiled, and ultimately replaced in rail operators' maintenance facilities.[40]

5.4.2 Supply

During the investigation period, customers in the Australian market, including maintenance service providers, were supplied directly by FRW manufacturers, without the involvement of resellers, distributors or other intermediaries.

Following the investigation period, Jetransit, a wholly owned Australian company, commenced supplying components and subsystems for use in railway rolling stock, including FRW.

5.4.3 Demand

Demand for FRW in Australia is primarily driven by the operational requirements of freight rail operators.

FRW are fitted to freight wagons and, under normal conditions, have an average service life of about 8 years. During this period, the wheel tread wears down and is periodically machined to restore its running surface. When a wheel reaches the end of its service life, it is removed from the axle and replaced with a new wheel. These activities are typically carried out in maintenance facilities operated by rail companies.

While 8 years is the typical service life, actual replacement intervals vary depending on operating conditions, axle loads, and usage intensity. Some wheels may require earlier replacement, while others remain in service longer than expected.

In addition to lifecycle-driven demand, new wagon builds and capital investment projects also contribute to demand for FRW. Environmental considerations, including initiatives to reduce CO_2 emissions, may also influence demand by encouraging greater use of rail freight relative to higher-emissions transport modes such as road, which can increase demand for rolling stock and associated maintenance and replacement of FRW.

5.5 Australian market pricing

Customers typically procure FRW through long-term supply contracts or tender agreements, which set pricing and supply quantities for a defined period. These agreements may be subject to deed variations, allowing adjustments to existing contractual terms, such as price due to changes in relevant cost drivers such as raw material prices. Smaller customers may purchase FRW based on established price lists, rather than supply through long-term arrangements.

Comsteel submitted that price is the determinant factor in the purchasing decisions of customers.[41] Through its examination of the information provided during verification, including negotiations between suppliers of FRW and customers, the Commissioner is satisfied that price is material to the decision-making of customers. Masteel submitted that, in addition to price, other factors such as reputation, technical capability, quality and

[40] While both forms of demand are present in the Australian market, the information before the commission does not permit a finding as to the relative proportion of demand accounted for by capital and maintenance purchases.
[41] EPR 690, Item 1, 'Application', p18.

reliability and delivery time are also important. However, in its examination of the evidence before it, the commission did not observe any reference to these factors in negotiations.

However, the Commissioner accepts that the following factors can impact price negotiations in the Australian market:

- cost to make and margin
- production quantity
- historical pricing
- delivery timing
- product quality/technical requirements
- product warranties
- market competition.

5.6 Market size

The commission estimated the size of the Australian market for FRW using domestic sales data from Comsteel, verified data from Masteel and data sourced from the ABF import database. The information sourced from the ABF import database was determined using the relevant tariff subheadings and statistical codes for FRW. The commission applied further filtering to remove imports that were not considered to be the goods, including:

- excluding imports outside a certain unit weight range, based on Comsteel's unit weight range for its like goods, plus a buffer to account for differences between the goods and like goods
- excluding imports outside a certain unit price range, based on Comsteel's unit price range for its like goods, plus a buffer to account for differences in price between the goods and like goods
- excluding imports from China identified as products which are not the goods based on a manual review of the goods description.

The commission did not manually review the goods descriptions of imports from countries other than China, as these account for 15% of imports without further filtering, compared to 85% for China. The Commissioner considers any further adjustments from manual filtering of imports from other countries would not materially affect the Commissioner's analysis and would unduly delay the investigation.

The Commissioner's approach varies only slightly with the estimate provided by Comsteel in its application. The Commissioner's estimate for Masteel using this approach also matches Masteel's verified Australian export data.

The Commissioner considers that this approach to estimating the size of the Australian market for FRW is relevant and reasonable as:

- the ABF import database is an independent and reliable source of data in relation to imported FRW
- the completeness, relevance and accuracy of the sales data provided by Comsteel and Masteel was verified by the commission
- the information used is the best information available to the commission in the absence of further cooperation from the GOC or other Chinese exporters of the goods.

The Commissioner's assessment of the Australian market is at **Confidential Attachment 1 – Australian market**.

Figure 1 below shows the relative size of the Australian market year-on-year from FY 2022 to FY 2025, as well as the share of sales of like goods manufactured by the Australian industry compared with imported goods from China and the rest of the world.

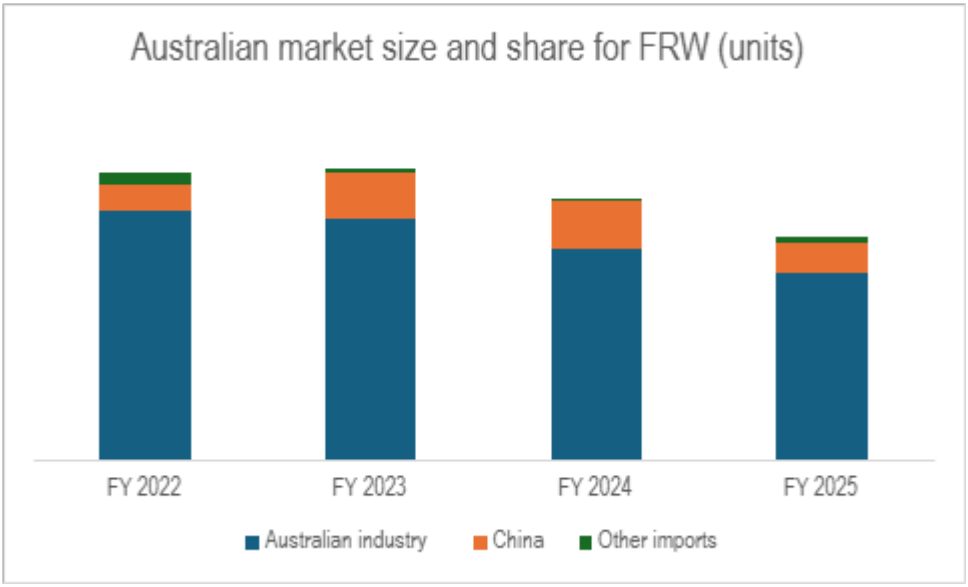

Figure 1: Australian market size and share, by source, over the injury period

The Australian industry accounted for the majority of the Australian market in each year of the injury period. The Australian market declined from a high point over the injury period in FY 2022 and FY 2023 and then began consistently declining to FY 2025, indicating a falling market over the injury period.

Table 10 shows an index of sales volumes for the whole of the Australian market, Australian industry, Chinese imports and imports from other countries.

	FY 2022	FY 2023	FY 2024	FY 2025
Australian market	100	101	91	77
Australian industry	100	96	85	75
China	100	173	176	112
Other imports	100	46	24	47

Table 10: Index of sales volumes for the Australian market, Australian industry, Chinese imports and all other imports over the injury period

Table 10 shows that both the Australian industry and Chinese imports experienced declining sales volumes during the investigation period, reflecting the contraction in the overall market. While Chinese imports expanded strongly in FY 2023 and peaked in FY 2024, their sales volumes fell sharply in FY 2025 and, in relative terms, declined more than those of the Australian industry. As a result, despite the Australian industry continuing to sell lower absolute volumes than in earlier years, its market share increased in the investigation period.

	FY 2022	FY 2023	FY 2024	FY 2025
Australian industry	87%	82%	81%	84%
China	9%	16%	18%	13%
Other imports	4%	2%	1%	2%

Table 11: Percentage of sales volumes (by piece) in the Australian market for the Australian industry, Chinese imports and all other imports, over the injury period

Table 11 shows that the Australian industry's market share declined in FY 2023 and FY 2024, before increasing in FY 2025. Over the same period, Chinese exports increased their market share when the Australian industry experienced declines (FY 2023 and FY 2024). The subsequent increase in the Australian industry's market share occurred in a contracting market and reflects a greater loss of sales volumes by Chinese imports and other imports during the investigation period, rather than a recovery in Australian industry sales.

Overall, over the 4-year injury period, the Australian industry's market share fell from 87% to 84%, while the share of Chinese imports grew from 9% to 13% of the market.

6 DUMPING INVESTIGATION

6.1 Finding

The Commissioner found that, during the investigation period:

- uncooperative exporters from China exported dumped goods to Australia at a margin that is not negligible
- Masteel did not export dumped goods to Australia
- the volume of those dumped goods exported to Australia by uncooperative exporters from China was not negligible.

The commission calculated dumping margins in respect of the goods exported to Australia from China during the investigation period for Masteel and uncooperative exporters at the rates set out in the table below:

Exporter	Dumping margin
Masteel	Negative 28.2%
Uncooperative exporters	3.6%

Table 12: Summary of dumping margins

In calculating Masteel's dumping margin, the Commissioner used:

- an export price based on the price paid by importers to Masteel less transport and other costs arising after exportation (chapter 6.5.1)
- a constructed normal value, with Masteel's recorded cost of production adjusted by reference to a benchmark for Chinese competitive market costs for steel billet, consisting of Turkish steel billet prices, plus a premium to account for the difference in the grade of steel used to manufacture FRW, plus SG&A expenses and an amount for profit (chapter 6.5.2)

In calculating the dumping margin for uncooperative exporters, the Commissioner used:

- an export price determined under section 269TAB(3) having regard to all relevant information, being the lowest weighted average FOB export price for the investigation period of Chinese exporters who exported to Australia during the investigation period, as reported in the ABF import database (chapter 6.6.1)
- a normal value determined under section 269TAC(6) having regard to all relevant information, being the constructed normal value of Masteel (chapter 6.6.2).

6.2 Legislative framework

In the report to the Minister under section 269TEA(1), the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice under section 269TG. The Minister also has to be satisfied that exporters exported dumped goods to Australia.

Section 269TDA(1) requires the Commissioner to 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%.

6.2.1 Export price

Export price is determined under section 269TAB.

Section 269TAB(1)(a) provides that 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.

Section 269TAB(1)(b) provides that the export price of goods is the price that the importer sold the goods, less the prescribed deductions, where:

- goods have been exported to Australia otherwise than by the importer, and
- were purchased by the importer from the exporter, but not at arm's length, and
- the importer subsequently sells the goods in the condition they were imported to a party not associated with the importer.

Section 269TAB(1)(c) provides that in all other cases, the export price is a price determined by the Minister having regard to all the circumstances of the exportation.

Section 269TAB(3) provides that, where the export price cannot be established under the preceding sections due to sufficient information not being furnished or not available, the export price is determined having regard to all relevant information.

Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters. For all uncooperative exporters, export prices are to be worked out under section 269TAB(3).

6.2.2 Normal value

Normal value is determined under section 269TAC.

Section 269TAC(1) provides that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

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

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

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

Section 269TAC(2)(c) provides that the normal value is the sum of an amount that the Minister determines to be the cost of production or manufacture of the goods in the country of export, and, on the assumption that the goods had been sold for home consumption in

the OCOT in the country of export instead of being exported, such amounts as the Minister determines are the SG&A costs associated with the sale and the profit on that sale.

Section 269TAC(5A) and (5B) provide that these amounts must be worked out in such manner, and taking account of such factors, as the regulations provide. The relevant regulations are regulations 43, 44 and 45 of the *Customs (International Obligations) Regulation 2015* (**the Regulations**).

Regulation 43 provides that the Minister must work out the amount for the cost of production or manufacture of the goods using the information set out in the records if:

- the exporter keeps records relating to the like goods
- the records are in accordance with generally accepted accounting principles in the country of export, and
- the records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

If any of the requirements of Regulation 43 are not satisfied, the commission will also assess the records pursuant to Article 2.2.1.1 of the Anti-Dumping Agreement which requires that the records:

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

Section 269TAC(9) provides that where the normal value is ascertained in accordance with section 269TAC(2)(c), the Minister must make such adjustments in determining the costs, as are necessary to ensure that the normal value is properly comparable with the export price of those goods.

Pursuant to section 269TACAB(1), the normal values for all uncooperative exporters are to be worked out under section 269TAB(3)

6.2.3 Dumping margin

Dumping margins are determined under section 269TACB. For all dumping margins calculated for the purposes of this investigation, the commission compared the weighted average Australian export prices with the corresponding quarterly weighted average normal values for the investigation period in accordance with section 269TACB(2)(a).

6.3 Exporter status

Section 269T(1) provides that, in relation to an investigation, an exporter is a 'cooperative exporter' if the exporter's exports were examined as part of the investigation and the exporter was not an uncooperative exporter.[42]

[42] 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.' There were no residual exporters in this investigation.

6.3.1 Cooperative exporters

The Commissioner examined the exports of Masteel, the only exporter who provided an REQ to this investigation, and who is, therefore, the only cooperative exporter for the purposes of the dumping investigation.

6.3.2 Uncooperative exporters

After having regard to section 269T(1) and the Customs Direction, the Commissioner has determined that all exporters from China that did not provide information requested of them through an REQ are uncooperative exporters for the purposes of the dumping investigation.

6.4 Section 269TAC(2)(a)(ii) assessment

6.4.1 Introduction

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

Comsteel based its claim on previous findings by the Commissioner. The application refers to findings from INV 466 and CON 632 concerning certain railway wheels exported to Australia from China.

While the Commissioner did not make a particular market situation finding in CON 632, the final report did include findings of widespread market distortions in the Chinese steel market, citing state ownership, centralised planning and government supporting measures.

Comsteel asserted that the same distortions found in CON 632 apply to the FRW market and that domestic selling prices are therefore unsuitable for determining normal values under section 269TAC(1). In support of its claim, Comsteel referred to OECD and WTO reports highlighting industrial subsidisation in China, as well as the 2024 annual report for Maanshan Iron & Steel Company's 2024, the parent company of cooperating exporter Masteel, which discloses government grants and preferential tax treatment.[43]

The Commissioner considered Comsteel's claim that a particular market situation exists in the Chinese FRW market to be reasonable for the purpose of deciding whether to initiate an investigation.[44] Accordingly, the commission examined whether a particular market situation existed in the Chinese FRW market during the investigation period, and whether, because of that situation, sales of like goods in that market were not suitable for determining a price under section 269TAC(1).

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

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

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[43] *Application*, EPR 690, Item 1, p45.
[44] *Consideration Report 690*, EPR 690, Item 2, p12.

6.4.2 Particular market situation

The Commissioner found that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation in respect of the domestic market for FRW in China during the investigation period.

The Commissioner found that the GOC has had a continued involvement within the Chinese steel industry through its policies, planning guidelines, plans, and directives. This involvement has materially contributed to the steel industry's overcapacity, oversupply and a distorted market structure in the Chinese steel industry during the investigation period. The Commissioner found that the prices of FRW would be substantially different in a market not characterised by GOC influence.

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

6.4.3 Proper comparison

The Commissioner found that sales of FRW in the domestic Chinese market are not suitable for determining a normal value pursuant to section 269TAC(1). This is because the existence of a market situation prevents a proper comparison of domestic prices with the export prices of the goods.

The Commissioner's proper comparison assessment is set out at APPENDIX B.

6.5 Dumping assessment – Masteel

6.5.1 Export price

The Commissioner found that Masteel is an exporter of the Australian export goods because this company:

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

The Commissioner has determined the export price for Masteel under section 269TAB(1)(a). Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

6.5.2 Normal value

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

The Commissioner determined normal value for Masteel under section 269TAC(2)(a)(ii) and section 269TAC(2)(c). The Commissioner did not use Masteel's domestic selling prices under section 269TAC(1) because those sales were not suitable for determining normal value in light of the particular market situation identified above.

The Commissioner constructed normal value using:

- a cost of production in China based on Masteel's recorded costs, with Masteel's steel billet input costs adjusted to remove the abnormal circumstances in which Masteel's billet costs were formed
- selling, general and administrative expenses calculated on the assumption that the goods were sold for home consumption in the ordinary course of trade in China
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the ordinary course of trade.
- The benchmark adopted by the Commissioner comprised Turkish steel billet prices together with an adjustment to reflect the grade of steel used in FRW. The Commissioner considered whether any comparative advantage or disadvantage adjustment was required and determined that no such adjustment was necessary on the information available.

Cost of production

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

In considering regulation 43, the Commissioner found that Masteel's cost of production records are kept in accordance with generally accepted accounting principles in China, but its cost of production records, specifically in respect of steel billet (a substantial proportion of overall costs) do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

Therefore, in accordance with regulation 43, the Minister is not required to use Masteel's records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c).

In considering Article 2.2.1.1 of the Anti-Dumping Agreement, the Commissioner found that Masteel's cost of production records:

- are consistent with generally accepted accounting principles in China
- reasonably reflect the actual costs incurred in the production of the goods, and
- were formed in circumstances which are not normal and ordinary. Specifically, that the circumstances in which the cost of steel billet were formed are not normal and ordinary, resulting in Masteel's recorded production costs.

Therefore, in accordance with article 2.2.1.1 of the ADA, the Commissioner finds that it is not appropriate to use Masteel's unadjusted records to construct the normal value.

The Commissioner considers that the most appropriate approach to determine the cost of production in China was to use Masteel's recorded cost of production adjusted to remove the effects of those abnormal circumstances.

The Commissioner's cost of production adjustment assessment is set out in APPENDIX C.

The commission has recorded the confidential benchmark data relied upon for the determination of the appropriate cost of production at **Confidential Attachment 3 – Benchmark calculation**.

Use of surrogate normal value information

Masteel exported only one model, 915-NPN-PT-AAR-BMS, to Australia during the investigation period, for which there were no domestic sales. To calculate the Masteel's

normal value, the commission used the CTM for the exported model, and Masteel's recorded SG&A costs for domestic model 915-PN-PT-AAR-BMS as a surrogate, under section 269TAC(c)(ii).

The commission calculated profit using the profit for Masteel's domestic like goods sales in the OCOT. The commission notes the cost to make and sell (CTMS) used to establish if Masteel's domestic like goods sales were in the OCOT relied on its unadjusted production costs.

6.5.3 Adjustments

To ensure proper comparability between export price and normal value under section 269TAC(9), the Commissioner made adjustments for domestic credit terms, domestic inland transport, export inland transport, export port charges, export credit terms and specification differences.

Adjustment description	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port charges
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification differences

Table 13: Masteel summary of adjustments

6.5.4 Dumping margin

The dumping margin for the goods exported to Australia by Masteel for the investigation period is **negative 28.2%.**

Accordingly, the Commissioner terminated the dumping investigation in relation to Masteel in TER 690, on the basis there has been no dumping of the goods by Masteel, pursuant to section 269TDA(1)(b)(i).

The Commissioner's dumping margin calculations for Masteel are set out in **Confidential Attachments 5 to 9.**

6.6 Uncooperative exporters

6.6.1 Export price

Export price provisions for uncooperative exporters

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

Relevant information available

Relevant information available to the Commissioner includes:

- Masteel's verified export price and
- export prices for Chinese exporters who exported to Australia during the investigation period, as reported in the ABF import database.

Export prices for Mastel have the advantage of being verified. However, there are also some limitations in that Masteel's volume of exports of the goods to Australia consists of less than 10% of the total export volume for the investigation period. Additionally, Masteel was not a price leader for the goods in the Australian market during the investigation period[45] and sold one MCC to one Australian customer during the investigation period.

While the Commissioner considers that Masteel's export price is relevant information and could be used as the basis of the export price for uncooperative exporters, in this instance, the ABF import data is preferred because it brings in a larger volume of exports and a potential wider range of importers and MCCs. The FOB export prices for Masteel as reported in the ABF import data differ from Masteel's verified export price by 1%, indicating that the ABF import data is a reliable source of export price data for other Chinese exporters of the goods.

The Commissioner's method of identifying exports of the goods in the ABF import database is described in chapter 5.6. The Commissioner calculated the weighted average export price for exporters of the goods during the investigation period using ABF import data. The Commissioner considers that the lowest weighted average export price for Chinese exporters who exported to Australia during the investigation period, as reported in the ABF import database to be the most reliable information.

The Commissioner has selected the lowest weighted average export price on the basis that it demonstrates a price at which an uncooperative exporter may export goods to Australia, based on the information before the commission.

Submission by CCCME

In its submission to SEF 690, CCCME noted that '*the SEF appears to treat all uncooperative exporters as a single category and to determine a single dumping margin for that category by reference to the lowest weighted average FOB export price reported in the ABF import database.*'[46] CCCME goes on to submit that while the lowest weighted average FOB export price as reported in the ABF import database may show that at least one exporter exported at that price, it does not show that all other uncooperative exporters exported at that price. CCCME submitted that the Commissioner should calculate margins for uncooperative exporters using exporter specific relevant information.

Commissioner's assessment

There is no requirement for the commission to calculate exporter specific margins for each uncooperative exporter.

Due to a lack of cooperation by uncooperative exporters, the Commissioner has limited information on export prices of the goods for those exporters.

The Commissioner considers that the ABF import database provides a reliable indication of what prices uncooperative exporters may have exported the goods into Australia during the investigation period. However, without cooperation from these exporters, the Commissioner lacks specific detail, including the composition of all shipments, whether they are subject to rebates or discounts, the terms of trade with their customers, whether

[45] EPR 690, Item 15, Masteel REQ, p75
[46] EPR 690, Item 31, CCCME submission, p72

sales are at arm's length, and so forth, which are essential to setting reliable exporter specific export prices.

In the circumstances, the Commissioner considers it reasonable to limit its export price assessment for uncooperative exporters to the lowest weighted average export price because it represents an actual price, based on the investigation period. The Commissioner also notes that there are mechanisms such as reviews in the Act for reviewing exporter specific circumstances in the future.

6.6.2 Normal value

In accordance with section 269TACAB(1)(e), the Commissioner has determined the normal value for uncooperative exporters pursuant to section 269TAC(6), having regard to all relevant information. Specifically, the Commissioner has used the normal value established for Masteel.

The Commissioner found that the normal value of Masteel is most relevant information on the basis that:

- the Commissioner does not have specific information relating to the uncooperative exporters, relevant to the calculation of the normal value
- while Masteel is not a price leader in the Australian market for the goods (discussed at chapter 6.6.1), it sells significantly greater volumes of like goods on the Chinese domestic market and therefore has greater influence on that market
- the normal value of Masteel represents a price at which an uncooperative exporter may sell the goods in the domestic Chinese market based on the information before the commission.

6.6.3 Dumping margin

The dumping margin in respect of the goods exported to Australia by uncooperative exporters for the investigation period is **3.6%.**

The Commissioner's calculations are set out in in **Confidential Attachment 10 – Uncooperative exporter dumping margin**.

6.7 Volume of dumping

Pursuant to section 269TDA(3), the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that have been or may be dumped is a negligible volume. Section 269TDA(4) defines a negligible volume as less than 3% of the total volume of goods imported into Australia over the investigation period.[47]

Using the ABF import database and having regard to the information collected and verified during the investigation, the commission determined the volume of imports in the Australian market. Based on this information, the Commissioner is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of goods that have been exported from China and dumped was greater than 3% of the total import volume. The volume of dumped goods is therefore not negligible.

[47] Section 269TDA(5) does not apply to this investigation.

The Commissioner's calculations are in **Confidential Attachment 1 – Australian market**.

6.8 Level of dumping

Section 269TDA(1) provides that the Commissioner must terminate a dumping investigation, in so far as it relates to an exporter of the goods, if satisfied that:

- there has been no dumping by the exporter of any of those goods, or
- that there has been dumping by the exporter of some or all of those goods, but the dumping margin for the exporter is less than 2%.

The Commissioner is satisfied that there has been dumping by all Chinese exporters of the goods during the investigation period at dumping margins greater than 2%, except for Masteel.

Accordingly, the Commissioner is satisfied that the requirements have been met to terminate the dumping investigation in relation to Masteel, on the basis that the level of dumping received by Masteel was negligible in relation to the goods, in accordance with section 269TDA(1).

7 SUBSIDY INVESTIGATION

7.1 Finding

The Commissioner found that, during the investigation period:

- countervailable subsidies were received in respect of the goods exported to Australia from China
- the level of subsidisation in respect of those goods was not negligible
- the volume of those subsidised goods was not negligible.

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

Exporter	Subsidy margin
Masteel	10.0%
Non-cooperative entities	28.8%

Table 14: Summary of subsidy margins

The Commissioner found the following subsidy programs were countervailable in respect of the goods exported to Australia from China during the investigation period:

Program Number[48]	Program Name	Program type
1	Steel billet provided at less than adequate remuneration	LTAR
5	Preferential Treatments for High and New Technology Enterprises	Tax
466-83	Subsidy for Ma'anshan railway industry	Grant
466-88	Other Grants	Grant
466-94	Import Subsidies Funds from Bureau of Commerce of Ma'anshan (Overseas Business Department)	Grant
466-102	Industrial policy funds from Finance Bureau Corporate Section of Ma'anshan	Grant
466-103	Environmental assistance from Environmental Protection Bureau of Ma'anshan	Grant
466-107	Technical Special Fees	Grant
466-110	Employees' distributive resettlement expenses for resolving excess capacity	Grant
684-12	Individual income tax handling fee refund (Mar-2025)	Tax
690-3	The Municipal Bureau of Industry and Information Technology has allocated provincial funds for the second batch of projects supported by preferential policies for enterprises in 2024.	Grant
690-4	Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2023 China Invention Patent Grant Subsidy	Grant
690-5	The Municipal Science and Technology Bureau paid out funds for the 2023 science and technology policy 'no-review-required' access.	Grant

[48] Those programs beginning with '466' were identified as part of *Investigation 466*. The commission has added the 466-prefix to clearly identify those programs. See chapter 7.4.1.

690-6	The Municipal Science and Technology Bureau disburses 2023 science and technology policy 'no-approval-required' funding: High-tech enterprise certification reward.	Grant
690-7	Postdoctoral Research Station Funding Disbursement for 2023-2024	Grant
690-8	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance	Grant
690-9	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - International Market Development Project - Overseas Product Certification	Grant
690-11	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Anhui	Grant
690-12	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Ma'anshan	Grant
690-13	The Development Zone Management Committee disbursed certain foreign trade and economic policy funds from the Anhui Provincial Department of Commerce for 2024 and 2025, including export insurance.	Grant
690-14	2015 Intelligent Manufacturing Special Project - Deferred income (Fixed project No.1) (Jun-2025)	Grant
690-15	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base Deferred income (Fixed project No.2) (Dec-2024)	Grant
690-16	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base - Deferred income (Fixed project No.3) (Jun-2025)	Grant
690-17	2017 New high-speed axle production line project grant - Deferred income (Fixed project No.4) (Dec-2024)	Grant
690-18	2017 Construction of the exhibition hall grant - Deferred income (Fixed project No.5) (Jun-2025)	Grant
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises (Sep-2024)	Tax
690-20	Demonstration application of online automatic measurement of wheel thermal inspection dimensions	Grant
690-21	Commerce Bureau's 2024 Foreign Trade Development Fund Export Credit Insurance Payment	Grant
690-23	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy - Unemployment insurance refund	Grant
690-24	Anhui Branch of China Export & Credit Insurance Corporation	Grant
690-25	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy – Campus Recruitment	Grant
690-26	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level New Product Certification and Award)	Grant
690-27	Ma'anshan Municipal Bureau of Industry and Information Technology (2023 Provincial-level Technological Innovation Demonstration Enterprise Award)	Grant

690-28	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level Green Factory Enterprise Award)	Grant
690-30	Policy funding benefits related to the demonstration application of online automatic measurement of wheel thermal inspection dimensions	Grant
690-31	Related to the policy funding benefits for the research and application of key technologies in the manufacturing of high-grade rail transit wheels	Grant

Table 15: Countervailable programs

7.2 Legislative framework

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

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

7.3 Information considered by the commission

Section 269TAACA(1) provides that, in determining whether a countervailable subsidy has been received in respect of particular goods, or the amount of a countervailable subsidy in respect of particular goods, the commission may act on the basis of all the facts available and may make such assumptions as the Commissioner considers reasonable where an entity:

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

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

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

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

Accordingly, because the GOC has not given the commission information considered relevant to the investigation, the Commissioner has 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 verified information provided by Masteel, publicly available information, and findings made in previous relevant inquiries concerning subsidisation of the goods exported from China. The commission has also had regard to findings made in INV 466, the most recent subsidy investigation concerning the goods, to the extent those findings relate to the nature and operation of subsidy programs and remain relevant and probative.

7.4 Investigated programs

7.4.1 Previously identified programs

The application refers to findings from INV 466 and *Anti-Dumping Commission Termination Report 466* (TER 466), in which the Commissioner identified 32 countervailable programs in relation to railway wheels exported from China.

The Commissioner terminated the countervailing investigation on the basis that the calculated subsidy margin for the sole cooperating exporter in that investigation was below the negligible threshold.

Comsteel submitted that the findings in TER 466 remain relevant to INV 690. Comsteel notes that the same or similar producers identified in TER 466 are involved in the export of FRW during the investigation period, and considers it likely that the previously identified programs, or successor programs, continued to operate and conferred financial benefits. The commission acknowledges that while TER 466 did not result in the imposition of countervailing measures, it nonetheless established that the programs were countervailable.

The Commissioner therefore assessed as part of this subsidy investigation whether any of the countervailable programs identified in INV 466 remain relevant to exports of the goods during the investigation period. The commission has excluded programs assessed as no longer relevant and has treated the status of remaining programs as unchanged in the absence of evidence to the contrary. This assessment is set out in Appendix D5.

7.4.2 Programs identified during this Investigation

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

Masteel reported several programs, comprising revenue-type grants, export-related subsidy schemes, employment and social-security rebates, innovation and industrial-development grants, and capital-investment programs recorded as deferred income (fixed-asset) projects. The Commissioner’s examination of these programs is set out in APPENDIX D.

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

- grant programs contingent on export performance
- grant programs limited to specific enterprises
- preferential tax programs
- capital grant programs
- LTAR programs.

The Commissioner found that each of the programs listed below 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.

Except where otherwise indicated, the Commissioner found that these programs are specific within the meaning of section 269TAAC, including because they are enterprise- or industry-specific, region-specific, or contingent on export performance.

Grant programs contingent on export performance

The following programs were contingent on export performance within the meaning of section 269TAAC(2)(c), as eligibility for, or the level of, assistance was conditional on export activity or export-related expenditure.

Program Number	Program Name	Countervailable
690-8	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance	Yes
690-9	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - International Market Development Project - Overseas Product Certification	Yes
690-11	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Anhui	Yes
690-12	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Ma'anshan	Yes
690-13	The Development Zone Management Committee disbursed certain foreign trade and economic policy funds from the Anhui Provincial Department of Commerce for 2024 and 2025, including export insurance.	Yes
690-21	Commerce Bureau's 2024 Foreign Trade Development Fund Export Credit Insurance Payment	Yes
690-24	Anhui Branch of China Export & Credit Insurance Corporation	Yes

Table 16: Grant programs contingent on export performance

The Commissioner's assessment of each subsidy program in Appendix D4.2.

Grant programs limited to specific enterprises

The following programs were provided under municipal, provincial or development-zone industrial, science and technology, employment or innovation policies, and were limited to specific enterprises.

Program Number	Program Name	Countervailable
690-3	The Municipal Bureau of Industry and Information Technology has allocated provincial funds for the second batch of projects supported by preferential policies for enterprises in 2024.	Yes
690-4	Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2023 China Invention Patent Grant Subsidy	Yes

690-5	The Municipal Science and Technology Bureau paid out funds for the 2023 science and technology policy 'no-review-required' access.	Yes
690-6	The Municipal Science and Technology Bureau disburses 2023 science and technology policy 'no-approval-required' funding: High-tech enterprise certification reward.	Yes
690-7	Postdoctoral Research Station Funding Disbursement for 2023-2024	Yes
690-20	Demonstration application of online automatic measurement of wheel thermal inspection dimensions	Yes
690-23	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy - Unemployment insurance refund	Yes
690-25	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy – Campus Recruitment	Yes
690-26	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level New Product Certification and Award)	Yes
690-27	Ma'anshan Municipal Bureau of Industry and Information Technology (2023 Provincial-level Technological Innovation Demonstration Enterprise Award)	Yes
690-28	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level Green Factory Enterprise Award)	Yes
690-30	Policy funding benefits related to the demonstration application of online automatic measurement of wheel thermal inspection dimensions	Yes
690-31	Related to the policy funding benefits for the research and application of key technologies in the manufacturing of high-grade rail transit wheels	Yes

Table 17: Grant programs limited to specific enterprises

The Commissioner's assessment of each subsidy program in Table 17 is in Appendix D4.3.

Preferential tax programs

The following programs provided preferential tax treatment to recipient entities.

Program Number	Program Name	Countervailable
5	Preferential Treatments for High and New Technology Enterprises	Yes
684-12	Individual income tax handling fee refund	Yes
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises	Yes

Table 18: Preferential tax programs

The Commissioner's assessment of each subsidy program in Table 17 is in Appendix D4.4.

Capital grant programs (deferred income – fixed assets)

The following programs provided funding in respect of fixed/capital assets used in connection with the manufacture of the goods.

Program Number	Program Name	Countervailable
690-14	2015 Intelligent Manufacturing Special Project - Deferred income (Fixed project No.1) (Jun-2025)	Yes
690-15	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base Deferred income (Fixed project No.2) (Jun-2025)	Yes
690-16	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base - Deferred income (Fixed project No.3) (Dec-2024)	Yes
690-17	2017 New high-speed axle production line project grant - Deferred income (Fixed project No.4) (Dec-2024)	Yes
690-18	2017 Construction of the exhibition hall grant - Deferred income (Fixed project No.5) (Dec-2024)	Yes

Table 19: Capital grant programs

The Commissioner's assessment of each subsidy program in Table 17 is in Appendix D4.5.

7.4.3 Programs which did not confer a benefit

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

The Commissioner found the following categories of programs that were not countervailable during the investigation period:

- programs unrelated to the goods
- programs for which benefits accrued outside the investigation period.

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 passenger-wheel projects and other non-rail-equipment products.

The commission notes that some capital-grant programs supporting axle and rail-related assets were also identified by the exporter as unrelated to the goods. However, for the purposes of this investigation, the commission has included these capital grants where they support the exporter's integrated rail equipment business unit and confer an indirect benefit in relation to the goods. This approach is explained in Appendix D4.5.

Programs for which benefits accrued outside the investigation period

The Commissioner identified a number of programs under which grants or other assistance were awarded outside the investigation period and for which no portion of the benefit accrued during the investigation period. This includes programs that were fully expensed or otherwise exhausted prior to the investigation period, as well as programs that did not give rise to an amortised or recurring benefit during the investigation period.

As no benefit from these programs accrued during the investigation period, the commission has not included them in the assessment of countervailable subsidies.

These programs are identified in Appendix D6.

7.5 Subsidy assessment

7.5.1 Masteel

The Commissioner found that Masteel received a benefit from the following countervailable subsidy programs:

- 1 – Steel billet provided at less than adequate remuneration
- 5 – Preferential Treatments for High and New Technology Enterprises
- 684-12 – Individual income tax handling fee refund
- 690-3 – The Municipal Bureau of Industry and Information Technology has allocated provincial funds for the second batch of projects supported by preferential policies for enterprises in 2024.
- 690-4 – Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2023 China Invention Patent Grant Subsidy
- 690-5 – The Municipal Science and Technology Bureau paid out funds for the 2023 science and technology policy ‘no-review-required’ access.
- 690-6 – The Municipal Science and Technology Bureau disburses 2023 science and technology policy ‘no-approval-required’ funding: High-tech enterprise certification reward.
- 690-7 – Postdoctoral Research Station Funding Disbursement for 2023-2024
- 690-8 – Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance
- 690-9 – Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - International Market Development Project - Overseas Product Certification
- 690-11 – The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Anhui
- 690-12 – The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Ma'anshan
- 690-13 – The Development Zone Management Committee disbursed certain foreign trade and economic policy funds from the Anhui Provincial Department of Commerce for 2024 and 2025, including export insurance.
- 690-14 – 2015 Intelligent Manufacturing Special Project - Deferred income (Fixed project No.1)
- 690-15 – 2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base Deferred income (Fixed project No.2)
- 690-16 – 2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base - Deferred income (Fixed project No.3)
- 690-17 – 2017 New high-speed axle production line project grant - Deferred income (Fixed project No.4)
- 690-18 – 2017 Construction of the exhibition hall grant - Deferred income (Fixed project No.5)
- 690-19 – Recording of Input VAT Deduction - Advanced manufacturing enterprises
- 690-20 – Demonstration application of online automatic measurement of wheel thermal inspection dimensions
- 690-21 – Commerce Bureau's 2024 Foreign Trade Development Fund Export Credit Insurance Payment

- 690-23 – Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy - Unemployment insurance refund
- 690-24 – Anhui Branch of China Export & Credit Insurance Corporation
- 690-25 – Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy – Campus Recruitment
- 690-26 – Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level New Product Certification and Award)
- 690-27 – Ma'anshan Municipal Bureau of Industry and Information Technology (2023 Provincial-level Technological Innovation Demonstration Enterprise Award)
- 690-28 – Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level Green Factory Enterprise Award)
- 690-30 – Policy funding benefits related to the demonstration application of online automatic measurement of wheel thermal inspection dimensions
- 690-31 – Related to the policy funding benefits for the research and application of key technologies in the manufacturing of high-grade rail transit wheels

Based on the information available, the commission has calculated a subsidy margin for Masteel of **10.0%**.[49]

The Commissioner's countervailable subsidy margin calculations for Masteel are set out in **Confidential Attachment 11 – Masteel Subsidy margin.**

7.5.2 Non-cooperative entities

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

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

In determining the countervailable subsidy margin for non-cooperative entities, the Commissioner found it reasonable to determine the subsidy margins on the assumption that those entities have received a benefit under the same subsidy programs as Masteel, together with the countervailable subsidy programs previously identified in INV 466 which the Commissioner found remain relevant to the investigation period.

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

The Commissioner therefore found that non-cooperative entities received a benefit from all programs under which Masteel received a benefit, as listed in Chapter 7.5.1, as well as the following countervailable subsidy programs from INV 466:

- 466-83 – Subsidy for Ma'anshan railway industry

[49] Masteel's subsidy margin has changed from 12.0% in SEF 690 to 10.0% after the Commissioner's consideration of a submission from Masteel following SEF 690. The Commissioner's consideration of this submission is in appendix D4.1.6.

- 466-88 – Other Grants
- 466-94 – Import Subsidies Funds from Bureau of Commerce of Ma'anshan (Overseas Business Department)
- 466-102 – Industrial policy funds from Finance Bureau Corporate Section of Ma'anshan
- 466-103 – Environmental assistance from Environmental Protection Bureau of Ma'anshan
- 466-107 – Technical Special Fees
- 466-110 – Employees' distributive resettlement expenses for resolving excess capacity

Correction to subsidy calculation following SEF 690

The Commissioner has reviewed the calculations for the non-cooperative entity subsidy margin. The Commissioner identified an error in the calculation: in SEF 690, the Commissioner used Masteel's AEP instead of the AEP for non-cooperative entities when calculating the subsidy margin. When the correct AEP is used, along with an update to Masteel's subsidy margin following a submission from Masteel (see appendix D4.1.6), the non-cooperative entity subsidy margin changes from 25.5% to 28.8%. This change has been reflected throughout the report.

Based on the information available, the commission has calculated a countervailable subsidy margin for non-cooperative entities of **28.8%**.[50]

The Commissioner's calculations for Uncooperative entities are set out in **Confidential Attachment 12 – Non-cooperative subsidy margin**.

7.6 Volume of subsidisation

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

Pursuant to section 269TDA(8), a negligible volume for China is a volume less than 4% of the total volume of goods imported into Australia over a reasonable examination period.[51]

The commission has found all Chinese exporters received countervailable subsidies in respect of the goods exported to Australia during the investigation period. As shown in Table 12 in chapter 5.6, Chinese imports represent most imports of the goods into Australia during the investigation period.

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

[50] The commission identified an error in the calculation of the non-cooperative entity subsidy margin for SEF 690. Along with an update to Masteel's subsidy margin (see appendix D4.1.6), the correction results in a change in the margin from 25.5% to 28.8%. Chapter 12.3 discusses this in detail.
[51] China is classed as a Developing Country under Schedule 1 of the Customs Tariff Regulations 2004.

7.7 Level of subsidisation

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

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

Pursuant to section 269TDA(16)(b), a countervailable subsidy received in respect of goods exported to Australia from China is negligible if, when expressed as a percentage of the export price of the goods, the level of the subsidy is not more than 2%.[52]

Based on the findings on countervailable subsidies provided to Chinese exporters of the goods to Australia set out in this chapter, the Commissioner is satisfied that the total level of countervailable subsidies, when expressed as a percentage of the export price of the goods for both Masteel and non-cooperative entities, exceeded 2% throughout the investigation period.

Accordingly, the Commissioner is satisfied countervailable subsidies have been received by all Chinese entities in respect of the goods exported to Australia, at a margin greater than 2%.

[52] Ibid

8 ECONOMIC CONDITION OF THE INDUSTRY

8.1 Finding

The Commissioner found that Comsteel, the sole Australian industry producing like goods, has experienced injury in the form of:

- lost sales volume and market share
- lower production volumes
- price suppression
- loss of profits
- loss of profitability
- decline in asset values
- reduced R&D
- reduced revenue
- reduced ROI
- reduced capacity utilisation
- reduced productivity.

The Commissioner also found that dumped and subsidised goods undercut Australian industry prices throughout the investigation period by up to 24% (chapter 8.7).

8.2 Approach to injury analysis

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

The analysis detailed in this chapter is based on verified financial information submitted by Comsteel and Masteel, together with data extracted from the ABF import database.

The Commissioner examined the period from 1 July 2021 (the injury period) to assess changes in the economic condition of the Australian industry.

The Commissioner's detailed assessment of the economic condition of the Australian industry is set out in **Confidential Attachment 4 – Economic condition**.

The injury indicators identified in this chapter form the basis for the Commissioner's causation assessment in Chapter 9.

8.3 Volume effects

8.3.1 Market size and share

Table 20 shows the relative change in Comsteel's market share, indexed to FY 2022, the beginning of the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
Market share (index)	100	95	93	97

Table 20: Index of Comsteel market share, compared to FY 2022

Table 20 shows that Comsteel experienced a decline in market share from FY 2022 to FY 2024, with FY 2024 representing the lowest point in the injury period. There was a slight recovery in FY 2025, but the market share remained below FY 2022 levels.

Based on the data available, the Commissioner found that Comsteel has experienced injury in the form of reduced market share over the injury period.

8.3.2 Sales volume

Table 21 shows that Comsteel's domestic sales volume has decreased year on year from FY 2022 to FY 2025.

	FY 2022	FY 2023	FY 2024	FY 2025
Sales volume (index)	100	96	85	75

Table 21: Index of Comsteel sales volumes, compared to FY 2022

The Commissioner found that the sustained decline in domestic sales volume over both the injury period and the investigation period demonstrates that Comsteel has experienced injury in the form of lost sales volumes.

8.4 Price effects

8.4.1 Price suppression

Price suppression occurs when price increases, which otherwise might have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs. In determining whether price suppression has occurred, the commission may assess:

- whether prices have increased at the same rate as costs over time or within a specified period, and/or
- whether prices for the Australian industry's like goods are lower than prices that may have been achieved in the absence of dumping.

Figure 2 and Figure 3 compare the weighted average selling price and weighted average CTMS of like goods manufactured and sold by Comsteel over the injury period, presented on an actual basis and an indexed basis respectively.

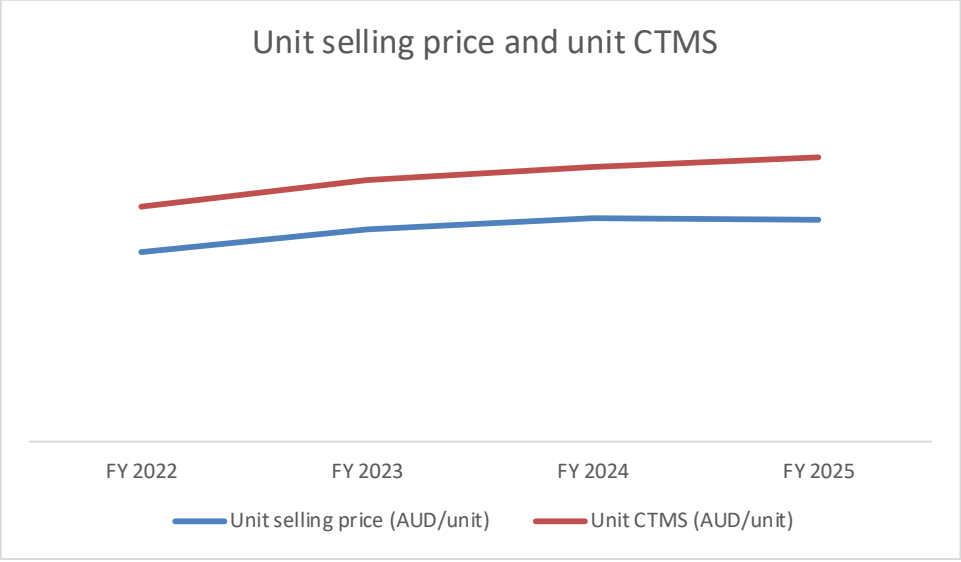

Figure 2: Comsteel unit selling prices and CTMS (AUD/unit) – injury period

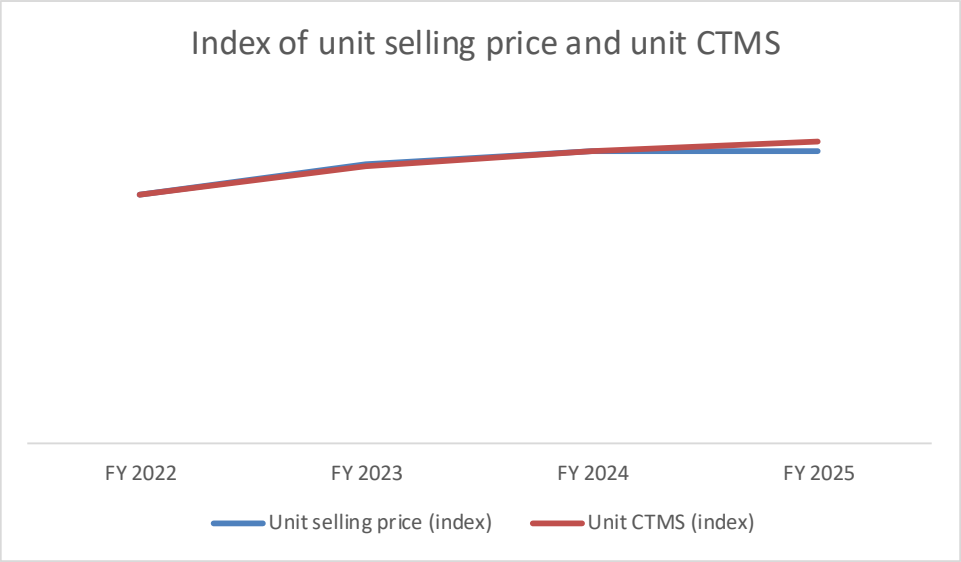

Figure 3: Index of Comsteel unit selling prices and CTMS – Injury period, compared to FY 2022

Figure 2 shows that Comsteel's CTMS exceeded its selling prices throughout the injury period. This pattern is confirmed in Figure 3, which shows that while selling prices increased over time, increases in CTMS closely matched or exceeded those price increases.

A similar relationship between unit CTMS and unit selling prices is observed during the investigation period, as shown in Figure 4.

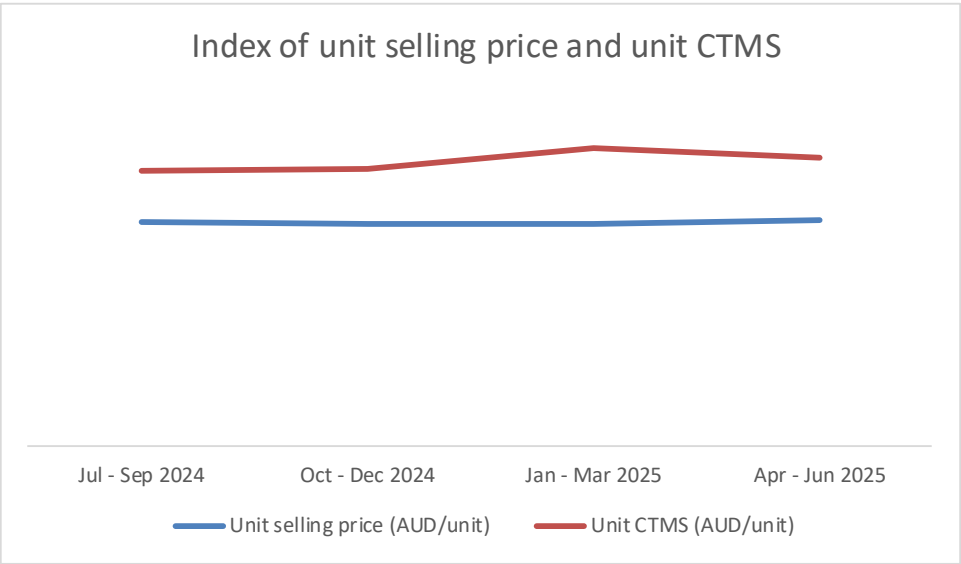

Figure 4: Comsteel unit selling price and CTMS (AUD/unit) – Investigation period

While Comsteel was able to increase its prices roughly in line with cost increases since FY 2022 (Figure 3), it has been unable to increase its prices over the injury period to the extent necessary to cover all its costs (Figure 2).

Accordingly, it has been making a consistent loss in the sale of like goods. The Commissioner considers that the inability of Comsteel to realise a selling price at or above its costs over the entirety of the injury period (which has continued throughout the investigation period) is an indicator of price suppression.

8.4.2 Price depression

Price depression occurs when prices are reduced below previous levels.

Figure 2 and Figure 3 show that Comsteel's unit selling prices increased between FY 2022 and FY 2024 before declining slightly during the investigation period. This trend is also reflected in Table 22.

	FY 2022	FY 2023	FY 2024	FY 2025
Unit selling price (index)	100	112	118	117

Table 22: Index of Comsteel unit sales price, compared to FY 2022.

As shown in Figure 4 and Table 23, while there was some quarterly movement in unit selling prices during the investigation period, prices remained broadly stable over that period.

	Jul - Sep 2024	Oct - Dec 2024	Jan - Mar 2025	Apr - Jun 2025
Unit selling price (index)	100	99	99	101

Table 23: Index of Comsteel unit selling prices, compared to Jul – Sep 2024

The Commissioner found that the overall increase in selling prices over the injury period, combined with the relatively minor decline of less than 1% between FY 2024 and FY 2025 and the broadly stable prices observed during the investigation period, indicates that Comsteel has not experienced price depression injury.

8.5 Profits and profitability

In its application, Comsteel claims that ongoing price suppression and depression has negatively impacted its profits and profitability during both the injury period and the investigation period. Comsteel submits that its unit revenue and profitability would not have declined to the observed levels in the absence of price suppression and depression. Comsteel further submits that declining sales volumes have resulted in higher fixed costs on a per-unit basis, as fixed costs have been allocated across fewer units. Comsteel considers that this has placed pressure on its Australian FRW operations.[53]

Figure 5 depicts Comsteel's total profit (indexed, negative scale) and actual profitability over the injury period.

[53] EPR 690, Item 1, Application, p. 37

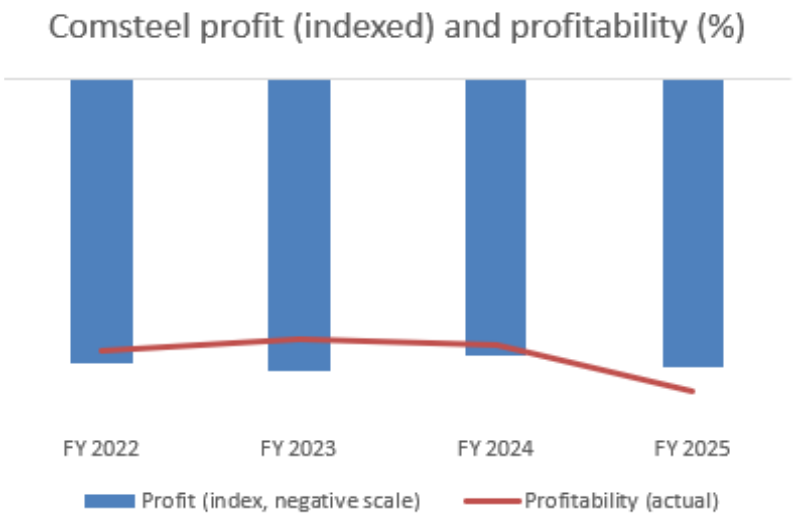

Figure 5: Negative index of Comsteel profit, compared to FY 2022, and actual profitability (%)

Figure 5 shows that Comsteel recorded negative profits (losses) at the beginning of the injury period, with losses increasing in FY 2023. While losses moderated slightly in FY 2024, they deteriorated again in FY 2025. Profitability, measured as unit profit or loss as a percentage of unit revenue, followed a similar pattern and remained negative throughout the injury period.

Figure 5 demonstrates the persistence of losses and reduced profitability over the injury period and into the investigation period. These results do not alter the Commissioner's assessment of profits and profitability.

Based on the information available, the Commissioner found the persistence of losses and reduced profitability over the injury period and into the investigation period demonstrates Comsteel has experienced injury in the form of lost profits and reduced profitability.

8.6 Other economic factors

In addition to volume, price, and profitability effects, Comsteel claims injury in the form of other economic factors, including:

- decline in asset values
- reduced R&D
- reduced revenue
- reduced ROI
- reduced capacity utilisation
- reduced productivity.

Table 24 shows changes in these other economic factors over the injury period, indexed to FY 2022.

	FY 2022	FY 2023	FY 2024	FY 2025
Assets values	100	112	118	117
R&D expenses	100	98	81	19
Revenue	100	108	99	88
ROI	-100	-106	-236	-266
Capacity utilisation	100	99	94	74
Productivity	100	92	87	75

Table 24: Other economic factors (FY 2022 = 100)

The Commissioner found that these indicators demonstrate that Comsteel has experienced injury during the injury period, in the form of:

- reduced asset values
- reduced expenditure on R&D
- reduced revenue
- reduced ROI (profit % of revenue)
- reduced capacity utilisation
- reduced productivity (output per employee).

8.6.1 Decline in asset values

Comsteel claimed the value of its assets used in the production of rail products (which includes like goods and other railway wheel types) declined during the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
Assets values	100	117	76	74

Table 25: Index of Comsteel asset values used in the production of FRW, compared to FY 2022

Table 25 shows that the value of assets used in the production of rail products increased in FY 2023, before falling in FY 2024 and staying low in FY 2025. Accordingly, the Commissioner found that Comsteel has experienced injury in the form of a decline in asset values during the injury period.

8.6.2 Reduced R&D

Comsteel claimed its R&D expenditure declined during the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
R&D expenses (index)	100	98	81	19

Table 26: Index of Comsteel R&D associated with the production of FRW, compared to FY 2022

Table 26 shows that R&D expenditure has fallen consistently between FY 2022 and FY 2024, before significantly dropping in FY 2025. Accordingly, the Commissioner found that Comsteel has experienced injury in the form of reduced R&D expenditure during the injury period.

8.6.3 Reduced revenue

Comsteel claimed its revenue declined over the injury period as a result of lower volumes, price depression and price suppression.

	FY 2022	FY 2023	FY 2024	FY 2025
Revenue (index)	100	108	99	88

Table 27: Index of Comsteel revenue from the sale of FRW, compared to FY 2022

Table 27 shows an increase in revenue between FY 2022 and FY 2023, before returning to slightly below FY 2022 levels in FY 2024. In FY 2025, revenue fell again, to end 12% below FY 2022 revenue. Accordingly, the Commissioner found that Comsteel has experienced injury in the form of reduced revenue during the injury period.

8.6.4 Reduced ROI

Comsteel claimed its ROI in respect of like goods has continued to decline over the injury period, after starting in negative territory prior to FY 2022.

	FY 2022	FY 2023	FY 2024	FY 2025
ROI (negative index)	-100	-106	-236	-266

Table 28: Index of Comsteel ROI associated with the production of FRW, compared to FY 2022

As Comsteel's ROI has been negative since FY 2022, the commission has used a negative index value in Table 28. The table shows that ROI decreased each year over the injury period. Accordingly, the Commissioner found that Comsteel has experienced injury in the form reduced ROI during the injury period.

8.6.5 Reduced capacity utilisation

Comsteel claimed its capacity utilisation declined over the injury period. As its available capacity remained unchanged, its capacity utilisation has fallen as a result of falling production volumes.

	FY 2022	FY 2023	FY 2024	FY 2025
Capacity utilisation (index)	100	99	94	74

Table 29: Index of Comsteel capacity utilisation in the production of FRW, compared to FY 2022

Comsteel calculated its capacity utilisation by dividing its production volumes of like goods by its total production capacity for like goods. Comsteel's production capacity was unchanged over the injury period, but its production quantities fell, ending in FY 2025 26% lower compared to FY 2022. Accordingly, the Commissioner found that Comsteel has experienced injury in the form of reduced capacity utilisation during the injury period.

8.6.6 Reduced productivity

Comsteel claimed its productivity declined over the injury period.

	FY 2022	FY 2023	FY 2024	FY 2025
Productivity (index)	100	92	87	75

Table 30: Index of Comsteel productivity associated with the production of FRW, compared to FY 2022

Comsteel's productivity fell steadily over the injury period, ending 25% lower in FY 2025 compared to FY 2022. Accordingly, the Commissioner found that Comsteel has experienced injury in the form of reduced productivity over the injury period.

8.7 Price undercutting

To compare Australian industry prices to the price of the dumped and subsidised goods, the commission compared the quarterly weighted average free-into-store (FIS) selling price of like goods sold by Australian industry against the quarterly weighted average FIS selling price of the dumped and subsidised goods exported from China. The commission converted the weighted average FOB unit price of Chinese goods to an FIS level equivalent to the terms of trade that Comsteel has with its customers.

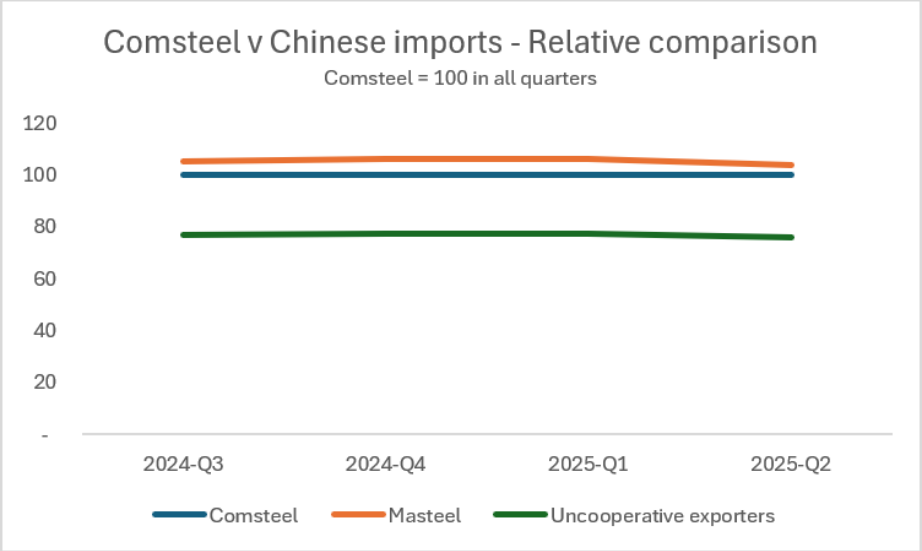

Figure 6: Relative comparison of FIS selling prices for Comsteel and dumped and subsidised goods exported from China during the investigation period (Comsteel prices = 100 in all quarters)[54]

Figure 6 shows that across the investigation period:

- uncooperative exporter prices undercut Comsteel's prices by 23% to 24%
- Masteel's prices were higher than Comsteel's weighted average selling price.

Masteel's higher prices reflects that Masteel only sold one larger diameter model during the investigation period, MCC sub-category 915. Figure 7 compares Comsteel's prices for the same MCC sub-category against Masteel's price for that MCC (i.e. with other cheaper MCCs removed).

[54] Masteel did not have sales in every quarter of the investigation period. For the purposes of comparison, the commission has extrapolated prices from those quarters were there were sales to the entire investigation period.

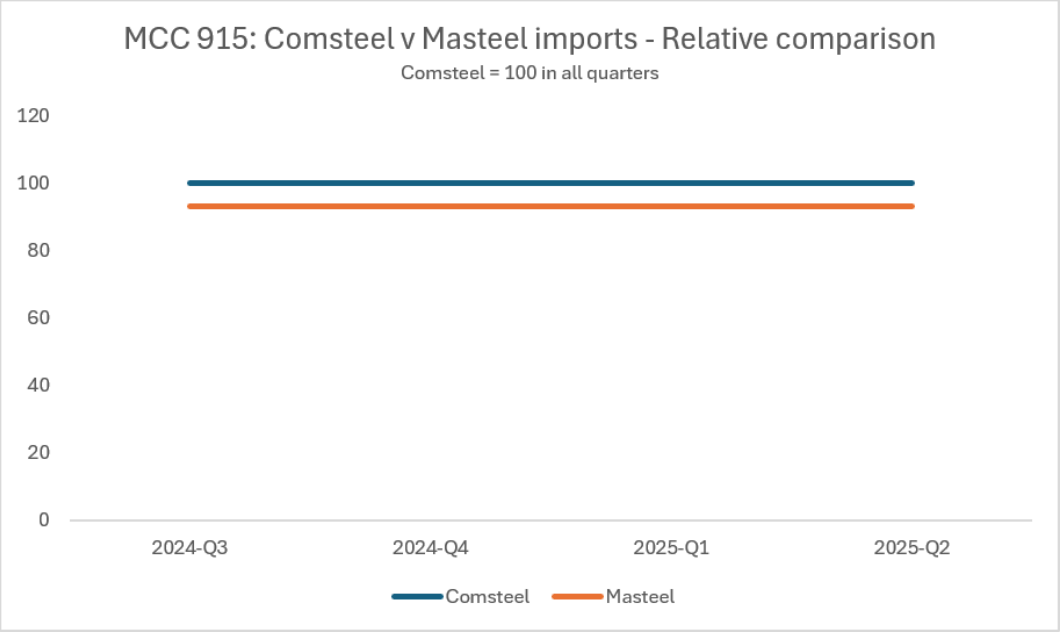

Figure 7: Relative comparison of FIS selling prices for Comsteel and subsidised goods exported by Masteel during the investigation period for MCC 915 (Comsteel prices = 100 in all quarters)[55]

Figure 7 shows that at an MCC level, Masteel prices marginally undercut Comsteel's price.

[55] Neither Masteel nor Comsteel sold MCC sub-category 915 in every quarter of the investigation period. For the purposes of comparison, the commission has extrapolated prices from those quarters where there were sales to the entire investigation period.

9 MATERIAL INJURY FROM DUMPING AND SUBSIDISATION

9.1 Finding

The Commissioner is satisfied that dumped and subsidised FRW exported from China have caused material injury to the Australian industry producing like goods for the following reasons:

- exported goods and like goods produced by the Australian industry are substitutable (chapter 3.6)
- exporters sold the goods from China at dumped and subsidised prices, which allowed those exporters to be more competitive on price than otherwise would be the case (chapter 9.8.4)
- the Australian industry's prices were undercut by the dumped and subsidised goods exported to Australia in the investigation period (chapter 8.7)
- exports of the dumped and subsidised goods represented all import volumes from China (chapter 6.6)
- by responding to the lower priced dumped and subsidised exports, the Australian industry has experienced price suppression (chapters 8.4.1 and 9.4.3)
- by selling at a lower dumped and subsidised price, Chinese exporters have attracted sales which would likely otherwise have gone to the Australian industry, leading to lost sales volume and market share for the Australian industry (chapter 9.3 and 9.5)
- these suppressed prices and lower volumes in turn led to material reductions in the Australian industry's revenue, profit and profitability (chapters 9.6 and 9.7.1)
- while certain factors other than dumping and subsidisation may have influenced the performance of the Australian industry, those factors do not explain the injury observed to the extent that injury can be attributed to those factors rather than to dumped and subsidised imports.

As discussed in chapter 8, Comsteel, the applicant and sole Australian industry producing like goods, has experienced injury across a range of economic indicators, including lost sales volume and market share, price suppression, ongoing losses and reduced profitability, and reductions in capacity utilisation and productivity.[56]

In assessing whether this injury has been caused by the dumped and subsidised goods, the Commissioner has examined the interaction between the volume and prices of FRW imported from China and the resulting effects on the Australian industry, having regard to sections 269TG, 269TJ, 269TJA and the causation factors set out in section 269TAE.

The Material Injury Direction provides that dumped or subsidised goods need not be the sole cause of the injury, but the injury they cause must be material in degree. While the Commissioner has identified the presence of other factors that may have affected the performance of the Australian industry, those factors do not explain the pattern, magnitude and persistence of the price, volume and profit effects observed over the investigation period.

The Commissioner's analysis in chapter 9.4 shows that FRW imported from China were generally priced below Comsteel's selling prices during the investigation period and that

[56] Chapter 2.7.4 addresses CCCME's submission in relation to 'derivative' injury factors.

this price undercutting coincided with price suppression. The Commissioner considers that dumping and subsidisation by Chinese exporters resulted in them selling goods to customers in Australia at prices that were lower than if they were not dumped or subsidised. If the prices of imported goods are adjusted to remove the effects of dumping and subsidisation (that is, to a 'remedied price'), they are broadly comparable to Australian industry prices. The Commissioner considers that, in these circumstances, Australian industry would unlikely experience price or volume injury.

As discussed in chapter 9.5, these adverse price effects were accompanied by lost sales volume and reduced market share for the Australian industry.

9.2 Legislative framework

Under sections 269TG, 269TJ and 269TJA, one of the matters that the Minister must be satisfied of in order to publish a dumping duty and/or countervailing duty notice is that, because of dumping and/or subsidisation, the Australian industry has experienced material injury.[57]

Section 269TAE outlines the requirements for determining whether material injury to an Australian industry is caused by dumping and/or subsidisation (causation). The Act envisages that causation is examined through the links between the volume and prices of dumped and subsidised goods and their effect on prices in the Australian market and the consequent impact on the Australian industry. The Act does not prescribe any particular causation methodology. Rather, causation involves a holistic evaluation of all available evidence.

Section 269TAE(1) provides a non-exhaustive list of factors that may be taken into account in assessing causation, including the volume of dumped or subsidised imports, price undercutting, price suppression or depression, and the impact of those factors on the Australian industry's performance.

Section 269TAE(2A) requires that the commission also consider whether injury to the Australian industry is being caused by factors other than the exportation of the dumped or subsidised goods. Where injury is caused by such other factors, the commission must not attribute that injury to the dumped or subsidised imports.

Consistent with this framework, the commission has undertaken a holistic evaluation of all available evidence to determine whether the injury experienced by the Australian industry set out in chapter 8 is caused by dumped and subsidised FRW imported from China and whether the injury caused is material.

9.3 Size of dumping and subsidy margins

Section 269TAE(1)(aa) provides that regard may be given to the size of each of the dumping margins worked out in respect of the goods exported to Australia.

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[57] Section 269TJA relates to concurrent dumping and countervailable subsidisation. This 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 uncooperative exporters and non-cooperative entities.

Section 269TAE(1)(ab) provides that regard may be given to the particulars of any countervailable subsidy received in respect of the goods exported to Australia.

The Commissioner has calculated dumping and subsidy margins at the rates set out in the table below:

Exporter	Dumping margin	Subsidy margin
Masteel	Negative 28.2%	10.0%
Uncooperative exporters	3.6%	28.8%

Table 31: Summary of dumping and subsidy margins

Masteel has a negative dumping margin for the investigation period, and a subsidy margin of 10.0%, with a combined effective margin of 10.0%.

Uncooperative exporters have a dumping margin of 3.6% and a subsidy margin of 28.8%, with a combined effective margin of 28.8%.[58]

Masteel's volume of exports of the goods to Australia comprises less than 10% of the total export volume for the investigation. Masteel is not a price leader for the goods in the Australian market[59] and sold only one MCC to one Australian customer during the investigation period.

Uncooperative exporters made up the remaining 90% of exports from China during the investigation period.

Accordingly, all exports from China during the investigation period were either dumped or subsidised or both, with the majority of exports dumped and subsidised at a margin of 28.8%.

The Commissioner considers that dumping and subsidisation by Chinese exporters resulted in them providing goods to customers in Australia at prices that were lower than if they were not dumped or subsidised. If the prices of imported goods are adjusted to offset the applicable dumping and subsidy margins, i.e. to a 'remedied price', they closely match Australian industry prices. The Commissioner considers that in this situation, Australian industry would unlikely experience price injury.

This reasoning applies both the dumping and subsidisation by uncooperative Chinese exporters at a higher effective rate, and Masteel at a subsidised rate of 10.0%. The Commissioner considers that while Masteel's margin is lower than that of uncooperative exporters, it still resulted in Masteel providing goods to customers in Australia at prices that were lower than if they were not subsidised.

Chapter 9.9.1 discusses remedied pricing further.

[58] As Program 1 is in respect of steel billet provided at less than adequate remuneration and the commission has adjusted steel billet as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel billet adjustment on exporters' costs. To avoid double counting, the commission has adjusted the combined interim duty payable. See chapter 12.4.

[59] EPR 690, Item 15, Masteel REQ, p75

9.4 Price effects

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

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

Section 269TAE(1)(f) provides that regard may be given to the effect that the export of goods in the circumstances relating to their export has had, or is likely to have, on the price paid for the goods or like goods sold in Australia.

Each of these factors examine the price effects of the imported goods. To properly examine price effects, the Commissioner looked at what role price has in sales and purchases of goods and like goods sold in Australia.

9.4.1 Role of price in purchasing

FRW are typically procured by customers through long-term supply contracts and/or tender arrangements that set pricing and supply quantities for a defined period, with some agreements subject to deed variations allowing pricing adjustments due to changes in cost drivers. Smaller purchasers may buy based on established price lists.

The Commissioner considers that pricing outcomes in this market are influenced by multiple factors, including cost to make and margin, production quantity, historical pricing, delivery timing, product quality/technical requirements, warranties, and the level of market competition.

As discussed in chapter 3.6, the Commissioner considers that the like goods produced by the Australian industry are comparable to those exported from China, serving the same purpose and sold to the same customers. Given the substitutability between the Australian industry's manufactured FRW and Chinese exports, price is a relevant and material factor influencing purchasing decisions.

9.4.2 Effect of price undercutting

As discussed in chapter 8.7, the Commissioner found that the price of the goods exported by uncooperative exporters from China undercut Comsteel's prices generally by 23% to 24% across the investigation period. Masteel's prices did not undercut Comsteel's when compared against Comsteel's general selling price (i.e. its weighted average price across all models) but when compared at the model level, Masteel's prices marginally undercut Comsteel's prices.

The Commissioner considers that the undercutting observed has placed Comsteel under pressure to accept reduced prices from their customers for like goods in an attempt to maintain sales volume and market share. This view is supported by documentary evidence provided during the investigation (see chapter 9.4.3).

Additionally, the Commissioner considers that, as a counterfactual, if Chinese goods did not compete with Australian like goods at dumped and/or subsidised prices, Comsteel would have greater bargaining power with its customers and would more likely achieve the prices necessary to recover the increasing costs of production that emerged during the injury period, as discussed in chapter 8.4.1. As the Commissioner has not observed such

pricing behaviour from Comsteel enabling it to recover its costs, an inference that can be drawn from this counterfactual is that customers' access to lower priced imports places downward pressure on the Australian industry's prices in a market where goods are substitutable.

9.4.3 Matching import price offers causing injury

Comsteel has provided documentary evidence in its application and in the Australian industry verification[60] highlighting that Australian customers reference Chinese import prices of FRW during negotiations and seek lower prices from Comsteel as a result. These price negotiations demonstrate that the pricing behaviour of importers directly influences the Australian market for FRW and imports have undercut Comsteel's prices during the investigation period. The Commissioner further considers this evidence supports Comsteel's assertion that this has led to price suppression as Comsteel has been unable to increase its prices to levels that would otherwise prevail in the absence of dumped and subsidised imports during price negotiations.

9.4.4 Commissioner's assessment

The Commissioner examined whether the Australian industry experienced price injury, including price undercutting, price depression and price suppression, and whether such price effects were caused by dumped and subsidised imports.

The Commissioner's analysis indicates that dumped and subsidised imports undercut the Australian industry's prices during the investigation period and limited the Australian industry's ability to increase prices to levels that would reflect increases in costs. These price effects are consistent with the price suppression identified in Chapters 8.4.1 and 9.4.3.

As discussed in Chapter 9.8, interested parties submitted that observed price outcomes reflected factors other than dumping or subsidisation, including cost pressures, competitive advantages arising from efficiency or technology, market contraction, and procurement practices of downstream users. The Commissioner considered these submissions as part of its non-attribution analysis.

The Commissioner considers that these price effects occurred notwithstanding the presence of other market factors and were not explained by those factors alone.

Having regard to this analysis, the Commissioner considers that the Australian industry suffered price injury, including price undercutting and price suppression, that is causally linked to dumped and subsidised imports.

9.5 Volume effects

Section 269TAE(1)(b) provides that regard may be given to any increase, or likely increase, in the quantity of goods exported to Australia from the country of export.

Section 269TAE(1)(c) provides that regard may be given to any change or likely change in the proportion of:

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[60] Comsteel verification report, 'Verification work program', GP12

- the quantity of goods exported from the country of export and sold in Australia relative to total sales of goods or like goods sold in Australia, or
- in the quantity of goods produced and sold in Australia relative to total goods or like goods sold in Australia.

In examining these factors, the commission assessed changes in the volumes of like goods sold by the Australian industry and the volume of FRW imported from China, as well as changes in the relative share of the Australian market accounted for by the Australian industry, China and other import sources. The Commissioner's analysis is set out in **Confidential Attachment 4 – Economic Condition**.

Figure 8 and Figure 9 show the changes in sales volume and market share of Comsteel, Chinese imports and imports from other countries across the injury period.

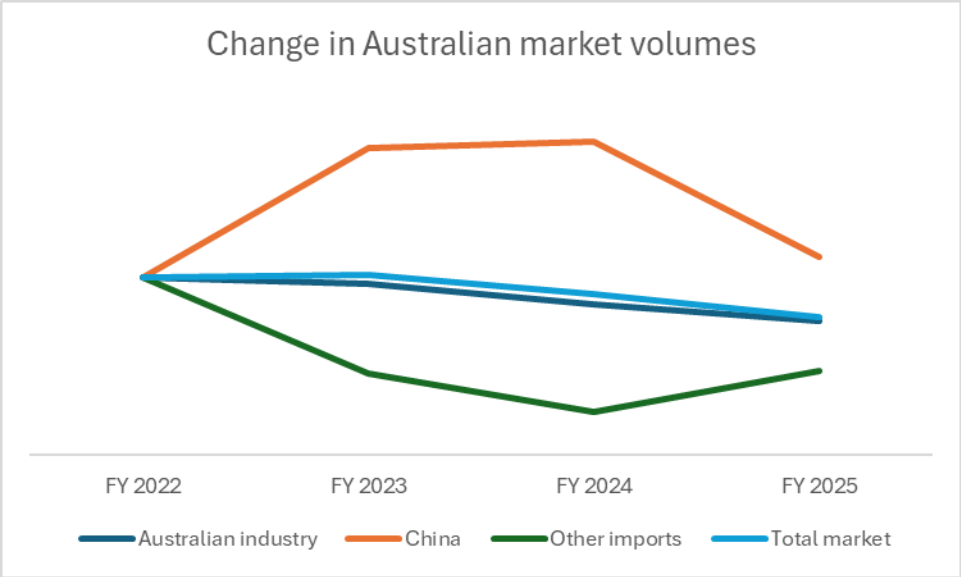

Figure 8: Change in sales volumes – injury period

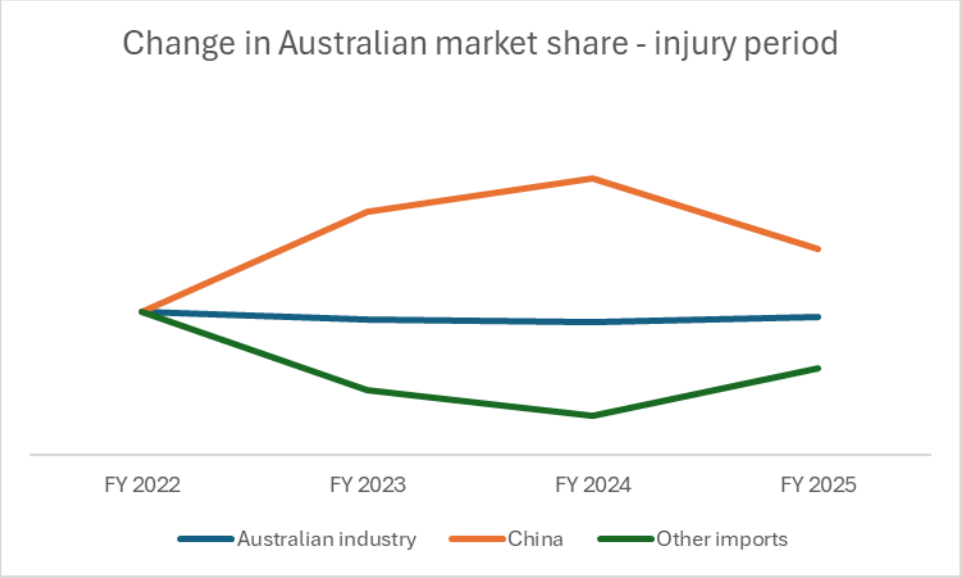

Figure 9: Change in market share – injury period

Over the injury period, Comsteel sales volume fell 25% while its market share declined from 87% to 84% in a falling market. In this time, Chinese import volumes increased 12% and its market share grew from 9% to 13% market share, an increase of 44%.

Chinese import volumes and share have fluctuated over the injury period, but Figure 8 and Figure 9 show that they are higher as of the end of the investigation period compared to the beginning of the injury period. Australian industry volumes fell in comparison, while its market share fell slightly.

Masteel submission

In its submission to SEF 690, Masteel submits, among other things, that as its export volumes and market share are negligible and only exports one MCC to a single customer, Masteel should be differentiated from the Commissioner's injury assessment.

Section 269TAE(1) does not contemplate consideration of injury by individual exporters but rather lists consideration of volume injury caused by exports from a country (or countries) as a whole. That is, under section 269TAE(1)(b), the Commissioner may consider any increase or likely increase in the quantity of goods from 'the country of export'. As such, in assessing whether material injury has been caused the Commissioner has not differentiated Masteel's exports from other exports from China on the basis of its volume or the categorisation of those exports.

9.5.1 Commissioner's assessment

The Commissioner examined whether the Australian industry experienced volume injury over the injury period, including lost sales volumes and lost market share, and whether such volume effects were caused by dumped and/or subsidised imports.

The Commissioner's analysis indicates that the volume of dumped and subsidised imports from China increased over the injury period, at the expense of Australian industry sales volumes (as well as imports from other countries). The share of the Australian market for FRW that was made up of sales of Australian produced like goods declined over the injury period at a slightly steeper rate than the Australian market as a whole. This fall in market share was taken up by dumped and subsidised Chinese imports.

As discussed in chapter 9.8, interested parties submitted that observed volume outcomes reflected factors other than dumping or subsidisation, including cost pressures, contractions in demand, insufficient supply and procurement strategies and commercial considerations of downstream uses. The Commissioner considered these submissions as part of its non-attribution analysis.

Having regard to this analysis, the Commissioner considers that the Australian industry suffered volume injury, including lost sales volumes and market share, that coincided and therefore is causally linked to dumped and subsidised imports.

9.6 Profit effects

As discussed in chapter 8.5, the Commissioner considers that Comsteel has achieved lower profit and profitability than would have been the case had sales volume and prices been maintained.

Profit and profitability are products of the margin of the sales price over costs and sales volume. A decrease in either price or volume, or an increase in costs which is unmatched by a price increase, will result in a corresponding decrease in profit and profitability.

The Commissioner is satisfied that sales prices were suppressed over the injury period, while costs have increased (unrelated to Chinese imports) and sales volumes have decreased, both factors were caused by imports of dumped and subsidised goods from China.

9.7 Other economic factors

In addition to price, volume and profit effects, the Commissioner examined other economic indicators relevant to the condition of the Australian industry.

The Commissioner finds the Australian industry experienced injury in the form of:

- decline in asset values
- reduced R&D
- reduced revenue
- reduced ROI
- reduced capacity utilisation
- reduced productivity.

9.7.1 Revenue

Revenue is a product of sales volume and sales price. A decrease in either will result in a corresponding decrease in revenue. As discussed in chapters 8.3 and 8.4, the Australian industry experienced declining sales volumes while price increases were insufficient to offset increased costs. The Commissioner considers that these factors resulted in reduced revenue for the Australian industry over the injury period.

The Commissioner is satisfied that sales volumes for the Australian industry have decreased over the injury period while sale prices have not increased sufficiently to make up lost revenue.

9.7.2 Decline in asset values

Comsteel calculated the index values for assets used in the production of rail products (which includes the goods) based on the proportion of sales revenue earned from the sale of those produced products. As the assets used in the production of non-like rail goods are the same assets used to produce like goods, the Commissioner considered this approach reasonable.

The Commissioner is satisfied that asset values for the Australian industry have decreased over the injury period with the fall in revenue from the sale of the goods.

9.7.3 Reduced R&D

Comsteel calculated the index values of its R&D expenses using data used to complete its annual tax returns. The Commissioner confirmed that R&D expenses had fallen significantly over the injury period.

9.7.4 Reduced ROI

The Commissioner calculated Comsteel's ROI using sales revenue minus CTMS, divided by CTMS, to reflect the return on costs incurred by Comsteel in the production of the goods. Accordingly, the fall in revenue over the injury period discussed above will lead to a fall in ROI. The corresponding increase in CTMS over the injury period also acts to reduce ROI.

9.7.5 Reduced capacity utilisation

Comsteel's production capacity was unchanged over the injury period. The reduction in sales volumes discussed in chapter 9.5 has resulted in a reduction in production volumes and a corresponding reduction in capacity utilisation.

9.7.6 Reduced productivity

Comsteel calculated its productivity by dividing its production volumes of like goods by the number of employees involved in the production of like goods. Comsteel's employee numbers were similar in FY 2025 compared to FY 2022. However, as its production volumes fell over this period, so did its productivity.

9.8 Factors other than dumping or subsidisation causing injury

Section 269TAE(2A) states that the Minister must consider whether any injury to an industry is being caused or threatened by a factor other than the exportation of the goods. If so, the Minister must not attribute such injury to the exportation of the goods. The section lists the following factors to consider:

- the volume and prices of imported like goods that are not dumped or subsidised
- contractions in demand or changes in patterns of consumption
- restrictive trade practices of, and competition between, foreign and Australian producers of like goods
- developments in technology
- the export performance and productivity of the Australian industry.

The commission examined these factors, together with other potential causes of injury to the Australian industry, other than dumped and subsidised goods exported from China.

Having regard to these other factors, the Commissioner considers that, while certain factors other than dumping and subsidisation may have influenced the performance of the Australian industry, those factors do not explain the injury indicators observed to the extent that injury can be attributed to those factors rather than to dumped and subsidised imports.

9.8.1 Contractions in demand or changes in patterns of consumption

In its submission dated 1 December 2025, the CCCME submitted that demand contraction materially affected the Australian industry and that market share changes should be interpreted in a shrinking market context.[61] Masteel made a similar submission to SEF 690.[62]

[61] EPR 690, Item 8
[62] EPR 690, Item 32

The Commissioner examined whether demand contraction explains the Australian industry's outcomes by examining the change in domestic sales compared to (i) overall market contraction and (ii) displacement through changes in import penetration. The Commissioner's analysis of the Australian market in chapter 5.6 shows total Australian industry sales volume and market share fell 25% and 3% respectively over the injury period, but China's import volume and market share remain material within that market, ending 12% and 44% higher respectively. This indicates demand contraction is relevant contextual information but does not, of itself, account for the displacement effects observed.

The Commissioner considers that demand contraction may explain part of the reduction in overall market volumes but does not explain the extent of the price, volume and profit effects.

9.8.2 Insufficient supply

The Commissioner examined whether any insufficiency of domestic supply influenced purchasing decisions or market outcomes during the investigation period, noting that such supply-side constraints can, in some circumstances, affect import volumes independently of dumping or subsidisation.

The Commissioner examined whether purchasers were compelled to import due to inability of the Australian industry to supply. The procurement outcome correspondence indicates a purchaser retained Comsteel as a contingency supplier for non-supply/emergency situations and discusses stock levels and continuity planning, which is not consistent with a market-wide inability of the Australian industry to supply.[63]

The Commissioner observed that Comsteel's capacity utilisation has fallen 26% during the injury period, indicating that excess capacity exists for Australian industry to increase production to supply additional demand in the Australian market.

The Commissioner did not identify any evidence on the record indicating that purchasers were forced to source imported goods due to an inability of the Australian industry to supply. Having regard to this material, the Commissioner considers that supply constraints do not explain the injury indicators observed during the investigation period.[64]

9.8.3 Competition between Australian suppliers

As discussed in chapter 5.4, Comsteel is the sole member of the Australian industry for like goods. Accordingly, domestic Australian competition is not a relevant causal factor of injury to the Australian industry.

9.8.4 Competition between foreign and Australian producers of like goods

In its submission dated 1 December 2025, the CCCME submitted that market outcomes in Australia reflect normal competition between foreign and Australian producers of like goods, arising from differences in efficiency, scale of production and product characteristics, rather than the effects of dumping or subsidisation.

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[63] EPR 690, Item 11, Findings of Australian industry verification – non-confidential
[64] ibid

In submissions dated 30 October 2025 and 28 November 2025, Jetransit similarly submitted that competition between foreign and Australian producers reflects legitimate commercial behaviour and should not be attributed to dumping or subsidisation.[65]

As discussed in chapter 8.7, the Commissioner found that the price of imported Chinese goods undercut Comsteel's price for like goods during the investigation period. However, these prices reflect combined dumping and subsidy margins of between 10.0% and 28.8%. The Commissioner considers that by selling the goods at dumped and subsidised prices, Chinese exporters are more competitive on price than they would be if the goods were not dumped or subsidised. The Commissioner's analysis in chapter 8.4 indicates that Comsteel has been experiencing pricing pressure since at least FY 2022.

Accordingly, the Commissioner considers that market outcomes in Australia (in which Australian industry has experienced injury) do not reflect ordinary competition between foreign and Australian producers, but in fact reflect market conditions in which dumped and subsidised goods are being imported from China.

The Commissioner examined whether ordinary competitive interactions between foreign and Australian producers, independent of dumping or subsidisation, could plausibly explain the injury indicators observed for the Australian industry. In doing so, the Commissioner considered whether the observed pricing outcomes were consistent with ordinary competition, including whether pricing behaviour reflected normal price cycling, temporary discounting, or competitive adjustment in response to changes in demand or input costs.

The Commissioner tested this 'ordinary competition' explanation against the observed price and cost outcomes over the injury period and the investigation period. As set out in Figure 2, Figure 3 and Figure 4, the Australian industry's CTMS exceeded its unit selling prices throughout the injury period, and this relationship persisted during the investigation period. While Comsteel increased its selling prices over time, Figure 2 and Figure 3 show that these increases closely tracked or were outpaced by increases in CTMS, such that selling prices remained below costs in each year of the injury period and in each quarter of the investigation period.

In the Commissioner's view, sustained pricing below cost over a prolonged period is not characteristic of ordinary competitive behaviour, including normal price cycling or short-term competitive discounting. Rather, the persistence of this price–cost relationship indicates that the Australian industry was unable to increase prices to levels that would otherwise prevail to recover rising costs. This conclusion is reinforced by the Australian industry's ongoing losses and reduced profitability over the injury period shown in Figure 5, alongside declining sales volumes and market share (Table 20 and Table 21), which together are consistent with sustained price suppression rather than normal competitive adjustment.

Having regard to this evidence, the Commissioner considers that the injury indicators observed for the Australian industry are not plausibly explained by ordinary competition between foreign and Australian producers in the absence of dumping or subsidisation. Instead, the observed pricing outcomes reflect sustained competitive pressure that

[65] EPR 690, Item 8

constrained the Australian industry's ability to recover costs, consistent with the presence and pricing behaviour of dumped and subsidised imports.

9.8.5 Developments in technology

In its submission dated 1 December 2025, the CCCME submitted that developments in technology and differences in manufacturing efficiency affect cost structures and competitiveness and may explain aspects of the Australian industry's performance.[66]

In submissions dated 30 October 2025 and 28 November 2025, Jetransit similarly submitted that modern manufacturing processes and automation enable certain Chinese producers to achieve lower production costs, independently of dumping or subsidisation.[67]

In addition, in its submission dated 30 October 2025, BHR submitted that its modern plant and manufacturing technology support efficient production and competitive pricing.[68]

The Commissioner treated 'technology/efficiency' as a largely structural factor and examined whether there was evidence of a technology shock during the injury period that could explain deterioration in injury indicators. The Commissioner did not identify evidence on the record of a step-change in domestic technology that corresponds to the observed deterioration in CTMS-to-price relationship and sales outcomes discussed in chapter 8.[69] The injury indicators observed are therefore not explained by technology differences alone.

The Commissioner observed similar production processes in its tour of Comsteel and Masteel's manufacturing facilities for the goods produced in China and like goods made in Australia. The Commissioner did not observe any significant differences in technology that would affect its cost structures and competitiveness.

The Commissioner considers that technology and efficiency differences do not explain the injury indicators observed.

9.8.6 Competitive advantage of Chinese imports

In its submission dated 1 December 2025 (and echoed by Masteel's submission of 19 June 2026), the CCCME submitted that the performance of Chinese exporters reflects legitimate competitive advantages, including efficiency, scale of production and product characteristics, rather than dumping or subsidisation.[70]

In submissions dated 30 October 2025 and 28 November 2025, Jetransit similarly submitted that Chinese FRW manufacturers benefit from competitive advantages arising from efficient production processes, modern manufacturing facilities and product characteristics, and that such advantages reflect normal competitive behaviour rather than unfair pricing practices.[71]

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[66] EPR 690, Item 8
[67] EPR 690, Item 4 and Item 6
[68] EPR 690, Item 7
[69] EPR 690, Item 2
[70] EPR 690, Item 8
[71] EPR 690, Item 4 and Item 6

In addition, in its submission dated 30 October 2025, BHR submitted that it operates as a privately owned manufacturer and that its pricing reflects market-based efficiency and commercial considerations, rather than dumping or subsidisation.[72]

The Commissioner accepts that overseas manufacturers may enjoy a competitive advantage relative to the Australian industry due to a range of potential factors, including lower costs of labour, higher levels of productivity, greater levels of automation, more efficient business processes and/or the benefits of economies of scale. These competitive advantages may lead to lower production costs, and in turn lower sales prices.

While a level of competitive advantage may contribute to some extent the lower cost of goods exported to Australia from China, these Chinese goods are also sold at dumped and subsidised prices, resulting in Chinese exports being more competitive on price than they would be if the goods were not dumped or subsidised.

The Commissioner further considers that several countervailable subsidy programs it identified in this investigation likely contributed to such competitive advantage, which would in turn negate the validity of the competitive advantage argument. This includes LTAR programs, preferential tax advantages and grants related to capital investment.

9.8.7 Increase in raw material costs and higher production costs

In its submission dated 1 December 2025, the CCCME submitted that increases in raw material costs, energy prices and other production-related cost pressures have materially affected the Australian industry's financial performance.[73]

Masteel made a similar submission to SEF 690[74], in which it stated that Comsteel's losses from the beginning of the injury period, before the peak of Chinese imports, are consistent with structural cost pressures and an inability to recover costs through price increases, independent of Masteel's negligible presence.

The Commissioner examined movements in the Australian industry's CTMS over the injury period and investigation period and considered whether the Australian industry was able to recover cost increases through higher selling prices.[75]

The Commissioner found that the Australian industry experienced increasing costs over the injury period. However, as identified in chapter 9.4 (Price effects), the Australian industry was unable to increase its selling prices to a level sufficient to cover its increasing CTMS, resulting in price suppression. The commission further found that this price suppression coincided with the presence and pricing behaviour of dumped and subsidised imports and was accompanied by lost sales volume and reduced market share, as identified in chapter 8.

Having regard to this material, the Commissioner considers that, while cost pressures adversely affected profitability, they do not explain the price suppression and loss of sales experienced by the Australian industry.

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[72] EPR 690, Item 7
[73] EPR 690, Item 8
[74] EPR 690, Item 32
[75] EPR 690, Item 11

Chapter 9.5 discusses the Commissioner's consideration of Masteel's lower volumes on the injury analysis.

9.8.8 Volume and prices of imported goods that are not dumped or subsidised

In submissions dated 30 October 2025 and 28 November 2025, Jetransit submitted that the prices of certain imports reflect factors other than dumping or subsidisation, including production by privately owned manufacturers, efficiency in production processes and product characteristics. Jetransit submitted that such imports are competitively priced on a commercial basis and should not be regarded as causing injury to the Australian industry.[76]

The Commissioner tested whether imports other than dumped or subsidised exports from China could plausibly explain injury by looking at the volume of imports from other sources over the injury period and investigation period. Noting that the Commissioner is satisfied that all exports from China were dumped and subsidised, as discussed in chapters 6 and 7, import volumes from other sources were small relative to the total market and compared to imports from China.

	FY 2022	FY 2023	FY 2024	FY 2025
Australian industry	87%	82%	81%	84%
China	9%	16%	18%	13%
Other imports	4%	2%	1%	2%

Table 32: Sales volumes percentages for Australian industry, Chinese imports and all other imports, over the injury period[77]

Of the 15% of the Australian market made up of imports during the investigation period, 85% came from China, 6% from Italy, 6% from Spain and 3% from Germany. Only German imports, which made up approximately 0.9% of the Australian market were similarly priced to Chinese imports. The Commissioner examined the goods descriptions of German imports and observed that these German imports may not be like goods and therefore unlikely to be a price influencer of the goods in the Australian market.

The Commissioner considers that imports other than dumped and subsidised imports are not sufficient in volume to explain the injury indicators observed for the Australian industry.

9.8.9 Procurement strategies and commercial considerations of downstream users

In its submission dated 1 December 2025, the CCCME submitted that procurement strategies and downstream commercial considerations influence supplier selection and purchasing behaviour, independently of import pricing.[78] Masteel made a similar submission in its submission to SEF 690.[79]

The Commissioner examined whether purchasing decisions reflected factors other than import pricing and whether such considerations could explain the injury indicators observed for the Australian industry and ensured that injury attributable to such factors

[76] EPR 690, Item 4
[77] May not add to 100% due to rounding.
[78] EPR 690, Item 8
[79] EPR 690, Item 32

was not attributed to dumped or subsidised imports. In doing so, the Commissioner had regard to objective information on the record, including procurement and tender communications from a major Australian customer, which indicate that purchasing decisions may involve a range of considerations, including warranty, assurance and other non-price value-adding factors, alongside requests for pricing, rebates and discounts.[80]

The Commissioner noted that, while procurement processes may involve multiple considerations, the injury identified in this investigation relates to pricing and volume outcomes. In particular, the Commissioner found that the Australian industry experienced price suppression, as identified in chapter 9.4 (Price effects), and lost sales volume and reduced market share, as identified in chapter 8.

The Commissioner also considered the *National Rail Procurement and Manufacturing Strategy*, published by the Office of National Rail Industry Coordination within the Department of Industry, Science and Resources,[81] including 'Pillar 3: Adopt a national local content approach'.[82] Despite initiatives in the strategy supporting local industry participation, the Australian industry experienced price suppression, lost sales and reduced market share during the injury period.

Having regard to this material, the Commissioner considers that price remained a significant factor influencing purchasing decisions during the investigation period. Accordingly, the Commissioner does not consider that procurement strategies and commercial considerations explain the pricing and volume effects associated with dumped and subsidised imports.

9.8.10 Product quality, reputation and service factors

In its submission dated 1 December 2025, the CCCME submitted that product quality, reputation and related service considerations may influence purchaser decisions.[83]

The Commissioner examined whether quality, reputation and service factors were relevant over the injury and investigation periods and whether they could explain the injury indicators observed. In doing so, the Commissioner had regard to objective information on the record regarding the Australian industry's quality capability and purchaser requirements.[84] This included verification material indicating that Comsteel is accredited to manufacture and supply products under ISO 9001:2015 and maintains in-house chemical, mechanical and non-destructive testing laboratories endorsed by NATA to ISO/IEC 17025:2017, together with relevant industry approvals.

The Commissioner also considered procurement communications from a major customer, which show that purchaser requirements can include non-price considerations (including warranty/assurance and other value-add requirements), alongside requests for pricing and discount information. The Commissioner further noted correspondence indicating an ongoing purchaser relationship with Comsteel as a secondary supplier for contingency

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[80] EPR 690, Item 11

[81] Available on the Department of Industry, Science and Resources website at https://www.industry.gov.au/sites/default/files/2023-11/national-rail-procurement-and-manufacturing-strategy.pdf

[82] *National Rail Procurement and Manufacturing Strategy*, Department of Industry, Science and Resources, Office of National Rail Industry Coordination, p17.

[83] EPR 690, Item 8

[84] EPR 690, Items 10 and 11

supply purposes, which does not indicate that supplier selection turned on identified quality failures.

The Commissioner did not receive submissions or evidence on the record indicating that the Australian industry's products were of lower quality than imported goods, or that quality, reputation or service deficiencies explain purchaser switching or the injury indicators observed during the injury period or the investigation period.

Having regard to this material, the Commissioner considers that quality, reputation and service factors do not explain the pricing and volume effects identified in chapter 8 and have not been attributed to dumped or subsidised imports.

9.8.11 Export performance and productivity of the Australian industry

In its submission dated 1 December 2025, the CCCME submitted that the Australian industry's performance reflects broader competitiveness and operational constraints.[85]

The Commissioner examined whether this could explain the identified injury indicators, which in this investigation are primarily Australian price and sales effects. The Commissioner's injury findings are based on domestic CTMS-to-price outcomes (Figure 2, Figure 3 and Figure 4) and domestic sales/market outcomes over the period. This analysis isolates Australian industry's performance in the Australian market from its export performance such that the price and injury effects are not attributable to a decline in its export performance. These are not explained by export performance alone.[86]

During verification, Comsteel stated that it does not consider its exports are a factor causing injury, given the small proportion of export sales compared to its domestic sales. Table 33 shows the ratio of export sales of FRW by Comsteel compared to its domestic sales.

	FY 2022	FY 2023	FY 2024	FY 2025
Export sales as a proportion of domestic sales	18%	15%	8%	2%

Table 33: Ratio of Comsteel export sales of FRW compared to Comsteel domestic sales

Comsteel explained during verification that a significant reason for the fall in export sales is one of its New Zealand customers had over-ordered stock in FY 2022 and consequently did not need to restock until recently, after the investigation period.

The Commissioner considers export performance and productivity constraints do not account for the domestic price and sales effects relied upon in the injury analysis.

9.9 Materiality of dumping and subsidisation causing injury

The Commissioner is satisfied that the Australian industry has experienced material injury caused by dumped and subsidised goods exported to Australia from China in the investigation period.

The term 'material' in the context of determining whether material injury has been or is being caused is not defined in the Act. However, the Material Injury Direction directs the commission to consider 'material injury' to be injury that is not 'immaterial, insubstantial or

[85] EPR 690, Item 8
[86] EPR 690, Item 2

insignificant'.[87] There is no threshold amount that is capable of general application and identifying material injury will depend on the circumstances of each case and will differ from industry to industry and from time to time. A material injury assessment involves a range of factors that are considered together, and no one or several of these factors can necessarily give decisive guidance.

The Material Injury Direction provides that injury from dumping or subsidisation need not be the sole cause of injury to the industry, where injury caused by dumping or subsidisation is material in degree. It further provides that the commission will judge the materiality of injury caused by a given degree of dumping or subsidisation differently, depending on the economic condition of the Australian industry suffering the injury.

In considering the circumstances of each case, the Commissioner must consider whether an industry that at one point in time is healthy and could shrug off the effects of the presence of dumped or subsidised products in the market, could at another time, weakened by other events, suffer material injury from the same amount and degree of dumping or subsidisation.

When considering the materiality of the injury caused by dumping, the Commissioner had regard to several factors, including:

- the size of the dumping and subsidy margins as outlined at chapters 6 and 7
- the magnitude of price undercutting by dumped and subsidised imports, and the perceived importance of price in purchasing decisions
- the change in Australian industry's prices relative to the prices of imports from China
- the change in the volume and market share of imports and of the Australian industry.

9.9.1 Price injury

The Commissioner is satisfied that Comsteel experienced price injury in the form of price suppression, and that this injury was caused by dumped and subsidised imports from China undercutting Comsteel prices, putting downward pressure on its ability to increase prices to levels that would reflect increases in costs.

Throughout the investigation period, Chinese imports were dumped and subsidised at a combined margin of 28.8% for uncooperative exporters, who represent the majority of Chinese exports to Australia during the investigation period. This level of dumping and subsidisation is approximately equal to the level of undercutting by these exports of 24%. The Commissioner considers that, if uncooperative exporters were not selling the goods into the Australian market at dumped and subsidised prices, Comsteel would not be experiencing the level of competitive pressure resulting in price suppression.

This is depicted in Figure 10, which shows Comsteel's selling prices versus 'remedied' Chinese export prices' (i.e. including the effective applicable dumping and subsidy margins), along with an unremedied Chinese export price for reference.

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[87] Ministerial Direction on Material Injury 2012

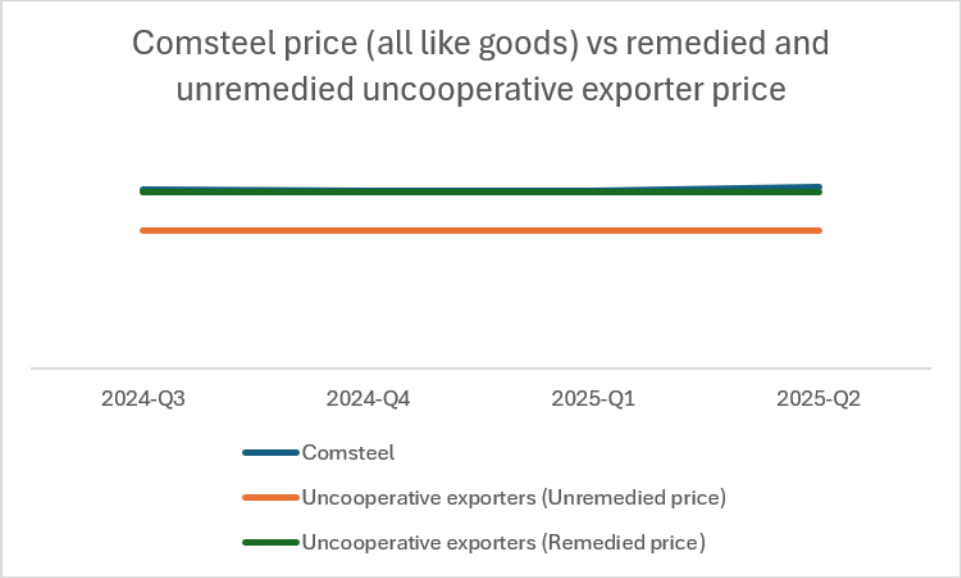

Figure 10: Price undercutting – Comsteel price (all like goods) and remedied and unremedied Chinese price[88]

Throughout the investigation period, Masteel's imports were subsidised at a rate of 10%. This level of subsidisation is approximately equal to the level of undercutting by Masteel's exports at MCC 915. This is depicted in Figure 11, which includes a remedied price.

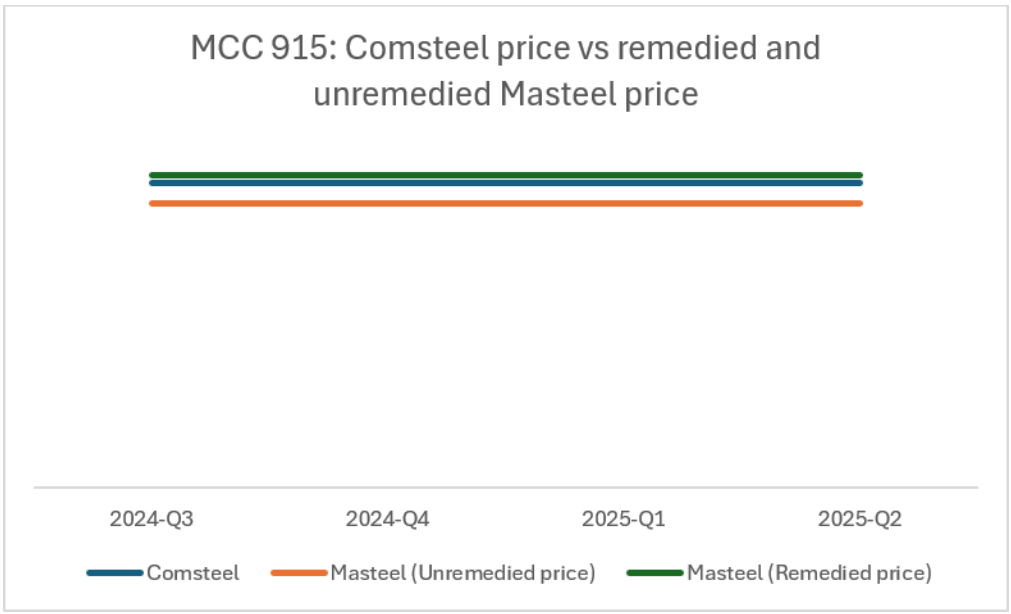

Figure 11: Price undercutting – MCC sub-category 915: Comsteel price and remedied and unremedied Masteel price[89]

The Commissioner observes that the price undercutting is removed once the dumping and subsidisation has been taken into account.

The Commissioner is satisfied that the level of price suppression, and the resulting loss of profits and profitability experienced by Comsteel, is material. As discussed in chapters

[88] Confidential attachment 17 – Price undercutting analysis
[89] Ibid

8.4.1 and 8.5, Comsteel is not recovering its costs of production for like goods, and its profits and profitability have been negative for the entirety of the injury period, falling to its lowest levels (since FY 2022) in the investigation period. Continued price suppression preventing Comsteel from recovering its costs and reducing unprofitability will continue to have a material impact of Comsteel's operations.

9.9.2 Volume injury

The Commissioner is satisfied that Comsteel experienced volume injury in the form of lost sales volume and market share, and that this injury was caused by increased volumes of dumped and subsidised imports from China.

As discussed in chapter 9.5, Comsteel sales volume fell 25% over the injury period, while its market share declined slightly. In this time, Chinese imports increased 12% and its market share increased 44%.

Comsteel's falling volumes have resulted in:

- 22% lower revenue
- 26% lower capacity utilisation
- 25% lower productivity.

9.9.3 Profit injury and injury to other economic factors

Comsteel's lower sales volumes and price suppression resulted in lower profits, profitability and revenue. In addition, lower sales volumes resulted in lower capacity utilisation and productivity and has driven up its fixed costs on a per-unit basis, as fixed costs are allocated across fewer units. Continuing levels of lower revenue with higher costs will continue to have a material impact of Comsteel's operations.

9.9.4 Commissioner's assessment – materiality of injury

The Commissioner is satisfied that the level of injury experienced across the multiple injury indicators as a result of dumped and subsidised goods as outlined above is material.

10 WHETHER DUMPING AND/OR SUBSIDISATION MAY CONTINUE

10.1 Findings

The Commissioner is satisfied that exports of the goods from China to Australia may continue at dumped and subsidised prices.

10.2 Introduction

When publishing a notice under sections 269TG(2) and/or 269TJ(2), the Minister must be satisfied that, among other things, dumping and/or countervailable subsidisation may continue.

In assessing whether dumping and/or countervailable subsidisation may continue, the Commissioner considers the term 'may' to mean 'possible'. The Commissioner considers prior evidence of dumping and/or countervailable subsidisation to be a relevant consideration.

10.2.1 Submission by Comsteel – Form of measures

In its submission dated 1 April 2026 (EPR 690, Item 19), Comsteel submitted that:

- the Chinese export price/landed Australian import price appears to be absorbing or offsetting the effect of the PAD measure
- there is a well-documented pattern in the global steel industry of Chinese exporters adapting their pricing and trade practices to circumvent or undermine anti-dumping measures
- the ad valorem form of duty currently applied is particularly vulnerable to this type of price movement, and the commission should recommend the combination form of measure in the Final Report.

The Commissioner has considered Comsteel's submission in chapter 10.3.

10.3 Whether dumping may continue

The Commissioner found that exports of the goods from China (except goods exported by Masteel) were dumped during the investigation period at a dumping margin of 3.6%.

The Commissioner examined import volumes and weighted-average FOB export prices using ABF import data for the 2-quarters following the publication of the PAD on 22 December 2025.

Exports from China continued following the investigation period, with uncooperative Chinese exporters continuing to export the goods in significant quantities. Export prices for these exporters fell over the post-PAD period below levels observed earlier in the investigation period. See Figure 12 below.

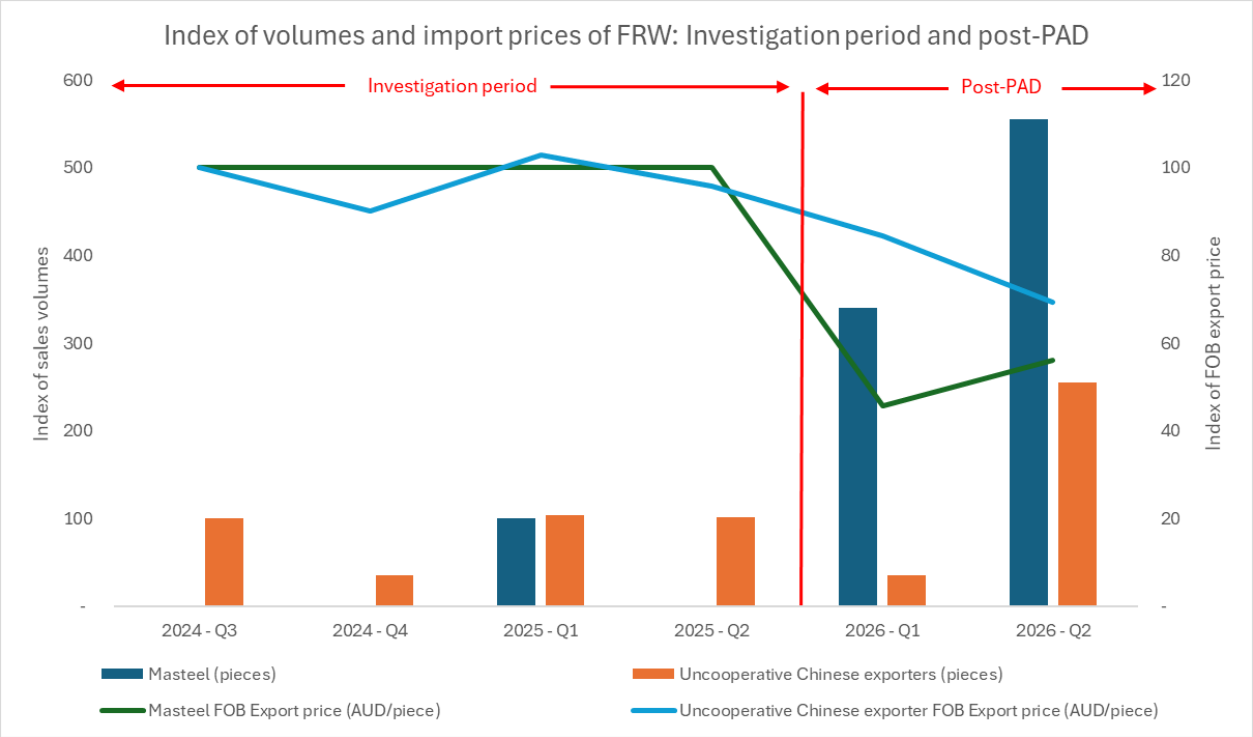

Figure 12: Index of import volumes and FOB export price during the investigation period and following publishing of PAD on 22 December 2025[90]

The data is consistent with Comsteel's submission that Chinese exporters have lowered their export prices following the Commissioner's imposition of the PAD. However, the Commissioner's examination of the data indicates that this may have been driven partly (but not completely) by a different product mix being imported into Australia since the imposition of securities, including a larger volume of lower priced FRW models.[91] Further, based on the Commissioner's understanding of lead times between negotiating FRW sales and when those sales enter the Australian market, the Commissioner considers it likely that many of these sales were negotiated prior to the imposing of the PAD. Given the relatively short time period the Commissioner has examined post-PAD, the impact of the PAD may not be reflected in the import data.

Notwithstanding the above, given that the uncooperative exporters were found to have dumped during the investigation period, the Commissioner considers that the observed lower export pricing behaviour following the investigation period overall indicates that uncooperative exporters are continuing to export dumped goods to Australia, at possibly greater margins of dumping than before the publication of the PAD.

Having regard to the evidence before it, including export volumes and export prices following the investigation period, the Commissioner considers that Chinese uncooperative exporters may continue exporting dumped goods to Australia. The Commissioner is not aware of any reason why the normal value would have decreased by a commensurate amount.

[90] Confidential attachment 2 – Post-PAD analysis
[91] Confidential attachment 2 – Post-PAD analysis

10.4 Whether countervailable subsidisation may continue

The Commissioner found that exporters from China received countervailable subsidies in respect of the goods during the investigation period, at a margin of 10.0% for Masteel and 28.8% for non-cooperative entities.

The subsidy programs identified include measures administered at the central and sub-central government levels. These programs form part of broader government assistance and industrial policy frameworks in China and did not appear to be limited in duration to the investigation period.

The commission has considered, where possible, the nature and the qualifying criteria of the various subsidy programs investigated. In the absence of information to the contrary, the commission has assumed that these entities will continue to receive countervailable subsidies identified in chapter 7.

10.5 Commissioner's assessment

China is the largest exporter of the goods to Australia and maintains an established share of the market (see chapter 5.6). Chinese prices undercut Australian industry during the investigation period. The Commissioner's assessment of the market found that price influences the purchase decisions of customers of FRW.

Based on the magnitude of the dumping and subsidy margins found, the importance of price in the FRW market in Australia, price undercutting, and the established links and volumes maintained by Chinese exporters, the Commissioner considers that dumping and subsidisation may continue.

11 NON-INJURIOUS PRICE

11.1 Assessment of non-injurious price

The Commissioner compared the NIP with:

- for Masteel, the sum of the export price and the amount of ICD
- for uncooperative, non-cooperative and all other exporters, the sum of the export price, ICD and IDD,

and determined that the NIP was not less than those amounts. Accordingly, the NIP should not be the operative measure.

The Commissioner recommends that measures be imposed in relation to the goods exported to Australia from China at the full dumping and subsidy margins, as applicable.

11.2 Legislative framework

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

Where the Minister is required to determine the IDD, section 8(5B) of the Dumping Duty Act applies. Where the Minister is required to determine the ICD, section 10(3C) applies. Where the Minister is required to determine both ICD and IDD, sections 8(5BA) and 10(3D) of the Dumping Duty Act apply.

Sections 8(5B), 10(3C), 8(5BA) and 10(3D) of the Dumping Duty Act require the Minister to have regard to the 'lesser duty rule' when determining the ICD and IDD payable.

- In relation to a dumping duty notice, the lesser duty rule requires consideration of whether the NIP is less than the normal value of the goods.
- In respect of a countervailing duty notice, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price and the ICD do not exceed the NIP.
- In respect of concurrent dumping and countervailing notices, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price (of the goods ascertained for the purposes of the notices), the ICD and the IDD, do not exceed the NIP.

However, pursuant to sections 8(5BAA), 8(5BAAA), 10(3CA) and 10(3DA) of the Dumping Duty Act, the Minister is not required to have regard to the lesser duty rule in the following circumstances:[92]

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

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

- In respect of IDD, or both ICD and IDD – there is an Australian industry in respect of like goods that consists of at least 2 small-medium enterprises, whether or not that industry consists of other enterprises[93]
- In respect of ICD, or both ICD and IDD – if an exporter of the goods has received a countervailing subsidy in respect of the goods – the exporter's country has not complied with Article 25 of the WTO Agreement on Subsidies and Countervailing for the compliance period.

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

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

11.3 Calculation of the non-injurious price

11.3.1 Unsuppressed selling price

The legislation does not prescribe a method of calculating a NIP, but there are several methods outlined in the Dumping and Subsidy Manual (Manual).[94] The Commissioner generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. The Commissioner refers to this price as the 'unsuppressed selling price' (USP).

The Manual provides that the Commissioner normally uses one of the following approaches, in order of preference, for establishing a USP, subject to the facts of the case:

- Australian industry's selling prices in a period unaffected by dumping or subsidisation
- a constructed USP approach, constructing the USP using the Australian industry's CTMS and adding a reasonable amount for profit
- selling prices of undumped and unsubsidised imports in the Australian market.

Australian industry selling prices

The Commissioner considers that they cannot calculate a USP using Australian industry's selling prices from a period unaffected by dumping or subsidisation of the goods because, while the Commissioner does not have direct evidence of dumping or subsidisation in the years prior to the investigation period, Comsteel has been selling like goods at a loss for all of the injury period (see chapters 8.5 and 9.8.4). In this period, Chinese goods have been present in the Australian market (see chapter 8.3).

The Commissioner's conclusion in chapter 9.8.4 was that the injury indicators observed for the Australian industry over the injury period are not plausibly explained by ordinary competition between foreign and Australian producers in the absence of dumping or subsidisation. The observed pricing outcomes reflect sustained competitive pressure that constrained the Australian industry's ability to recover costs, consistent with the presence and pricing behaviour of dumped and subsidised imports.

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[93] As defined in the *Customs (Definition of "small-medium enterprise") Determination 2023*.
[94] Manual, chapter 24.3

This suggests that Comsteel's selling prices may have been affected by imports of Chinese goods prior to the investigation period to the extent they are unsuitable as the basis of a USP.

Selling prices of undumped and unsubsidised imports

The Commissioner considers that the presence of dumped and subsidised imports in the Australian market affects not only Australian industry pricing, but the pricing of imports sourced from countries other than China. The Commissioner has limited information for non-Chinese imports and cannot be satisfied that these imports were also undumped and unsubsidised. Accordingly, the Commissioner has calculated a USP using the 'constructed' method, as discussed below.

Constructed USP

In light of the above, the Commissioner has therefore calculated a USP using the constructed method, using the sum of Australian industry's CTMS and an amount for profit.[95]

The Manual outlines the following options for the profit component of the constructed USP:

- weighted average profit rate (% mark-up) achieved by the Australian industry in the most recent period unaffected by dumping (or subsidisation), with a preference for a one year minimum
- profit rate (% mark-up) from the Australian industry's similar category of goods (where the data for similar category of goods is verified).

The Manual goes on to state the following alternatives if the first 2 options above are unreasonable:

- with regard to ROI – where the resultant price is considered reasonable
- from appropriate profit surveys.

As discussed in chapter 8.5, Comsteel's profit from the manufacture and sale of like goods has been negative throughout the injury period.

The Commissioner has considered Comsteel's profit from its manufacture and sale of its rail products category over the investigation period. The Commissioner is satisfied that Comsteel's profit from this category is suitable for the construction of a USP, given the similarity of products within this category to the goods and noting the magnitude of Masteel's verified OCOT domestic profit.

11.3.2 Non-injurious price

The Commissioner has calculated a NIP by deducting from the USP the costs incurred in getting the goods from an export FOB point in China to the relevant level of trade in Australia. The deductions include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

The Commissioner has determined that the NIP was not less than the normal value for any exporters from China and accordingly, the NIP cannot be the operative measure.

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[95] The Manual, chapter 24.3

The Commissioner's NIP calculation is at **Confidential Attachment 13 – NIP and USP calculation**.

12 FORM OF DUTY

12.1 Finding

The Commissioner has found that:

- freight railway wheels exported from China by uncooperative exporters were dumped during the investigation period and that dumping may continue
- freight railway wheels exported from China received countervailable subsidies during the investigation period and that subsidisation may continue
- dumped and subsidised imports caused material injury to the Australian industry producing like goods.

Accordingly, the Commissioner considers that anti-dumping measures should apply to freight railway wheels exported from China by uncooperative exporters and countervailing measures should apply to freight railway wheels exported from China by all exporters.

The Commissioner has separately determined that Masteel did not export dumped goods during the investigation period and has terminated the dumping investigation in respect of Masteel.

The recommended rates of IDD and ICD are set out in Table 35.

12.2 Forms of dumping duty

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the dumping duty methods available to the Minister when imposing anti-dumping measures. They include:

- fixed duty method ($X per tonne)
- floor price duty method
- combination duty method
- ad valorem duty method (i.e. a percentage of the export price).[96]

The various forms of dumping duty all have the purpose of removing the injurious effects of dumping. However, in achieving this purpose, certain forms of duty will better suit particular circumstances. When considering which form of dumping duty to recommend to the Minister, the Commissioner has had regard to the *Guidelines on the Application of Forms of Dumping Duty* (November 2013) and relevant factors in the market for the goods.

12.2.1 Fixed duty method

A fixed duty method operates to collect a fixed amount of duty, regardless of the actual export price of the goods. The fixed duty is determined when the Minister exercises their powers to ascertain an amount for the export price and the normal value.

12.2.2 Floor price duty method

The floor price duty method sets a ‘floor’, for example, a normal value of $100 per tonne, and duty is collected when the actual export price is less than that normal value of $100 per tonne. The floor price is either the normal value or the NIP, whichever becomes applicable under the duty collection system.

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[96] Regulation 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013*

12.2.3 *Ad valorem* duty method

The *ad valorem* duty method applies a proportion of the actual export price of the goods. An *ad valorem* duty is determined for the product as a whole. This means that a single ascertained export price is required when determining the dumping and/or subsidy margin. The ad valorem duty method is the simplest and easiest form of duty to administer when delivering the intended protective effect.

12.2.4 Combination duty method

The combination duty method comprises 2 elements: the 'fixed' element and the 'variable' duty element. The fixed element is determined when the Minister exercises powers to 'ascertain' an amount (i.e. set a value) for the export price and the normal value. Either this may take the form of a fixed duty, or an *ad valorem* applied to the ascertained export price.

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

12.2.5 Commissioner's assessment – form of dumping duty

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

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

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

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

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

The Commissioner has considered the advantages and disadvantages of these 2 duty methods in the table below.

Many model types with different prices	Complex company structures	Variability of 'effective' rate of duty	Relevance of ascertained export price
The Commissioner has identified 3 key factors that determine model types: wheel diameter, billet type and whether the wheel is painted or punched (see chapter 3.5). Only one model was exported to Australia by the cooperating exporter during the investigation period.	The Commissioner has observed that Chinese exporters of FRW operate under a range of corporate structures. This includes exporters that both manufacture and export the goods directly, as well as exporters that form part of larger corporate groups involved in steelmaking or the supply of intermediate inputs, including exporters that are part of state-owned steel groups.	The Commissioner notes that export prices for FRW may change over time, including between contract periods, in response to changes in market conditions and input costs. In these circumstances, a duty whose effect changes with export prices may not operate consistently over time.	The Commissioner considers that an ascertained export price may become less representative if export prices change following the imposition of measures. The Commissioner also notes that exporters may adjust export prices in response to the form of duty applied, which may affect the ongoing relevance of an ascertained export price. Comsteel in its submission of 1 April 2026 submitted this is already happening following publication of the PAD, (see chapters 2.6.9 and 10.3, where the Commissioner has considered this submission).

Table 34: Consideration of duty method

Submission from Jetransit

In its submission of 18 June 2026 (EPR 690, Item 29), Jetransit highlighted that the calculation of the normal value was based on 915-size wheel which is likely to be the most expensive type. Jetransit suggests that the Commissioner use a per kilogram rate for a more accurate and fair approach to applying measures.

Commissioner's assessment

At initiation of this investigation, the Commissioner requested Chinese exporters of the goods respond to an exporter questionnaire. Only Masteel provided a response. As Jetransit notes, Masteel exported one size of FRW to Australia during the investigation period, with an outside diameter of 915 mm. Accordingly, the Commissioner calculated a normal value for Masteel based on domestic sales data for goods at this diameter (see chapter 6.5.3). The Commissioner then used Masteel's normal value to determine the normal value for all other Chinese exporters.

Because of a lack of cooperation from other exporters, the Commissioner does not have data on FRW sizes exported by other exporters. It cannot therefore confirm whether an outside diameter of 915 mm is atypical, noting that the goods description includes FRW up to 953 mm in outside diameter. Further, as discussed in chapter 5.5, cost to make is only one factor in determining price in the Australian market.

Where this may become relevant to the setting of measures is the setting of a floor price based off a normal value calculated using the 915 mm outside diameter FRW. If, as submitted by Jetransit, FRW of 915 mm outside diameter is more expensive, then lower

priced models of a smaller diameter would be subject to a higher level of duty due to the imposition of a floor price based of 915 models.

Evidence before the Commissioner indicates that domestic selling prices and cost to make and sell on a per tonne basis vary between FRW sizes. See **Confidential Attachment 14 – Masteel domestic sales analysis** and **Confidential Attachment 15 – Masteel CTM analysis**. This indicates that a per kilogram rate would not be suitable for setting normal value.

As mentioned above, the Commissioner has no other relevant data to determine a normal value for uncooperative exporters. The Commissioner is also constrained in calculating a normal value for Masteel based on the models it actually exported to Australia during the investigation period.

After having regard to the matters set out in Table 34 above, as well as the issues raised by Jetransit in its submission, the Commissioner considers the combination duty method, with normal value based on a per unit price based on pieces, is the most appropriate form of dumping duty for FRW.

12.3 Forms of countervailing duty

The Dumping Duty Act specifies that ICD can be ascertained:

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

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

Submission from Comsteel

In its submission of 18 June 2026 (EPR 690, Item 28), Comsteel acknowledges comments made in SEF 690 regarding the unavailability of a floor price for calculating countervailable duty payment, which Comsteel refers to as a 'structural limitation'. In its submission, Comsteel draws attention to this 'structural issue' for the following reasons:

- *'to support the Commission's own reasoning in recommending the combination duty method for IDD as the most effective available protection, and to urge the commission to set the AEP at the highest defensible level…'*
- *'to place on the public record Comsteel's view that the current legislative framework, in not permitting a floor price for CVD, is inadequate in cases where PMS[97]/benchmark methodology allocates the primary corrective adjustment to the countervailing margin.'*

[97] 'particular market situation'

Commissioner's assessment

The Commissioner acknowledges Comsteel's comments regarding the current framework, but notes that it is bound by legislative requirements in its form of a countervailing duty method.

12.4 Avoidance of 'double-count'

The Commissioner has found that Chinese entities received countervailable subsidies under *Program 1 – Steel billet provided by government at less than adequate remuneration*. Appendix D4.1 discusses this program in detail.

When there is both an adjustment to raw material costs as part of constructing a normal value (such as in this investigation) and a countervailable LTAR subsidy (such as Program 1), the Commissioner will generally 'back out' the relevant subsidy margin from the effective dumping margin in order to avoid any double counting. In other words, while the calculated dumping margin will be unchanged, the effective, or applied, dumping margin will be the adjusted rate with the relevant subsidy margin deducted.

Part 20.3 of the Manual provides:

> *The Commission may decide to construct normal value for the goods in question under section 269TAC(2)(c) in certain circumstances. In some of these circumstances, the cost of an input may not reasonably reflect competitive market costs and therefore an adjustment to that input cost is made in constructing normal value. Where that input was also the subject of a less than adequate remuneration subsidy finding, it is necessary to 'back out' the relevant subsidy from the dumping margin in order to avoid any double counting.*[98]

As Program 1 is in respect of steel billet provided at LTAR and the Commissioner adjusted steel billet as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of Program 1 on exporters' costs. To avoid this double counting, the Commissioner must 'back-out' the Program 1 subsidy from one of the duplicative counts. The usual practice of the Commissioner to give effect to avoiding a double count is to deduct the LTAR subsidy margin from the dumping margin, as outlined in the Manual.

Masteel submission

In its submission to SEF 690, Masteel called on the Commissioner to consider whether the methodology adopted in calculating the dumping and subsidy margins would result in double-counting of the financial contribution attributed to the provision of steel billet at LTAR.

Commissioner's assessment

The Commissioner made an adjustment in SEF 690 to account for the double-count, as suggested by Masteel. SEF 690 mentioned this adjustment at footnotes 9, 52 and 88 of that report. The Commissioner has included this chapter 12.4 to clarify the adjustment made.

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[98] The commission notes the WTO Appellate Body's comments in DS379, that 'double remedies' are inconsistent with the requirement in Article 19.3 of the *Subsidies and Countervailing Measures Agreement*.

12.5 Recommendation

The Commissioner recommends that:

- dumping duties, where applicable, be calculated using the combination duty method
- countervailing duties be calculated as a proportion of the export price.

The Commissioner has made these recommendations based on the considerations discussed in chapters 12.2 and 12.3, including:

- For calculating dumping duties:
  - the possibility that exporters might lower export prices to avoid the effects of this duty, which supports the combination method over *ad valorem*
  - the range of corporate structures used by Chinese exporters, which supports the combination method over *ad valorem*
  - the limited number of models exported to Australia by Chinese exporters, which supports the combination method over *ad valorem*.
- For calculating countervailing duties:
  - the Dumping Duty Act does not permit a combination duty method
  - the fixed price duty method will not capture any changes in prices for imported goods, leaving the 'proportion of the export price' method as the preferred option.

The recommended measures are set out in the table below.

Exporter	Recommended duty method	Effective rate of ICD and IDD (%)[99]	Rate of ICD (%)	Rate of IDD (%)[100]
Masteel	ICD: as a proportion of the export price	10.0%	10.0%	-
Uncooperative exporters	IDD: Combination ICD: as a proportion of the export price	28.8%	28.8%	3.6%

Table 35: Summary of recommended dumping and countervailing duty measures

[99] As Program 1 is in respect of steel billet provided at less than adequate remuneration and the commission has adjusted steel billet as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel billet adjustment on exporters' costs. To avoid this double counting, the commission has 'backed-out' the effect of Program 1 from the dumping margin calculation. See chapter 12.4.

[100] The Commissioner calculated a negative dumping margin for Masteel terminated the dumping investigation in respect of Masteel.

13 RECOMMENDATIONS

13.1 Findings

The Commissioner is satisfied that exporters from China exported the goods to Australia at dumped and subsidised prices during the investigation period and that the dumped and subsidised goods caused material injury to the Australian industry producing like goods.

The recommended and effective rates of IDD and ICD are in Table 36 below.

Exporter	Recommended duty method	Effective rate of ICD and IDD (%)[101]	Rate of ICD (%)	Rate of IDD (%)[102]
Masteel	ICD: as a proportion of the export price	10.0%	10.0%	-
Uncooperative exporters	IDD: Combination ICD: as a proportion of the export price	28.8%	28.8%	3.6%

Table 36: Summary of effective interim dumping and countervailing duty

13.2 Recommendations

The Commissioner recommends that the Minister publish:

- a dumping duty notice for exports of the goods from China by exporters other than Masteel, with IDD to be worked out using the combination duty method
- a countervailing duty notice for exports of the goods from China by all exporters, with ICD to be ascertained as a proportion of the export price.

The Commissioner terminated the dumping investigation in relation to Masteel, on the basis that Masteel did not export dumped goods to Australia during the investigation period.

The Commissioner notes that exporters other than Masteel are treated as uncooperative exporters for the purposes of the dumping investigation, and as non-cooperative entities for the purposes of the subsidy investigation.

The Commissioner recommends the Minister **declare**:

- in accordance with section 269TG(1), by public notice, that section 8 of the Dumping Duty Act applies (subject to section 269TN of the Act) to:

  a) the goods exported to Australia from China by exporters other than Masteel, and

[101] As Program 1 is in respect of steel billet provided at less than adequate remuneration and the commission has adjusted steel billet as a cost input in constructing the normal value for exporters, the dumping margin calculations already address the impact of the steel billet adjustment on exporters' costs. To avoid this double counting, the commission has 'backed-out' the effect of Program 1 from the dumping margin calculation. See chapter 12.4.

[102] The Commissioner calculated a negative dumping margin for Masteel and terminated the dumping investigation in respect of Masteel.

b) like goods that were exported to Australia from China by exporters other than Masteel after the Commissioner made a PAD under section 269TD on 29 May 2026[103] but before the publication of the notice.

- in accordance with section 269TG(2), by public notice, that section 8 of the Dumping Duty Act applies to like goods that are exported to Australia from China by exporters other than Masteel after the date of publication of the notice
- in accordance with section 269TJ(1), by public notice, that section 10 of the Dumping Duty Act applies (subject to section 269TN of the Act) to:

  a) the goods exported to Australia from China, and
  b) like goods that were exported to Australia from China after the Commissioner made a PAD under section 269TD on 29 May 2026 but before the publication of the notice.

- in accordance with section 269TJ(2), by public notice, that section 10 of the Dumping Duty Act applies to like goods that are exported to Australia from China after the date of publication of the notice.

The Commissioner recommends the Minister **be satisfied that**:

- in accordance with section 269TAB(3), sufficient information has not been furnished, or is not available, to enable the export price of the goods exported to Australia from China by all Chinese exporters other than Masteel to be ascertained under the preceding sections of section 269TAB
- in accordance with section 269TAC(6), sufficient information has not been furnished, or is not available, to enable the normal value of the goods exported to Australia from China by all Chinese exporters other than Masteel to be ascertained under the preceding provisions of section 269TAC (other than section 269TAC(5D))
- the weighted average of export prices for goods exported to Australia from China by all Chinese exporters other than Masteel over the investigation period is less than the weighted average of corresponding normal values over that period and therefore, in accordance with section 269TACB(4) of the Act:

  a) the goods are taken to have been dumped
  b) the dumping margin for those goods is the difference between the weighted average of export prices during the investigation period and the weighted average of normal values during that period, as set out in chapter 6.

- in accordance with section 269TACD(1), countervailable subsidies have been received in respect of the goods exported to Australia from China
- in accordance with section 269TG(1), the export price of the goods exported to Australia from China by exporters other than Masteel is less than the normal value of those goods and, because of that, material injury to the Australian industry producing like goods is being caused

[103] This is the date of the publication of ADN 2026/073 revising the securities in accordance with the Commissioner's preliminary findings in SEF 690.

- in accordance with section 269TG(2), the export price of the goods already exported to Australia from China by exporters other than Masteel is less than the normal value of those goods, and the export price of like goods that may be exported in the future by those exporters may be less than the normal value and, because of that, material injury to the Australian industry producing like goods is being caused
- in accordance with section 269TJ(1), countervailable subsidies have been received in respect of the goods exported to Australia from China and, because of that, material injury to the Australian industry producing like goods is being caused
- in accordance with section 269TJ(2), countervailable subsidies have been received, and may be received in respect of the goods exported to Australia from China and, because of that, material injury to the Australian industry producing like goods is being caused
- in accordance with section 269TJA(1), in relation to the goods exported to Australia from China by exporters other than Masteel:

  a) the amount of the export price of those goods is less than the amount of the normal value of those goods, and
  b) countervailable subsidies have been received in respect of those goods, and
  c) because of the combined effect of the matters referred to in paragraphs (a) and (b), material injury to the Australian industry producing like goods is being caused.

- in accordance with section 269TJA(2), in relation to the goods exported to Australia from China by exporters other than Masteel:

  a) the amount of the export price of like goods already exported is less than the amount of the normal value of those goods, and the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods, and
  b) countervailable subsidies have been received, and may be received in the future, and
  c) because of the combined effect of the matters referred to in paragraphs (a) and (b), material injury to the Australian industry producing like goods is being caused.

- in accordance with section 269TDA(1), there has been no dumping by Masteel during the investigation period and the investigation, in so far as it relates to Masteel, must be terminated.

The Commissioner recommends the Minister **determine**:

- in accordance with section 269TAB(3), having regard to all relevant information, that the export price for all Chinese exporters other than Masteel is the amount as set out in **Confidential Attachment 10 – Uncooperative exporter dumping margin**
- in accordance with section 269TAC(6), having regard to all relevant information, that the normal value for all Chinese exporters other than Masteel is the amount as set out in **Confidential Attachment 10 – Uncooperative exporter dumping margin**

- having applied paragraph 269TACB(2)(a) and in accordance with sections 269TACB(1) and (4), that the goods exported to Australia from China by exporters other than Masteel are taken to have been dumped, and the dumping margins for all these exporters in respect of those goods is the difference between the weighted average export prices of the goods over the investigation period and the weighted average of corresponding normal values over that period as set out in **Confidential Attachment 10 – Uncooperative exporter dumping margin**
- in accordance with section 269TACC(1), having regard to all relevant information and sections 269TACC(2) and (3), the tax and grant programs identified in Table 15 in chapter 7 and set out in **Confidential Attachment 11 – Masteel subsidy margin** and **Confidential Attachment 12 – Non-cooperative subsidy margin** involve a financial contribution that confers a benefit
- in accordance with section 269TACC(1), having regard to all relevant information, the guidelines for financial contributions and having regard to the prevailing market conditions for like goods in China, Program 1 identified in chapter 7 and set out in **Confidential Attachment 11 – Masteel subsidy margin** involves a financial contribution that confers a benefit
- in accordance with section 269TAAC(4), having regard to the fact that Program 1 benefits a limited number of particular enterprises and after taking into account the matters in section 269TAACA(5), Program 1 identified in chapter 7 and set out in **Confidential Attachment 11 – Masteel subsidy margin** is specific and is therefore countervailable
- in accordance with section 269TACD(1), the amount of countervailable subsidy received by Masteel is the amount set out in **Confidential Attachment 11 – Masteel subsidy margin**, which when expressed as a percentage of the ascertained export price, is 10.0%
- in accordance with section 269TACD(1) and acting on the basis of all the facts available and making reasonable assumptions under section 269TAACA, the amount of countervailable subsidy received by non-cooperative entities is the amount set out in **Confidential Attachment 12 – Non-cooperative subsidy margin**, which when expressed as a percentage of the ascertained export price, is 28.8%
- that the amount of countervailable subsidy received by Masteel and by non-cooperative entities are the amounts set out in **Confidential Attachment 11 – Masteel subsidy margin** and **Confidential Attachment 12 – Non-cooperative subsidy margin** respectively, which when expressed as a percentage of the ascertained export price, is:

    a) for Masteel: 10.0%
    b) for non-cooperative entities: 28.8%.

- in accordance with section 8(5) of the Dumping Duty Act, that the IDD payable in respect of the goods exported to Australia from China by exporters other than Masteel be worked out using the combination duty method pursuant to sections 5(2) and 5(3) of the *Customs Tariff (Anti-Dumping) Regulation 2013*

- in accordance with section 10(3B) of the Dumping Duty Act, that ICD payable in respect of the goods exported to Australia from China be ascertained as a proportion of the export price.

The Commissioner recommends the Minister **have regard to**:

- section 8(5BA) of the Dumping Duty Act, in relation to IDD, insofar as the amounts do not exceed the non-injurious price
- section 10(3D) of the Dumping Duty Act, in relation to ICD, insofar as the amounts do not exceed the non-injurious price.

14 ATTACHMENTS

Non-confidential Attachment 1	FRW Domestic Manufacturer Assessment
Non-confidential Attachment 2	EU and Turkey steel market analysis
Non-confidential Attachment 3	Country analysis
Confidential Attachment 1	Australia market
Confidential Attachment 2	Post-PAD analysis
Confidential Attachment 3	Benchmark calculation
Confidential Attachment 4	Economic condition
Confidential Attachment 5	Masteel Export Price
Confidential Attachment 6	Masteel CTMS
Confidential Attachment 7	Masteel Cost replacement
Confidential Attachment 8	Masteel Normal Value
Confidential Attachment 9	Masteel Dumping margin
Confidential Attachment 10	Uncooperative exporter dumping margin
Confidential Attachment 11	Masteel Subsidy margin
Confidential Attachment 12	Non-cooperative subsidy margin
Confidential Attachment 13	NIP and USP calculation
Confidential Attachment 14	Masteel domestic sales analysis
Confidential Attachment 15	Masteel CTM analysis
Confidential Attachment 16	Chinese import data
Confidential Attachment 17	Price undercutting analysis
Confidential Attachment 18	Chinese excess capacity
Confidential Attachment 19	Relationship between price and cost

APPENDIX A PARTICULAR MARKET SITUATION ASSESSMENT

A1 Finding

The Commissioner found that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation in respect of the domestic market for FRW in China for the investigation period.

The Commissioner considers that the GOC has had a continued involvement within the Chinese steel industry through its policies, planning guidelines, plans, and directives. This involvement has materially contributed to the steel industry's overcapacity, oversupply and distorted structure during the investigation period. It is the Commissioner's view that the prices of FRW would be substantially different in a market not characterised by GOC influence.

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

A2 Introduction

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

- the application
- Masteel's REQ
- available contemporary evidence (as referenced in this report)
- the findings of previous relevant cases conducted by the commission.

In this appendix:

- the GOC refers to all levels of government in China, unless otherwise specified
- SOE refers to a Chinese state-owned or state-invested enterprise.

A3 Australian legislation, policy, and practice

Australia treats China as a market economy for anti-dumping purposes. The commission has conducted this investigation in the same manner for China as it does for other market economy members of the WTO.

Irrespective of the country whose goods are the subject of the investigation, Australia's anti-dumping framework may result in the commission not using domestic selling prices as the basis for normal values where there is a particular market situation. This is only applicable if the particular market situation renders sales in the domestic market unsuitable for use. In determining whether sales are unsuitable, the commission will have regard to whether, because of the particular market situation, domestic prices of the goods cannot be properly compared with export prices in determining the margin of dumping.

A3.1 Legislation

Section 269TAC(2)(a)(ii) implements, in part, Article 2.2 of the WTO *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade* 1994 (the Anti-Dumping Agreement). Article 2.2 of the Anti-Dumping Agreement provides:

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

Where a particular market situation is found to exist in the domestic market of the exporting country,[104] the commission must further consider whether, because of that situation, sales in that market are unsuitable for determining a normal value under section 269TAC(1).

As part of this assessment, the commission assesses whether, because of the particular market situation, domestic prices can be properly compared with export prices.[105] APPENDIX B sets out the Commissioner's consideration of whether sales in the Chinese domestic market are suitable to permit a proper comparison to export prices.

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

A3.2 Policy and practice

The Act does not define or prescribe what is required to reach a finding of a particular market situation. A particular market situation may arise when there are factors affecting the relevant market in the country of export generally. The Commissioner considers certain factors when assessing whether a particular market situation renders sales unsuitable for use in determining a normal value under section 269TAC(1). These factors include:

- whether government intervention in the industry and/or market of the exporting country results in prices that are lower or not substantially the same as they would otherwise be
- whether there are other conditions in the market that render sales in that market unsuitable for use in determining normal values under section 269TAC(1).

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[104] Pursuant to section 269TAC(2)(a)(ii).

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

A4 Assessing the particular market situation in this investigation

A4.1 Questionnaire sent to the Government of China

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

A4.2 Evidence and information before the commission

The Commissioner's assessment of a particular market situation in the domestic Chinese FRW market concerns an assessment of whether the government involvement in the Chinese domestic market for FRW has materially altered market conditions. If government influence has materially altered market conditions, then domestic prices may be lower or not substantially the same as they would be in a market free of, or not materially affected by, the government intervention.

Prices for FRW may also be lower or not substantially the same as they would otherwise be due to the influence of the particular market situation on the costs of inputs. The commission has assessed the effect of any such influence on market conditions and the extent to which domestic prices prevail (or not) in a competitive market, that is, a market unaffected by the particular market situation.

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

- information contained in the application lodged by the applicant
- information provided by cooperating exporters (Masteel), including responses to exporter questionnaires, where relevant
- publicly available policies, plans, laws, regulations, directives and official statements issued by the GOC, including economy-wide and steel-specific planning documents
- findings of previous investigations, reviews and inquiries conducted by the commission relating to steel products from China, including Investigation 658 and Continuation Inquiry 632
- reports and analysis published by international organisations, including the Organisation for Economic Co-operation and Development (OECD), the Global Forum on Steel Excess Capacity (GFSEC), and the Centre for Research on Energy and Clean Air (CREA)
- reports and findings of foreign investigating authorities, including the European Commission's *Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations*
- relevant WTO dispute settlement reports addressing the interpretation and application of the concept of a particular market situation and proper comparison, including *Australia – A4 Copy Paper* and *Australia – Certain Products from China*
- the commission's *Analysis of steel and aluminium markets* report and other internal analytical material[106]
- information from independent third-party pricing and market data providers, used for benchmarking and comparative analysis

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

- other publicly available information, including credible industry publications, media reports and desktop research.

The Manual provides further guidance on the circumstances in which the commission will find that a particular market situation exists.[107] In particular, with respect to prices of inputs in the manufacture of like goods, the Manual states:

> *Prices may also be artificially low or lower than they would otherwise be in a competitive market due to government influence and distortion of the costs of inputs. The mere existence of any government influence on the cost of inputs would not be enough to make sales unsuitable. The commission looks at the effect of this influence on market conditions and the extent to which domestic prices can no longer be said to prevail in a normal competitive market.*

Further, according to the Manual, '*market conditions will no longer be said to prevail when …government owned enterprises, together with any unprofitable sales by those same enterprises, has caused significant distortion to the prices received by private enterprises*.'

A5 Overview of the Chinese steel industry[108]

The Chinese steel industry is the largest in the world, with China ranked number one in crude steel production in 2024 with an output of 1,005 million tonnes.[109] This accounted for 53% of the world's crude steel production. China also remains the largest exporter of steel, exporting approximately 131 million tonnes in 2025, representing a record level of exports.[110]

The Chinese steel industry is characterised by persistent and rising excess capacity, with global excess capacity estimated at around 640 million tonnes in 2025 and projected to increase further in coming years. This excess capacity is driven by high levels of production combined with weakening and fragile domestic demand, particularly in the construction sector.[111]

Historically, the Chinese steel industry has been heavily influenced by the GOC, contributing to China's position as the largest steel producer globally. This influence remains ongoing, with SOEs playing a significant role in the sector, alongside numerous industrial policies and plans affecting steel production.

In addition, non-market policies and practices, including subsidies, continue to distort market outcomes by supporting production and capacity expansion beyond market demand, thereby contributing to global excess capacity and increased exports.[112]

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[107] The Manual, p 29.

[108] Since the publication of the SEF 690, the commission has had regard to updated information, including the OECD Steel Outlook 2026 report. Where relevant, this updated information has been incorporated into the commission's analysis of market conditions and its consideration of whether a particular market situation exists.

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

[110] OECD (2026), OECD Steel Outlook 2026, OECD Publishing, Paris.

[111] Ibid.

[112] Ibid.

Figure 13 shows the Organisation for Economic Co-operation and Development's (OECD) estimation of Chinese steel production, demand, and exports since 2005.

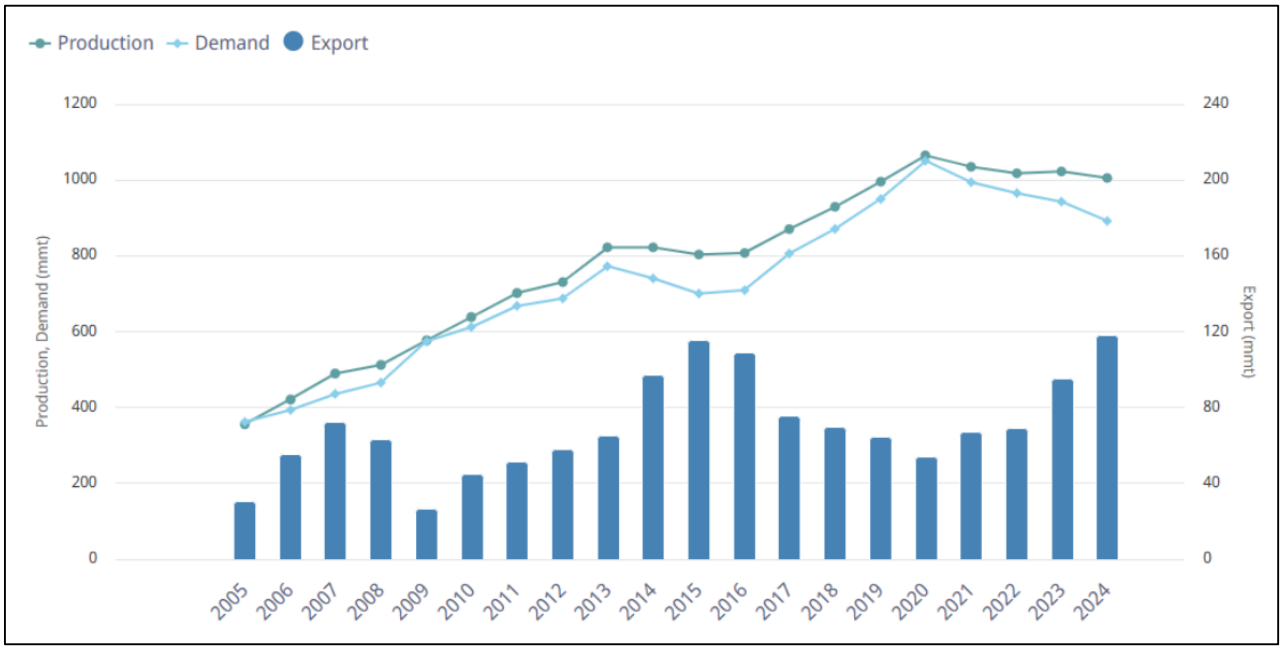

Figure 13: China's steel production, demand and exports[113]

Chinese steel production has experienced a sustained period of growth followed by a slow contraction coinciding with a decrease in demand since 2019. In contrast, exports have increased significantly in recent years as producers redirect output to foreign markets. Figure 13 indicates that exports increase when production and demand diverge.

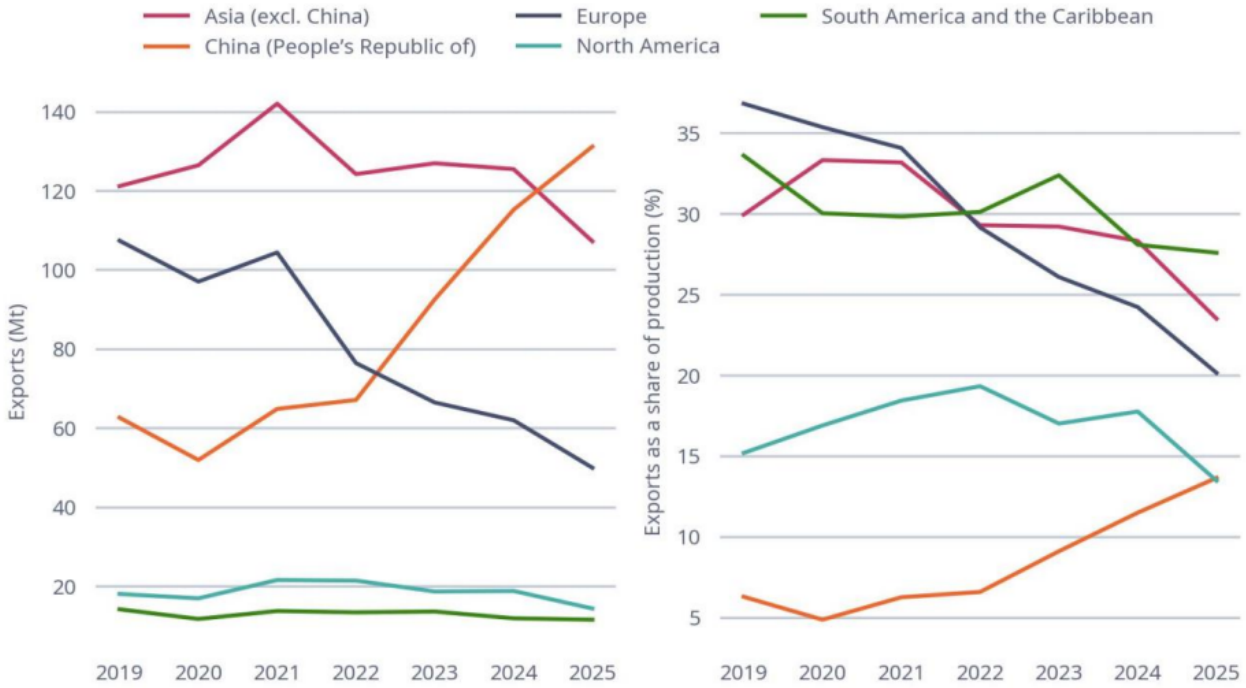

Figure 14: Total steel exports by region (left); exports as a share of production, in % (right)[114]

[113] OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, https://doi.org/10.1787/28b61a5e-en.
[114] OECD (2026), OECD Steel Outlook 2026, OECD Publishing, Paris, p.12

This pattern is consistent with broader OECD analysis of global steel trade. As illustrated in Figure 14, China's steel exports have surged to record levels, reaching approximately 131 Mt in 2025, in contrast to other major steel-producing regions where export volumes have remained stable or declined. This indicates that China's export growth is not part of a general global trend but rather reflects a disproportionate expansion in its export activity.

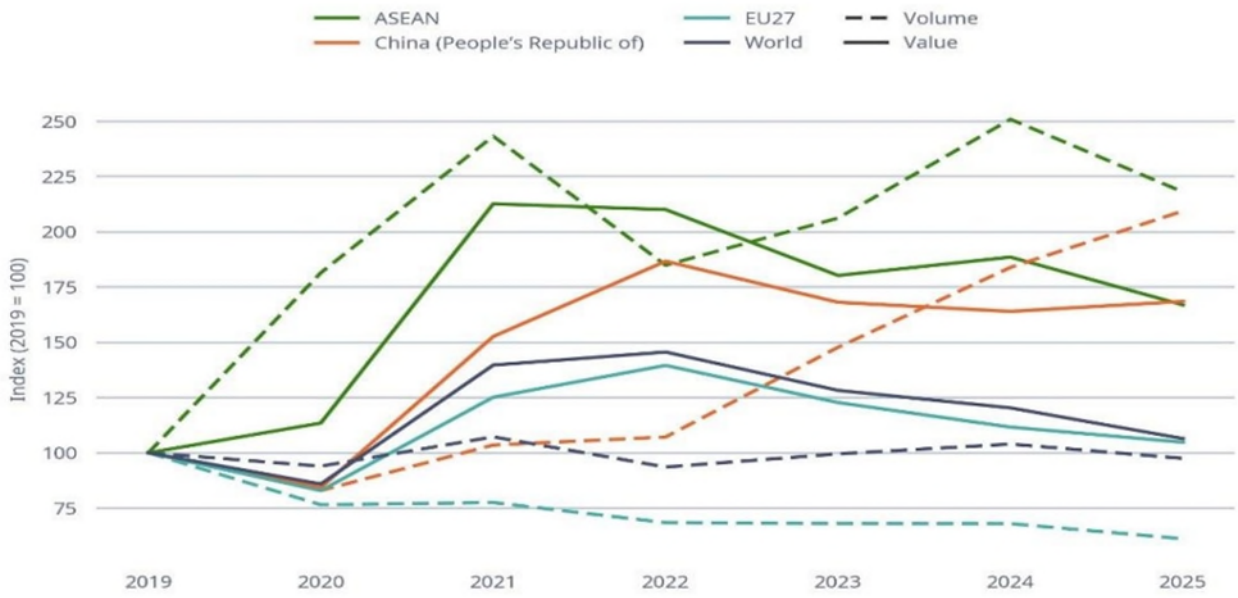

Figure 15: Evolution of Chinese steel export volumes and values, 2019–2025 (2019 = 100)[115]

Further OECD analysis indicates that this expansion has been driven primarily by increases in export volumes rather than export values. As shown in Figure 15, the growth in Chinese export volumes has significantly outpaced growth in export values since 2021, suggesting that increased export activity has been associated with relatively weaker pricing outcomes.

Taken together, the data supports a finding that weakening domestic demand in China, combined with sustained production levels, has contributed to increased export volumes, with China accounting for a growing share of global steel trade.

A6 GOC involvement and influence in the Chinese steel market

The Commissioner considers the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel market and the FRW market.

As outlined in A5, the Chinese steel market is characterised by sustained production levels combined with weakening domestic demand, resulting in increased reliance on export markets to absorb surplus output (see Figures 13 to 15). The Commissioner considers that these observed market outcomes are consistent with underlying structural conditions in the Chinese steel sector.

[115] Ibid, p.32

The GOC considers that the steel industry is a pillar of the national economy.[116] The Commissioner considers that the GOC exerts influence over the Chinese steel industry in several ways:

- the GOC's planning systems and its effect on the trends in the steel industry.
- through the size and prevalence of SOEs in the steel industry.
- the GOC's involvement in the markets for raw materials used in the production of steel.
- subsidies and other benefits and incentives provided by the GOC to steel producers.

The commission has examined these factors as well as other additional factors throughout this appendix.

A6.1 Excess capacity

The Commissioner considers that the Chinese steel market continues to maintain excess capacity.[117] Excess capacity distorts market conditions by creating an oversupply of steel resulting in reduced prices and profitability of steelmakers.

China's National Bureau of Statistics reported that crude steel output fell by 4.4% to approximately 961 million tonnes in 2025. Notwithstanding this reported decline, available information indicates that underlying steelmaking activity may remain stronger than official figures suggest. This supports the Commissioner's view that excess capacity and oversupply remain structural and persistent features of the Chinese steel sector.[118]

The Commissioner considers that the excess capacity in China is largely influenced by the GOC's involvement in the Chinese steel industry. OECD data shows Chinese excess capacity represented approximately 87.2% of global excess capacity.[119] Figure 16 shows the Commissioner's calculation of excess steel capacity in China from 2020, based on OECD data. The underlying analysis is at **Confidential Attachment 18 – Chinese excess capacity.**

[116] Ministry of Industry and Information Technology of the People's Republic of China (MIIT), Work Plan for Stabilising Growth in the Steel Industry (2025-2026), MIIT, 22 September 2025, accessed 25 September 2025.
[117] The Global Forum on Steel Excess Capacity (GFSEC) defines excess capacity as the 'gap between demand for steel and the capacity to produce steel.'
[118] Bloomberg, 'China's Lower Steel Data Scrutinized as Analysts Flag Output Gap', *Bloomberg*, 23 February 2026, accessed 12 May 2026.
[119] Comparison between crude steel demand (Table 4.1) and steelmaking capacity (Table 2.1) in the *OECD Steel Outlook 2025*. OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, https://doi.org/10.1787/28b61a5e-en.

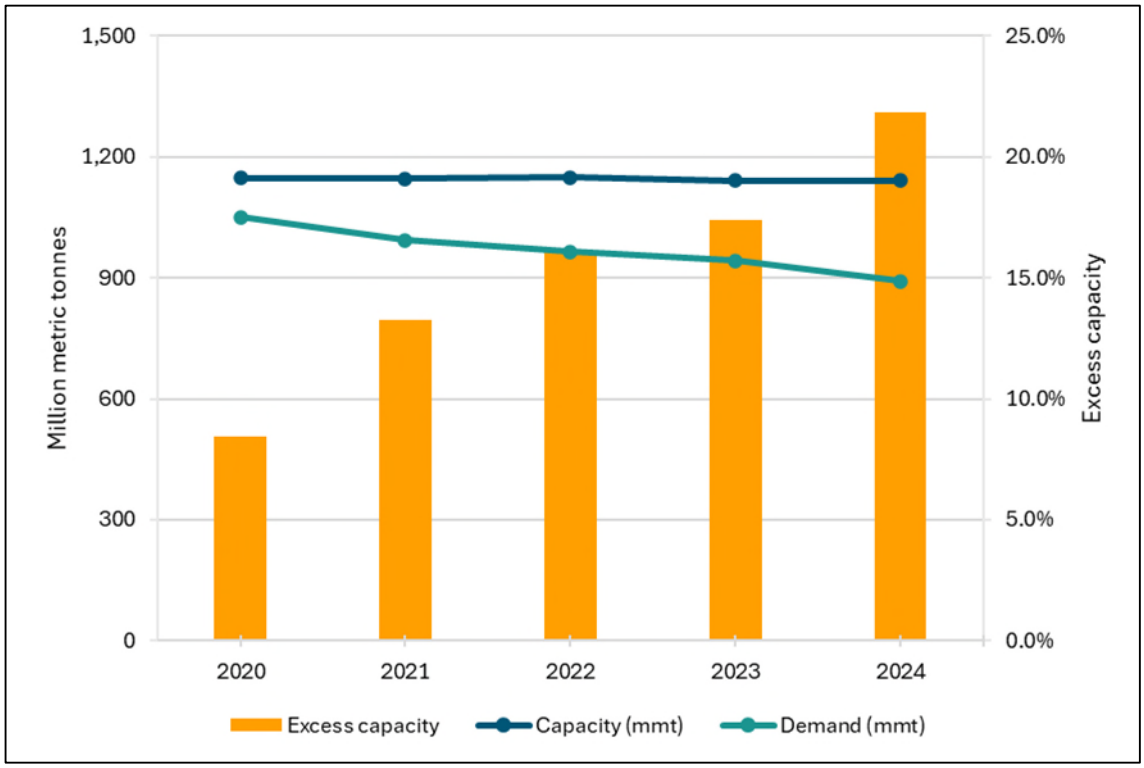

Figure 16: Chinese steel excess capacity[120]

The Commissioner considers that the excess capacity in the Chinese steel market is influenced by historical and current involvement of the GOC, through direct and indirect means.

A6.1.1 Distortive effects of excess capacity

The Commissioner considers that excess capacity results in several distortive effects to the steel market in China. The GFSEC notes that where excess capacity exists, it results in a situation where 'steel is oversupplied and prices and profitability are lower than what normal market conditions would dictate'. In other words, the excess capacity is market distorting.'[121]

This is supported by CREA data (shown in Figure 17). It estimates that Chinese steel market profitability has severely deteriorated since 2021. Figure 17 also demonstrates a sustained divergence between production and apparent steel use.[122]

[120] Confidential attachment 18 – Chinese excess capacity.
[121] GFSEC, 'Steel exports, trade remedy actions and sources of excess capacity', *GFSEC*, 2024, p 6.
[122] The difference between crude steel production and apparent steel use.

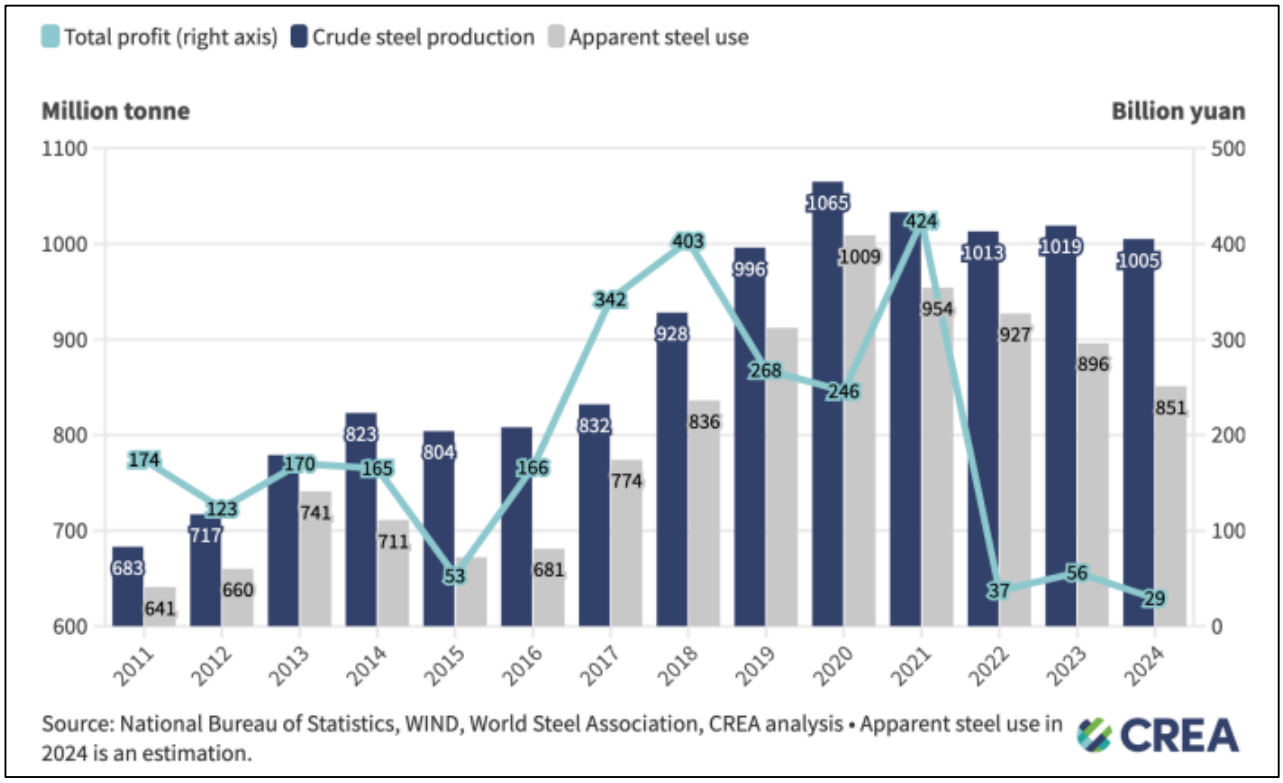

Figure 17: China's crude steel production, apparent steel use and sector profits, 2011-2024[123]

The Commissioner considers that excess capacity has contributed to steel oversupply in China, resulting in depressed prices. This oversupply and depressed pricing would not be as prevalent if excess capacity was not at existing levels.

Consistent with the analysis in A5, the commission also considers that excess capacity contributes to increased reliance on export markets as a means of absorbing surplus production. The observed increase in export volumes, and divergence between export volumes and export values, is consistent with market conditions characterised by excess supply.

A6.1.2 Factors contributing to excess capacity

Excess capacity is the gap between capacity and demand. The commission has examined factors contributing to these 2 areas.

Factors contributing to capacity

The Commissioner considers that the high proportion of BF-BOF for steel production in China is a contributing factor to excess capacity. Blast furnaces need to operate continuously and have long operational lifespans, contributing to over-production and excess capacity.

BF-BOF accounts for approximately 90% of crude steel production in China.[124] Due to the nature of blast furnace operation, it is preferable to run them continuously as they are

[123] B Schäpe and X Shen, 'China - Steel industry decarbonisation biannual review - H2 2024', *CREA*, 2025.
[124] L Myllyvirta and X Shen, 'China's steel sector invests USD 100 Billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments', Centre for Research on Energy and Clear Air (CREA), 2023.

difficult to start and stop. This is highlighted by recent reporting from Shanghai Metal Market (SMM) that the blast furnace operating rate was 86%, with capacity utilisation of 88%.[125] Reductions in blast furnace operation were attributed to maintenance, which is one of the few times that operations are stopped. The high utilisation rates result in an incentive to produce steel even in circumstances where it may not be financially viable (as indicated by falling profits in Figure 17). As examined later in this report, support provided by the GOC allows steel firms to continue operating on non-commercial terms (see appendices A6.2 and A6.3)

Data from the Global Energy Monitor indicates that the average age of blast furnaces in China is about 12 years.[126] Coupled with operating lifespans of over 40 years, this suggests that China's blast furnace capacity will not reduce in the near future.[127]

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

The OECD found:[128]

> *The rise in China's position in the global steel industry is not a purely market-driven outcome. Instead, it reflects a steel industry expansion driven by market-distorting subsidies and other non-market policies and practices.*

This is similarly concluded by the GFSEC:[129]

> *The review process of the GFSEC clearly indicated that China's excess capacity was grounded in market-distorting government interventions and other non-market factors.*

The commission has further examined the GOC influence in the Chinese steel market in appendices A6.2 and A6.3.

Decreasing domestic demand for steel

Research shows that demand for steel in China's building and construction industry has decreased since its peak in 2020.[130] Although demand has shifted to other sectors, the downturn in the building and construction industries has resulted in a net decrease in steel demand since 2020 (Figure 13). Over the same period, China's steel capacity has remained consistent (Figure 16).

The OECD forecasts that steel demand in China is expected to continue declining over the medium term, including contraction in the near term.[131] Any decrease in demand without a matching decrease in capacity indicates that excess capacity is likely to continue.

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[125] Shanghai Metal Market (SMM), 'Increased Blast Furnace Maintenance, Hot Metal Output Growth Falls Short of Expectations', SMM, 17 September 2025, accessed 23 September 2025.
[126] Global Energy Monitor (GEM), 'Steel has a fossil fuel problem, and it's called the blast furnace', GEM, 2025, accessed 23 September 2025.
[127] GEM reports that the average age of blast furnaces outside of China is 42 years.
[128] OECD Steel Outlook 2025.
[129] GFSEC, 'Steel exports, trade remedy actions and sources of excess capacity', GFSEC, 2024, p 6.
[130] BHP, 'Visualised: China's steel demand through time', BHP website, 18 July 2024, accessed 23 June 2025.
[131] OECD Steel Outlook 2025, Table 4.3.

A6.1.3 GOC measures aimed at reducing excess capacity

The commission recognises that the GOC has made commitments to reduce excess capacity. However, while there have been numerous initiatives to address excess capacity, it remains an ongoing issue which results in distortive effects on the Chinese steel market.

One of the major initiatives for reducing capacity is through the transition from BF-BOF steel production to the use of electric arc furnaces (EAF). This transition also achieves the GOC's goal of reducing carbon emissions associated with steel making. However, the effectiveness of the transition has been limited.

CREA reporting states that EAF steelmaking has remained at 10%, below the 2025 goal of 15%.[132] The reasons behind the stagnation in EAF share include low recycling rates and lack of economic incentives. Further, data from the CREA shows that from 2017 to 2023, blast furnaces accounted for 99% of new ironmaking capacity and BOF accounted for 70% of new steelmaking capacity.[133]

The replacement of BF-BOF with EAF is also hindered by limitations in steel scrap supply, and the generally higher prices for EAF-produced steel, limiting its competitiveness compared to BF-BOF.[134] This is also affected by the real estate downturn in China, a major area of demand for EAF-produced steel. If China is to meet its planned goals for EAF transition, the Commissioner considers that further investment and other policy support will be required. This would increase the risk of market distorting effects due to increased GOC involvement in the Chinese steel industry.

In response to the slow transition in steelmaking capacity, the GOC suspended approvals for steel capacity replacement in August 2024 in order to revise its plans.[135] This move was made to address issues with the implementation and changing requirements of the steel industry in relation to steel capacity replacement.[136] Reporting by S&P Global states that 'the move seems to be too late as the current steel capacity has already exceeded demand, and more brand-new facilities, which have already received approvals, are planned to come on stream from the remainder of 2024 to 2026'.[137]

In addition to the limited effectiveness so far of the transition in steel capacity, these measures can also have the opposite effect. A report by Wiley Law identified instances that resulted in an increase in capacity through investment in EAF facilities.[138]

The commission also considers that the absence of specific targets in the GOC's plans for reducing capacity may hinder their effectiveness. Outside of a general target for yearly

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[132] X Shen and B Schäpe, Urge for reform: blast furnace glut in China erodes profitability and hinders green steel transition, CREA website, 2025.
[133] China's steel sector invests USD 100 billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments, Table 1.
[134] CREA, China – Steel industry biannual review – H2 2024, p 9.
[135] J Zhang, 'China's latest steel capacity swap move not enough to curb industry expansion', S&P Global website, 29 August 2024, accessed 3 October 2025.
[136] MIIT, 'Notice from the General Office of the Ministry of Industry and Information Technology on Suspending Steel Capacity Replacement Work', MIIT website (Google translate), 22 August 2024, accessed 6 October 2025.
[137] J Zhang, 'China's latest steel capacity swap move not enough to curb industry expansion', accessed 3 October 2025.
[138] A Price, R DeFrancesco, III and A Teslik, 'Shell Game: Case Studies in Chinese Steel Subsidies', Wiley Rein LLP, 2024, accessed 26 June 2025, 'Scrap support' pp 26-27.

growth (4%), there are limited or no targets for how the reduction in capacity will be achieved – for example, the most recent *Work Plan for Stabilising Growth in the Steel Industry* only states that the GOC will implement precise control of production capacity and output and increase capacity reduction and replacement efforts.[139]

The Commissioner considers the limited effectiveness of the GOC's measures to reduce capacity means that the problem of excess capacity remains.

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

The planning system in China is complex and involves many levels of government, each with their own planning documents. The various plans cover almost all areas of the Chinese economy, and many have a direct or indirect effect on the Chinese steel market.

The Commissioner considers that the GOC's plans are more than a high-level guide for the direction of the relevant sectors. Through the creation of the Five-Year Plans to the subsequent guiding opinions and supporting plans, the GOC exercises direct control of areas of the Chinese economy, including the steel market.

The commission notes there is difficulty in sourcing the exact planning documentation due to the fragmented nature of the planning system in China and unavailability of certain websites outside of China. As plans are managed by the various authorities, publication of planning documents may be limited to summaries, or not available at all on the relevant authority's website. The commission has used information directly from the relevant authority's websites, where available, in summarising the various plans.

The authorities which manage and implement the various plans, include, but are not limited to:

- The State Council of the People's Republic of China (State Council)
- National Development and Reform Commission (NDRC)
- State-owned Assets Supervision and Administration Commission of the State Council (SASAC of the state council)
- Ministry of Industry and Information Technology (MIIT)
- Ministry of Ecology and Environment (MOEE)
- Ministry of Natural Resources
- Ministry of Commerce
- State Administration for Market Regulation
- National Energy Administration
- other provincial or local government bodies.

A6.2.1 Distortive effects of the GOC planning system

Through its various plans, the GOC can influence specific and broader trends in the steel industry, particularly around capacity and production. The GOC can ensure that these plans are followed through enforcement mechanisms. Accordingly, the Commissioner considers that the GOC's plans have caused distortive effects on the Chinese steel industry. This includes:

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

- contributing to excess capacity through various means, including directives to increase steel capacity
- plans and directives that lead to underperforming firms continuing to operate
- destabilising effects from short timeframes given for entities to respond to certain plans
- conflicts in the plan's directives and entity's incentives leading to limited effectiveness
- effects on production levels, and by extension, pricing.

Mechanisms through which the Commissioner considers the GOC can enforce GOC plans include the presence and role of SOEs within the broader steel industry, the role of the NDRC, and explicit enforcement mechanisms.

The GOC, where it is also the majority owner of an SOE, can exert its influence through the appointment of board directors and chief executives.[140] As discussed in appendix A6.3, SOEs' significant share of total Chinese steel production and propensity to follow government guidance and directives ensures that the GOC can influence broader trends in industry capacity and steel production. Similarly, the NDRC, through its dual role of developing planning guidelines and approving large-scale investment projects, has the capacity to ensure that the central government's objectives are implemented at the industry level.

Examples of enforcement mechanisms are reflected in the *Notice of the State Council on Further Strengthening the Elimination of Backward Production Capabilities and Guidelines*.[141] Mechanisms to address non-compliance in that State Council directive include:

- revoking of pollutant discharge permits
- restrictions on financial institutions providing new credit support
- restrictions on examination and approval of new investment projects
- restrictions on approval of new land for use by the enterprise
- restrictions on issuing of new, and cancelling of existing, production licences.

Additionally, the 15th Five-Year Plan (2026–2030), approved by the National People's Congress in March 2026 (discussed in detail below), reinforces the enforceability of GOC industrial plans. Key implementing bodies are identified as the NDRC, MIIT, and SASAC, with the NDRC continuing to regulate crude steel output and enforce capacity controls. For example, the NDRC has confirmed that during the 2026–30 period China will '*continue to regulate crude steel output'* and *'prohibit the addition of illegal new [steel] capacity'*, effectively capping annual steel production below recent peak levels.[142]

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

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[140] D Zhang and O Freestone, 'China's unfinished state-owned enterprise reforms', *Economic roundup issue 2, 2013*, the Treasury, Australian Government, 2013, accessed 25 March 2024.
[141] State Council, 'Notice of the State Council on further strengthening the elimination of backward production capacities', State Council website (Google translate), 6 February 2010, accessed 25 March 2025.
[142] Reuters, 'China pledges to control steel output during 2026–2030 period', 26 Dec 2025.

Fenwei Plain).[143] These measures aim to ensure a net reduction of total capacity and prevent regions with stricter environmental targets from increasing steel output.

Under the 15th FYP's emphasis on sustainability, the GOC is actively promoting green and low-carbon development in steelmaking. Policy documents encourage the accelerated expansion EAF production (to increase the share of scrap-based steel) and the development of hydrogen metallurgy (to eventually replace some coal-based ironmaking), as pathways to reduce carbon emissions and improve energy efficiency.[144] At the same time, the 15th FYP period will see enhanced environmental regulation: China is implementing a 'dual control' system for carbon emissions, setting binding carbon-intensity targets alongside an emerging system of total-emissions control ('dual control of carbon') in key industries including steel.[145] The steel sector is being integrated into a strengthened national emissions trading scheme and is subject to increasingly strict quotas and monitoring to meet the country's 2030 carbon peaking goal.

Another significant regulatory development under the 15th FYP is the introduction of an export licensing system for steel-related products. Effective 1 January 2026, China requires export licences for over 280 categories of steel and ferroalloy products, covering the industry's entire value chain from raw materials to finished steel goods.[146] This new mechanism, implemented via a joint MOFCOM and Customs Announcement No. 79 (2025), provides the GOC with an administrative mechanism capable of constraining or pacing export flows, thereby managing domestic supply and mitigating the global impact of China's excess steel output. In practice, the licensing requirement gives the government discretion over export approvals, which could be used to slow or constrain exports in response to domestic market conditions or external trade tensions.

Finally, the GOC's plans continue to rely on the consolidation and strengthening of SOEs as a means of policy enforcement. SASAC is tasked under the 15th FYP and related directives with enhancing the efficiency, competitiveness, and strategic alignment of state-owned steel producers. Recent high-level policy statements, for example, a major CPC Central Committee resolution in July 2024, explicitly call for making *state-owned capital and enterprises 'stronger, better, and larger,' with enhanced core functions and competitiveness*.[147] This policy direction has manifested in ongoing SOE mergers and restructurings in the steel industry (such as the creation and expansion of China Baowu Steel Group), which the GOC utilises to assert greater control over production and investment decisions. The strong focus on expanding and fortifying SOEs, as reaffirmed in the 15th FYP, indicates that state-owned enterprises will continue to serve as key levers for the GOC to implement its industrial policies in the steel sector.

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

[144] Ibid.

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

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

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

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

A6.2.2 Overview of GOC plans relevant to the overall Chinese economy

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

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

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

The 14th Five-Year Plan (FYP) for national economic and social development was released on 12 March 2021, in force until very recently. The GOC provided a copy of the 14th FYP as part of RGQ 658.[148]

This plan outlines the GOC's goals, principles and targets for infrastructure, the environment, financial services, health and social, and economic development for the 5 years to 2025. It has a strong emphasis on the modernisation and decarbonisation of the manufacturing industry through promoting green developments and a focus on capping energy utilisation. Notably, this plan includes mention of 'transforming and upgrading traditional industries', including the iron and steel industries.

The Commissioner considers that the 14th FYP affects the Chinese steel market in several ways, including:

- a push to transition away from blast-furnace based steel production to EAF
- financial support for areas of focus, including in the manufacturing sector
- a focus on building supply chains which are not subject to outside interference
- continuing reform of the state-owned sector.

Various ongoing efforts in SOE reform

Since at least 1978, the GOC has pursued reform of the state-owned sector. These reforms have progressed in several stages, with the most recent stage beginning in 2012.[149] A major milestone in SOE reform was the establishment of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC of the state council) in 2008.[150] Since that time, SASAC of the state council has governed the management of SOEs.

Reforms have also resulted in the promotion and consolidation of SOEs, including the build-up of the (at the time) Baosteel Group, resulting in its eventual merger with Wuhan Iron and Steel Corporation in 2016 to form China Baowu Steel Group Corporation Ltd

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[148] EPR 658, no 8.

[149] Gu, T. (2024). The latest round of China's state-owned enterprise reforms: the state advances, the private sector retreats? *Cogent Social Sciences*, *10*(1). https://doi.org/10.1080/23311886.2024.2443033.

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

(Baowu Group), of which Masteel is a subsidiary.[151] Following the merger, Baosteel Group went from the fifth largest steel producer in the world, to the Baowu Group being the second largest in the world from 2015 to 2016. Following further mergers and acquisitions, the Baowu Group is now the largest producer of crude steel in the world.[152]

The significance of SOEs to the broader Chinese economy, including the steel market, is reflected in the State Council of China's *Guiding Opinion on Promoting the Structural Adjustment and Reorganization of Central Enterprises*.[153] In introducing this guidance, the State Council notes the important role of SOEs in actively promoting structural adjustment, optimisation of structural layout and quality improvement within the Chinese economy. The guidance also indicates that the State Council will deepen reform of SOE policies and arrangements to optimise state-owned capacity allocation, promote transformation and upgrading. Details concerning the promotion of central enterprises restructuring and reorganisation include the 'safeguard measures' theme, the strengthening of the organisation and leadership of SOEs, strengthening of industry guidance, increased policy support and improved support measures more generally.

More recently, the *Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization* was published.[154] This resolution further reinforces the support to strengthen SOEs, stating reforms will help 'state capital and SOEs get stronger, do better, and grow bigger, with their core functions and core competitiveness enhanced.'

The Commissioner considers that the strong focus on SOE reform in China supports that SOEs continue to be a key lever for the GOC to exert control over the Chinese economy, and by extension, the Chinese steel market.

The commission has further examined the effect of SOEs on the Chinese steel industry in appendix A6.3.

15th Five-Year Plan (under development, 2026-2030)

China's 15th FYP for national economic and social development was officially approved in March 2026 by the National People's Congress.[155] The plan builds upon the 14th FYP and continues to prioritise environmental sustainability, technological self-reliance, and high-quality development. The Commissioner considers that the 15th FYP affects the Chinese steel market in several ways, including:

- Continued enforcement of crude steel output controls, with the NDRC reaffirming its mandate to regulate production levels and maintain output below peak levels[156]

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[151] China Baowu Steel Group Corporation Limited (Baowu Group), Company Profile, Baowu Group website, n.d., accessed 6 October 2025.
[152] WorldSteel Association (WSA), 'World steel in Figures 2025', WSA website, n.d., accessed 20 June 2025.
[153] SASAC, 'Guiding Opinions of the General Office of the State Council on Promoting the Structural Adjustment and Reorganization of Central Enterprises', SASAC website (Google translate), 29 July 2017, accessed 1 October 2025.
[154] Xinhua, 'Resolution of CPC Central Committee on further deepening reform comprehensively to advance Chinese modernization', Theory China website, 21 July 2024, accessed 3 October 2025.
[155] Global Times, 'Chinese lawmakers approve outline of 15th Five-Year Plan,' March 2026.
[156] Amy Lv & Ryan Woo, 'China pledges to control steel output during 2026–2030 period,' Reuters, 26 Dec 2025.

- Strengthened restrictions on the addition of new steelmaking capacity, including a stricter capacity swap policy and a ban on capacity transfers in key regions[157]
- Promotion of green and low-carbon development, including the expansion of EAF steelmaking and hydrogen metallurgy[158]
- Enhanced environmental and carbon emissions regulations, including the implementation of dual control targets for total carbon emissions and intensity[159]
- Introduction of an export licensing system for steel-related products, enabling the GOC to manage export volumes and mitigate global trade tensions[160]
- Continued consolidation and strengthening of SOEs, with SASAC tasked with enhancing the competitiveness and strategic alignment of state-owned steel producers.[161]

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

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

A6.2.3 Overview of GOC plans relevant to the Chinese steel market

The following is a summary of the key themes and objectives of major GOC planning guidance and directives that affect the Chinese steel market specifically. Many of these plans are focused on curbing excess capacity in the steel industry, as well as managing the transition towards a green economy.

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

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

- Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry (2024-2030): A joint NDRC-MIIT-MEE-MSAMR-NEA initiative focusing on reducing energy consumption and emissions in steel production over the 2024–2030 period, aligning with China's carbon peaking and neutrality goals [162]

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[157] Cheng Yu, *'*China unveils draft rules to curb new steel capacity, tighten green standards*',* China Daily, 27 October 2025

[158] Ibid.

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

[160] Ibid.

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

[162] GOC, 'Notice from the National Development and Reform Commission and other departments on Issuing the 'Special Action Plan for Energy Conservation and Carbon Reduction in the Iron and Steel Industry'', GOC website (Google translate), 27 May 2024, accessed 3 October 2025.

- Work Plan for Stabilising Growth in the Steel Industry (2025-2026): A 2-year plan issued jointly by MIIT and 4 other central departments in August 2025. It aims at ensuring the steady operation of the steel sector, curbing overcapacity, and accelerating the transition to greener and more advanced production [163]
- Work Plan for Stable Growth in the Steel Industry (2023-2024): An earlier short-term plan issued in August 2023 by 7 ministries (MIIT, NDRC, Ministry of Finance, MNR, MEE, MOFCOM, and GACC) with similar objectives of maintaining stable growth while managing capacity. [164] Many measures in this plan (such as dynamic output control, capacity discipline, and stimulus for innovation and green upgrades) were continued and expanded under the subsequent 2025–2026 Work Plan.
- Guiding Opinion on Promoting High-Quality Development of the Iron and Steel Industry (2022): A policy directive in January 2022 by MIIT, NDRC, and MEE outlining the long-term modernisation and consolidation of the steel industry [165]
- 14th Five-Year Plan for the Development of Raw Materials Industries (2021-2025).[166]

These plans reinforce that the steel industry is a key pillar industry for the Chinese national economy.

Although there have been changes over time to the GOC's goals, the broad areas of focus of these plans include:

- setting targets for growth (typically around 4% annually in value-added output), while prioritising 'reasonable growth' over sheer volume
- improving capacity regulation and output management
- stabilising raw material supply, including restrictions on exports of some raw materials
- setting energy efficiency and ultra-low emissions benchmarks for steel enterprises
- promoting upgrades to steel production to be more efficient
- improved utilisation of surplus energy and by-products in steel production
- increasing the proportion of (electric arc furnace) steel production (short-process steelmaking) and encouraging new low-carbon technologies such as hydrogen metallurgy
- promoting corporate mergers and restructures to consolidate the industry under stronger players
- promoting the elimination of 'backward' production capacity (production facilities that are below industry standard)
- financial support and tax incentives to promote implementation of these objectives.

Implementation of these plans involve coordination between multiple areas of government including the NDRC, MIIT, MOEE, the State Administration for Market Regulation, and the National Energy Administration.

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[163] MIIT, 'Notice from Five Departments on Issuing the 'Work Plan for Stabilizing Growth in the Steel Industry (2025-2026)'', MIIT website (Google translate), 22 September 2025, *accessed* 3 October 2025.
[164] MIIT, 'Notice from Seven Departments on Issuing the 'Work Plan for Stabilizing Growth in the Steel Industry'', MIIT website (Google translate), 25 August 2023, accessed 3 October 2025.
[165] National Development and Reform Commission (NDRC), 'China issues roadmap for high-quality development of iron and steel industry', NDRC website, 25 March 2022, accessed 3 October 2025.
[166] As of 2026, this plan has concluded with the end of the 14th FYP period. An updated raw materials industry plan has been introduced in the 15th FYP.

In addition to the steel-specific plans, there are several broader national plans that include the steel industry among other sectors. These include:

- *Circular Economy Development Plan for the 14th Five-Year Plan (2021-2025)*[167]
- *14th Five-Year Plan on Developing Scrap Steel Industry (2021-2025)*
- *14th Five-Year Plan on Promoting Clean Production (2021-2025)*
- *Action Plan for Continuous Improvement of Air Quality (2023)*[168]

These plans and policy instruments echo many of the GOC's overarching goals for the steel industry. Common focus areas relevant to the steel industry include development of green steel production, promotion of the circular economy (minimising waste and maximising reuse, with an emphasis on steel scrap recycling), development of urban recycling systems, and the use of tax incentives and other financial support to encourage compliance and implementation.

The central role of the GOC in the Chinese steel industry is evident through all these planning documents and directives. By using its plans as blueprints for policy and enforcement, the GOC has materially influenced the historical and current conditions in the Chinese steel industry and its raw material markets.

A6.2.4 Effects of the GOC's plans on the Chinese steel market

The Commissioner considers that the GOC's plans have resulted in real effects on the Chinese steel market. This is most evident through the significant excess capacity within the Chinese steel industry. Excess capacity due to GOC's policies has resulted in the following ways:

- **Restriction of free-market forces in industry development**: The direction of the GOC's plans, and the extensive involvement of the state in the steel sector, have restricted the ability of free-market forces to shape the industry's development. The substantial level of GOC intervention – through planning targets, administrative guidance, and support measures – has led to a situation in which the Chinese steel industry is dominated by SOEs (see Table 25). SOEs are more likely to adhere to GOC plans and directives, and their dominance (due to their size and government backing) leaves little room for market-driven decisions by non-SOEs to influence outcomes independently of state influence

[167] NDRC, 'Notice on Issuing the 14th Five-Year Plan for Circular Economy Development', NDRC website (Google translate), 7 July 2021, accessed 6 October 2025.
[168] State Council, 'Notice from the State Council on Issuing the Action Plan for Continuous Improvement of Air Quality', State Council website (Google translate), 7 December 2023, accessed 9 October 2025.

- **Contradiction between stated policy aims and actual outcomes:** Many of the GOC's recent plans profess aims such as reducing excess capacity and lowering carbon emissions (for example, by closing or converting BF-BOF capacity and replacing it with EAF capacity). However, the actual effect of these plans to date has fallen short of those aims. As evidenced by industry data (see Figure 16), there has been limited success in reducing total capacity. In practice, China's crude steel production has remained at very high levels. For instance, crude steel output in 2025 was slightly lower than its peak but still on the order of 1 billion tonnes (a volume consistent with persistent oversupply) and China's steel exports reached record highs in that year.[169] This outcome illustrates the ongoing gap between the GOC's stated goals (to cut excess capacity and rebalance the industry) and the reality of continued high production and capacity.[170]

The GOC has itself acknowledged this contradiction. In August 2024, the authorities suspended all new steelmaking project approvals to provide time to review and adjust policies aimed at reducing overcapacity. [171] Subsequently, as part of the 15th FYP initiatives, stricter capacity control measures were introduced. In late 2025, the MIIT issued draft revised capacity replacement rules to reinforce capacity discipline, these proposed rules would, among other things, ban new steel capacity in key regions, strictly limit capacity transfers between regions, and increase the minimum ratio of old capacity that must be eliminated when installing new capacity (generally a 1.5:1 retirement-to-new ratio, higher than previous requirements).[172] These steps underscore the GOC's determination to correct the course where earlier policies did not fully achieve the intended capacity reductions.

Despite these interventions, significant excess capacity remains a feature of the Chinese steel market. Financial assistance from the GOC, such as below-market-interest loans, bonds, and grants, has allowed many steel firms to continue operating even under conditions that would likely force a free-market firm to cut production or exit. This is particularly the case for large SOEs, which have been found to be the main recipients of such support. [173] Without this assistance, many SOEs would experience substantially reduced performance or commercial viability. [174] Instead, government support has often been used by firms to upgrade or replace ageing infrastructure without substantially downsizing. Old facilities may be closed, but they are frequently replaced with new ones of equal or greater capacity (albeit more efficient and less polluting). [175] While this process improves environmental performance on a per-unit basis, the fundamental problem of excess capacity is not resolved if the total capacity does not meaningfully decline.

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[169] Reuters, 'China's crude steel output hits seven-year low in 2025 despite record exports,' Economic Times Manufacturing, 19 January 2026.
[170] Transition Asia, 'China's pause on steel policies marks an opportunity on low carbon production,' September 2024.
[171] J Ling, 'Pause on steel projects shows challenges of China's green transition', Dialogue Earth website, 12 November 2024, accessed 9 October 2025.
[172] China Daily, 'China unveils draft rules to curb new steel capacity, tighten green standards,' 27 October 2025.
[173] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 2.
[174] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.
[175] A Price, R DeFrancesco, III and A Teslik, 'Shell Game: Case Studies in Chinese Steel Subsidies', Wiley Rein LLP, 2024, accessed 26 June 2025.

The consolidation of SOEs through successive waves of SOE reform has also tended to maintain or even increase overall capacity. The commission would have expected that smaller, less efficient steel firms would be closed as part of the push to reduce capacity. However, in practice the GOC has often pursued mergers and acquisitions (consolidating those firms into larger entities) rather than allowing them to shut down entirely. This approach has sometimes led to greater combined capacity under the new consolidated enterprises. The clearest example is the creation and expansion of China Baowu Steel Group: Baowu was formed by the merger of Baosteel and Wuhan Iron & Steel in 2016, becoming the world's second largest steel producer at that time. Following further state-driven mergers and acquisitions (absorbing several other steel producers), Baowu Group is now the largest producer of crude steel in the world.[176] This consolidation has not reduced China's total steel capacity; instead, it has concentrated capacity under state-controlled firms. The strong focus on strengthening and expanding SOEs, as reaffirmed in recent policy statements and the 15th FYP, indicates that this pattern (state-led consolidation rather than widespread capacity liquidation) will continue.

In summary, the GOC's plans and the way they are enforced have materially influenced conditions in the Chinese steel market. These plans have encouraged high levels of production capacity (often more than what purely market-driven demand would dictate) by shielding the industry from some market pressures and by actively directing its development. The result has been a steel industry characterised by chronic excess capacity and state-supported supply, which in turn has influenced steel prices domestically and internationally. This is evident in the need for administrative measures to curb output and the continued presence of surplus production seeking outlets (such as export markets). The Commissioner considers that the intersection of GOC policy aims and their implementation, including the paradox between capacity reduction goals and growth/support measures, has significantly contributed to the sustained excess capacity and associated market distortions in the Chinese steel industry.

A6.3 State ownership in the Chinese steel industry

The Commissioner considers that SOEs make up a significant part of the Chinese steel industry. The Commissioner identified that, for the largest 10 Chinese steel firms by production, 70% of production was by SOEs in 2024. Crude steel production by these 6 SOEs alone accounted for 30% of total crude steel production in China in 2024.

[176] World Steel Association. (2024, June). *World Steel in Figures 2024*. As cited in SEAISI. China's Baowu retains the largest steelmaker spot in 2023. https://www.seaisi.org/details/24848?type=news-rooms

Table 37 outlines the 10 largest steel producing companies in China as well as whether they are state-owned.

Company or group	State-owned	Crude steel production (MMT)
China Baowu Group	Yes	130.09
Ansteel Group	Yes	59.55
HBIS Group	Yes	42.28
Shagang Group	No	40.22
Jianlong Group	No	39.37
Shougang Group	Yes	31.57
Delong Steel	No	29.33
Hunan Steel Group	Yes	24.90
Jingye Group	No	22.72
Shandong Steel Group	Yes	19.45
Total SOEs in Chinese top 10		**307.84**
Total Chinese top 10		**439.48**
Total China		**1,005.10**

Table 37: Largest 10 Chinese steel firms by production in 2024[177]

The OECD has found that state enterprises can benefit from certain advantages, including:

- direct and indirect subsidies, which increase with the extent of state ownership
- non-neutral application and enforcement of competition rules
- discriminatory public procurement rules and practices
- forced technology transfers.[178]

The OECD has also found that '*despite benefitting from these advantages, data indicate that SEs [state enterprises] tend to underperform financially, as assessed by their returns on assets and equity, which often decline with the proportion of company shares held by state entities.*'

A6.3.1 Distortive effects of state ownership

In addition to the effects of the various GOC policies described in section A6.2, the Commissioner considers that SOEs can distort conditions in the Chinese steel market in the following ways:

- GOC support allows SOEs to develop production capacity
- SOEs can operate on non-commercial terms for extended periods, contributing to excess capacity
- SOEs are insulated from free-market price and profit signals

[177] WorldSteel, '[World Steel in Figures 2025]', WorldSteel website, June 2025, accessed 20 June 2025. The commission has used publicly available information to determine whether entities are SOEs.
[178] OECD (2024), 'Quantifying the role of state enterprises in industrial subsidies', *OECD Trade Policy Papers*, No. 282, OECD Publishing, Paris, https://doi.org/10.1787/49f39be1-en. The OECD uses the term 'state enterprise' over 'state-owned enterprises'.

- Difficulty of private enterprises to compete and 'level the playing field'.

The commission does not consider that the presence of SOEs alone causes market distortions. However, the commission does consider that the presence of SOEs is likely to result in adherence with the GOC's plans and directives. The commission also considers that the support provided to SOEs by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese steel market.

A6.3.2 Support provided to SOEs

The commission has previously found that the support provided to SOEs by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese steel market.[179]

The Commissioner considers that this support is both financial and in other forms.

Financial support

A large degree of the support provided to SOEs is in the form of financial support.

The various ways the GOC financially supports SOEs acts to 'reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations'.[180]

Examples of the financial support mechanisms that enabled SOEs to sustain ongoing operational losses include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks.[181] A direct example of the support provided to SOEs in the Chinese steel market is that of Baowu Group. Fitch rating agency has found that Baowu Group's precedent of support was 'Very Strong', due to both the significant state-support provided during Baowu Group's creation in 2016 and continued support to boost Baowu Group's operating scale.[182]

The OECD had found that SOEs in China are larger recipients of subsidies than other China-based firms.[183] These subsidies were broadly categorised into grants, income-tax concessions, and below-market borrowings.

The sole cooperating exporter in this investigation, Masteel, is an SOE.[184] As outlined in chapter 7, the commission has found that Masteel received countervailable subsidies as part of the countervailing investigation. The effects of subsidisation on the domestic Chinese steel market are further examined in appendix A6.4.

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[179] DIIS, Analysis of steel and aluminium markets: report to the Commissioner of the Anti-Dumping Commission, Anti-Dumping Commission, DIIS, Australian Government, 2016, p 47 (*Commissioner's steel report*).
[180] DIIS, Commissioner's steel report, p 59.
[181] Liu and Song, 'Issues and prospects for the restructuring of China's steel industry', p 348.
[182] Fitch Ratings, Rating report - China Baowu Steel Group Corporation, Fitch Ratings website, 24 February 2025, accessed 25 September 2025.
[183] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, Figure 5.
[184] EPR 690, Item 14, Masteel REQ, section H-2, p42.

In relation to loans, the OECD has observed that SOEs are more likely to benefit from preferential access to finance relative to private firms.[185] Further, a summary of evidence by the European Commission (EC) identified persistent deferred or reduced loans in China, including to SOEs, in spite of GOC plans to reduce such practices.[186] The lack of enforcement of bankruptcy law is also an indirect form of financial support. The EC found that many instances of defaults or near-defaults of SOEs have been handled in ways which result in restructuring or eventual recovery, resulting in a maintenance of capacity.[187] These restructurings or recoveries were 'achieved without entering into any court-administered bankruptcy proceedings.' The benefits of these factors for SOEs results in an overall lower risk spread on debt for SOEs, based on implicit guarantees of support by the GOC.[188]

Other forms of support

As highlighted by the OECD, SOEs can receive other, non-financial, means of support. The OECD found that the application of competition rules varies between SOEs and private enterprises. A comparison found that of the 22 merger and acquisition approvals involving central SOEs, only one was not approved unconditionally.[189] This is contrasted to 3 prohibited mergers and 59 approved subject to remedies involving private enterprises.[190] In the case of the merger of various enterprises in the formation of the Baowu Group, this resulted in the creation of the largest steelmaker in the world, with the ability to have a significant influence over both the Chinese and global steel markets. This is contrasted to the proposed merger between Shougang Corporation and Hesteel Group Co., Ltd, allegedly prohibited on the basis that there was 'neither an agenda nor a directive for that in the State Council document'.[191]

A report by Wiley found that SOEs also receive support in the form of bailouts and acquisitions. A case study by Wiley found that struggling firms were brought into state-ownership through a complex restructuring process.[192] This had the effect of 'bailing out' the struggling firm though acquiring it, characterised by frequent use of revised loan terms and debt/equity exchanges.

Outcomes of support

The Commissioner considers that the support provided to SOEs in the Chinese steel industry has, and continues to, contribute to excess capacity. GOC support allows SOEs to operate in non-commercial ways, which results in SOEs continuing when they may otherwise have been shuttered in a more competitive market. This results in the non-commercial capacity remaining, despite the GOC's plans to reduce capacity.

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[185] OECD Economic Surveys: China 2022, p 78.
[186] European Commission (EC), Commission staff working document: on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations, document no SWD(2024)91 final, EC, European Union Government, 10 April 2024, accessed 3 June 2024, pp 178–179, 308–309 (EC report 2024).
[187] EC Report 2024, p 178.
[188] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, p15, p 78, and Figure 3.
[189] 'Central SOE' refers to enterprises in China that are owned and administered by the SASAC at the national level.
[190] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, pp 18-19.
[191] EC Report 2024, p 400.
[192] Wiley, Shell Game: Case Studies in Chinese Steel Subsidies, Chapter I: Bailouts and Acquisitions.

Examples of the outcomes of the non-commercial terms that SOEs operate under includes findings from the OECD that:

- performance with and without subsidies is poorer for SOEs compared to private enterprises[193]
- SOEs are less profitable per capacity than private enterprises and have higher levels of debt.[194]

A6.3.3 Role of the GOC in private firms

The Commissioner found in CON 632 that, while not expressly compulsory under law, private firms engage with the policies and objectives of the GOC by aligning their commercial interests with industry directives. Private firms also appointed party members on supervisory boards where relevant. An example of a private firm engaging in GOC policies is from Shagang Group, stating 'In the future, Shagang Group will conscientiously implement the State policy concerning the steel industry development.'[195]

The commission also notes that overcapacity arising from GOC influence impacts the overall market in ways that put downward pressure on prices, as do the unprofitable sales of firms (often SOEs) transacting at losses in the Chinese steel market. The high level of government intervention in the steel industry (in part due to the high share of SOEs) means that privately-owned enterprises are prevented from operating under market conditions.

A6.4 Subsidies

In general, the OECD has found that Chinese steel firms receive 5 times as much subsidisation as OECD partner countries.[196] The 3 main forms of subsidisation are below-market borrowings, income-tax concessions, and grants.

The commission has found that Masteel received subsidies in the form of grants, tax concessions, preferential loans and goods provided at less than adequate remuneration. Chapter 7 discusses these in detail.

A6.4.1 Distortive effects of subsidies

The primary effect of subsidisation of the Chinese steel industry is the continuation of excess capacity. Subsidisation allows for steelmakers to invest in capacity or to remain operational even under non-commercial terms. The OECD found that subsidisation may generate a misleading view of firm performance, for example, it can lead to profit levels which would not occur without subsidisation.[197]

A6.4.2 Subsidies received by exporters

As outlined in chapter 7, the commission has found that Chinese exporters received subsidies at margins ranging from 10.0% to 28.8%. Countervailable subsidy programs included grants, tax concessions and raw materials provided at LTAR. However, the

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[193] Quantifying the Role of State Enterprises in Industrial Subsidies, Figure 8.
[194] Quantifying the Role of State Enterprises in Industrial Subsidies, Figures 6 and 7.
[195] Shagang Group, Group Brief Introduction, Shagang Group website, n.d., accessed 26 June 2025.
[196] OECD, Steel Outlook 2025, Figure 3.4.
[197] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.

Commissioner's assessment of subsidies for the purposes of assessing whether a particular market situation exists is not limited to the specific countervailable subsidies received by exporters.

Subsidisation within the Chinese steel market is not limited to producers of FRW. As discussed further in this section, the Commissioner considers that subsidisation extends to other companies within the Chinese steel market, including companies who sell raw materials and utilities to manufacturers. Accordingly, the effects of subsidisation on the Chinese steel market are broader than the exporter-specific subsidisation that may be the subject of countervailing duties.

Below-market finance

According to OECD research, below-market borrowings are the largest form of subsidisation as a percentage of revenue in China.[198]

Below-market finance can take the form of either below-market borrowings (BMB) where a government provides support through debt financing, or below-market equity (BME) where a government provides equity finance on terms that are inconsistent with market principles. BMB enables companies to obtain debt financing on terms that are more favourable than available on the market – for example, preferential interest rates or government loan guarantees. BME is the provision of equity on non-market terms – for example, government equity infusions or below-market equity returns.[199] Below-market finance has the effect of reducing companies' cost of capital.

The OECD found that movements in steelmaking capacity tracked with below-market borrowings for the steel industry in China.[200] OECD has found examples of financing on non-market terms have been provided to firms that have high debt-to-asset ratios.[201] This has the effect of 'propping up' firms that may otherwise be underperforming, leading to those firms' capacities remaining when they may otherwise have been reduced. Due to the pervasiveness of BMB throughout China, this has the observable effect of perpetuating the issue of excess capacity.

In relation to the Chinese steel industry, BMB is the more relevant factor, as steelmakers typically rely more on debt finance as opposed to equity finance. However, the OECD has found that steel firms had benefited from BME.[202]

Grants

As grants are often specific in their focus, the overall effects on firms can be limited.[203] However, the Commissioner considers that grants are a clear indicator of the GOC's incentives to implement the GOC's plans, for example, grants may be provided to reduce emissions.

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[198] OCED, Quantifying the role of state enterprises in industrial subsidies, Figure 5.
[199] OCED, Measuring distortions in international markets: below market finance, p 5.
[200] OCED, Measuring distortions in international markets: below market finance, Figure 21.
[201] OECD, Measuring distortions in international markets: below market finance, p 36.
[202] OCED, Measuring distortions in international markets: below market finance, Figure 17.
[203] OECD, The market implications of industrial subsidies, para 54.

Income-tax concessions

The OECD found that income-tax concessions appear to benefit SOEs and private firms equally.[204] Income-tax concessions are also the lowest form of subsidisation as a percentage of revenue in China, compared to below-market finance and grants.[205] Further, tax concessions are limited in respect of the Chinese steel industry due to the nature of the steel industry. The steel industry is a heavy industry, characterised by being energy-intensive and reliant upon debt financing which generally leads to receiving more BMB.[206]

However, tax concessions can still serve as incentives for investment and serve as a signal of encouragement by the government. The commission also considers that tax concessions have an effect of creating incentives for firms to move to specific locations, for example, the commission has previously found that that preferential tax policies exist for enterprises located in certain zones.[207]

A6.5 GOC involvement in raw material markets

Based on the information provided by Masteel, the Commissioner considers that the main raw material involved in the production of FRW is steel billet, specifically, 'special steel billet'. Steel billet has in turn the following key raw materials used in its production:

- iron ore
- coal (thermal and coking)
- steel scrap
- electricity.[208]

The GOC's involvement in the markets for the raw materials used in steel production primarily has the effect of distorting prices for those raw materials. This has the cumulative effect of reducing the cost inputs into steel production, thereby reducing the cost of production for steel. The Commissioner considers that the resulting raw material prices are below what would have prevailed under normal competitive market conditions.

This is supported by findings by the EC, which considers that 'overall, consistent government intervention in the steelmaking raw materials market exists for the benefit of the steel industry and it has market-distortive effects.'[209] The EC has further found 'significant State interference including in relation to the costs of raw materials as these were not the result of free market forces they are affected by substantial government intervention.'[210] The Commissioner's analysis supports this conclusion.

A6.5.1 Iron ore

The Commissioner considers that the GOC's influence over the domestic iron ore market was limited in the period preceding the investigation period. Historically, iron ore pricing into China was largely determined through direct commercial negotiations between global

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[204] OCED, Quantifying the role of state enterprises in industrial subsidies, p 6.
[205] OCED, Quantifying the role of state enterprises in industrial subsidies, Figure 5.
[206] OECD, How governments back the largest manufacturing firms, p 12 and Figure 1.
[207] EPR 322, Item 55, Anti-Dumping Commission Report 322, Table 1.
[208] These are the primary raw materials used in BF-BOF steel production. EAF steel production does not use iron ore or coal.
[209] EC Report 2024, p 408.
[210] EC Report 2024, p 407.

mining companies and domestic steel producers. Under this market structure, steel producers were exposed to fluctuations in iron ore spot prices, particularly during periods of increased steel demand.

More recent developments, however, indicate a shift in procurement arrangements affecting iron ore supply into China. The Commissioner considers that the GOC has taken steps to increase its involvement in iron ore procurement through the establishment of state-directed coordination mechanisms.

The most notable of these is the establishment of China Mineral Resources Group Limited (CMRG) in 2022. CMRG is a SOE described as being 'dedicated to delivering secure, sustainable raw material supply services and tailored solutions for industries like steel.'[211] The Commissioner considers that CMRG was established, in part, to address China's strategic vulnerability in iron ore sourcing, particularly its reliance on imports from global mining companies and traders. In this context, the establishment of CMRG reflects the GOC's intention to exercise greater influence over iron ore procurement through a more centralised coordination framework.[212]

CMRG's influence in the Chinese iron ore market was not immediate.[213] However, available evidence indicates that CMRG has become increasingly prominent in iron ore procurement arrangements over time. Bloomberg has reported that CMRG represents more than half of Chinese steelmakers in negotiations with major iron ore suppliers and has displaced a share of private trading activity.[214]

Public reporting further indicates that, in the context of negotiations with suppliers, CMRG has at times coordinated purchasing arrangements relating to particular iron ore products. These arrangements have reportedly been associated with stockpiling activity and logistical effects observed at Chinese ports.[215] The Commissioner considers that this reporting is consistent with the broader pattern of centralised procurement and coordination, rather than isolated or ad hoc commercial conduct.

Bloomberg has also reported that CMRG has a greater tolerance for losses due to its state ownership and that, as its presence has expanded, established private trading houses have retreated from the market.[216] Bloomberg further reported in June 2025 that none of the major global iron ore miners had entered into long-term supply contracts with CMRG at that time, which appears to remain the case based on more recent reporting.[217] That reporting also noted that CMRG has engaged in spot market transactions involving iron ore sourced from Brazilian miner Vale. More recently, CMRG has reportedly suspended

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[211] China Minerals, www.cmr-co.com, China Minerals website (Google translate), n.d., accessed 15 October 2025.
[212] Baidu, China Mineral Resources Group Co., Ltd, Baidu website (Google translate), n.d., accessed 30 July 2025.
[213] T Parker, 'China iron ore buyer yet to deliver lower prices', *Australian Resources & Investment*, 29 May 2023, accessed 30 July 2025.
[214] K Gemmell, A Cang, 'Xi's giant iron ore trader is shaking up a $130 billion market', *MINING.COM (via Bloomberg)*, 19 June 2025, accessed 30 July 2025.
[215] See, for example, East Asia Forum, *China moves to regain iron ore market power*, 12 December 2025.
[216] Bloomberg (via Mining.com), 'Xi's giant iron ore trader is shaking up a $130 billion market,' 19 June 2025.
[217] K Gemmell, A Cang, 'China's giant iron ore trader expands clout selling Vale cargoes', *MINING.COM,* 5 September 2025, accessed 15 October 2025.

shipments of iron ore from BHP in the context of stalled negotiations relating to currency arrangements and long-term supply contracts.[218][219]

The commission notes that the relevance of these matters lies in their contribution to the broader market structure affecting steel input procurement, rather than in any individual commercial transaction or negotiated outcome.

Taken together, these matters reinforce the Commissioner's view that iron ore procurement in China is shaped by state direction and centralised purchasing mechanisms that are capable of influencing raw material cost formation and contributing to conditions that depart from normal market operation.[220]

A6.5.2 Coal

The Commissioner considers that the price of coal within China is influenced by the GOC. This influence has resulted in a situation of oversupply of coal within China leading to decreased pricing.[221]

Coal is used in 2 main forms for blast furnace steel production – as fuel for the blast furnace and as an agent to remove oxygen from iron ore. Coal is primarily used in the production of molten iron before it is turned into steel.

Coal has historically been an important industry over which the GOC desires 'absolute control'.[222] The GOC exercises control over the Chinese coal industry in the following ways:

- Requirements for export licencing for coke and coking coal.
- Limits on the production volume of coal.
- Various forms of subsidisation.
- Significant presence of SOEs.

The Commissioner considers that export licence requirements for coke and coking coal have the effect of limiting exports of those products. By limiting the export of coal, the GOC can ensure that more is available for domestic use, decreasing domestic prices.

The GOC has taken steps to try to reduce the oversupply of coal in the Chinese market, including production caps and closing of mines. Despite these efforts, there have been times where the GOC has reversed its policy and instead moved to increase production. This occurred following increases in coal prices in 2021, when the GOC gave permission to re-open previously closed mines in order to increase production and lower prices.[223]

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[218] J Pao, 'China's cargo ban gives new meaning to BHP's 'Broken Hill' origin', *Asia Times,* 1 October 2025, accessed 15 October 2025.
[219] This reporting is cited for context only and is not determinative of the Commissioner's findings.
[220] International trade authorities have recognised that state-directed coordination and allocation of key production inputs may give rise to distorted prices and costs, and the commission refers to such international practice by way of comparative context only.
[221] H Yermolenko, 'Coking coal prices in China fall amid oversupply', *GMK Centre,* 29 May 2025, accessed 16 June 2025.
[222] EC Report 2024, p 210.
[223] EC Report 2024, p 290.

There are also reports that mines have been exceeding production caps, with the National Energy Administration carrying out inspections to address overmining.[224]

The GOC provides substantial subsidies to the coal sector in China. The EC found that these subsidies occur in various forms including temporary tax and fee relief, investment in fixed assets, compensation for mines shut down under phase-out plans, VAT rebates, direct subsidies to listed coal companies, methane production subsidies, R&D support, and funding for exploration.[225] The scale of these subsidies was found to have effectively reduced Chinese coal prices by 4.2% in 2020, while increasing production by 7.6%.[226]

The EC found that SOEs represent 88% of assets in the mining and washing of coal industry.[227] As detailed in appendix A6.3, SOEs receive more support from the GOC, and are more likely to implement the GOC's plans and targets. The Commissioner considers this has the effect of perpetuating the situation of overcapacity.

A6.5.3 Steel scrap

The Commissioner considers that the domestic steel scrap market has been distorted by the influence of the GOC. The Commissioner considers that the GOC has distorted the steel scrap market in China in the following ways:

- Plans and directives from the GOC to encourage steel scrap utilisation.
- Duties on the export of steel scrap.
- Control over which entities can process steel scrap.
- Participation of SOEs in the steel scrap industry.

Many of the plans and directives discussed in appendix A6.2 serve to increase and improve steel scrap resource utilisation. As discussed in that section, as part of the move to green steel, the GOC aims to replace BF-BOF steel production with EAF. As EAF production requires steel scrap as the main raw material, this necessitates high scrap utilisation.

As part of its efforts to support the amounts of steel scrap required, the GOC has implemented a 40% export duty on steel scrap.[228] The high level of duty serves to discourage exports of steel scrap and instead serve to increase domestic supply. The GOC has also set targets for the amount of steel scrap utilised.[229]

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[224] Bloomberg News, 'China launches inspections to halt excessive coal production', *MINING.COM,* 22 July 2025, accessed 1 August 2025 and REQ – September 2025, section 4.3.
[225] EC Report 2024, p 293.
[226] S McFarlane, 'Explainer: Global fossil fuel subsidies on the rise despite calls for phase-out', *Reuters,* 23 November 2023, accessed 10 November 2025.
[227] EC Report 2024, p 354.
[228] Ministry of Finance of the People's Republic of China (MOFC), Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025, MOFC website (Google translate), 2025, accessed 25 June 2025, Attachment 3: Export Tariff Rate Table.
[229] For example, the 14th FYP for the Development of the Circular Economy sets a steel scrap utilisation target of 320 million tonnes.

The GOC also sets the criteria for entry into the steel scrap processing industry. Qualified enterprises can enjoy preferential policy benefits, including a 30% VAT refund.[230] This serves to reduce the operating costs of steel scrap processors.

China Resources Recycling Group Co., Ltd was created in October 2024 to build a national platform for recycling and reusing resources.[231] Baowu Group holds a 20% share in the group, with other SOEs holding the remaining shares. Although the group has only been recently established, the Commissioner considers that this demonstrates the GOC's ability to influence the steel scrap market in China through centralising control.

A6.5.4 Electricity

The Commissioner considers that the Chinese electricity market was distorted during the investigation period.

The electricity market in China is characterised by strong involvement of SOEs in various stages of the supply chain.[232]

The commission notes that this strong state presence is not confined to the electricity market but extends across the broader energy sector. Energy production, transmission and distribution in China are dominated by centrally and provincially owned energy SOEs, through which both national and provincial governments exert influence over market outcomes. Of the 96 centrally owned SOEs currently overseen by the State-owned Assets SASAC, 18 operate in the energy sector.[233] The EC has found that approximately 50% of China's power generation capacity is state-owned. In addition, almost the entire electricity transmission grid is owned and operated by 2 SOEs: the State Grid Corporation of China and the China Southern Power Grid.[234]

A6.5.5 Steel billet

The Commissioner considers that steel billet is the primary processed steel input used in the production of FRW and represents a substantial proportion of total FRW manufacturing costs. The forging and heat-treatment processes required to produce FRW rely on billets of specific steel grades, diameters, and metallurgical properties. As such, distortions affecting the Chinese billet market translate directly into distortions in the cost of manufacturing FRW. Consistent with the findings of REP 632 into railway wheels from China, the Commissioner considers that prices for billet in China during the investigation period did not reflect normal market conditions and were materially influenced by distortions present in the broader Chinese steel industry.

The commission notes that billet production in China is predominantly undertaken by BF–BOF operations, which must operate continuously and are therefore unable to adjust production in response to demand fluctuations. These technical and economic constraints

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[230] A Shi, 'China's MIIT announces 13th bath of qualified ferrous scrap suppliers', *MySteel,* 5 November 2025, accessed 10 November 2025.
[231] State Council, A new state-owned enterprise, China Resources Recycling Group Co., Ltd., was established, State Council website (Google translate), 18 October 2024, accessed 11 November 2025.
[232] EC Report 2024, p 265.
[233] Ibid.
[234] M Walker, 'Electricity Transmission and Distribution in China – Market Research Report (2015-2030)', *IBISWorld,* July 2025, accessed 3 November 2025.

contribute to chronic oversupply conditions, exacerbated by the excess steel capacity discussed in appendix A6.1.

The GFSEC reported that global steel excess capacity increased by 5.6% in the first half of 2025, with the expansion driven primarily by China.[235] This reflects a broader structural imbalance in the global steel market in which production capacity continues to grow despite weakening demand conditions.[236] According to the GFSEC Bulletin, excess capacity rose by 15.9 MMT (million MT) compared to the first half of 2024, and China alone accounted for 134.8 MMT of the world's excess capacity during this period. This is equivalent to 45% of the global capacity–demand gap, up from 38.4% a year earlier.[237] China's scale, combined with continued capacity additions and subdued domestic demand, means its output decisions have disproportionate influence on global steel balances.

The Commissioner considers that this persistent oversupply exerts systemic downward pressure on billet prices. When global supply materially exceeds global demand, marginal producers, particularly in export-oriented economies, offload surplus tonnage into international markets at lower prices. The commission further assesses that such oversupply would not have occurred to the same extent under market-driven production incentives. Instead, it is amplified by government interventions in several high-capacity jurisdictions, which influence production, investment and capacity decisions. This distortionary dynamic contributes directly to sustained global oversupply and suppressed billet prices, affecting both upstream and downstream steel markets worldwide.

The commission also notes that SOEs, which hold a significant share of steelmaking and billet capacity, can continue operating on non-commercial terms due to the support mechanisms outlined in section A.6.4. The OECD has found that Chinese steel firms receive subsidies, particularly in the form of below-market financing, at levels significantly higher than those received by producers in OECD countries, enabling loss-making firms to remain operational.[238] In the context of billet, this support reduces the effective cost base of production and facilitates the continued operation of inefficient or unprofitable capacity. This prevents the market from correcting through natural capacity reduction and results in billet prices that are not cost-reflective.

Industry reporting indicates that Chinese steelmakers have increasingly relied on the production of semi-finished steel products, such as billets, to maintain high output levels during periods of weakening demand for finished steel.[239] The Commissioner considers that this behaviour is indicative of production decisions responding to policy incentives, such as maintaining employment, meeting local economic targets, or complying with Five-Year Plan directives, rather than market signals. Such policy-driven output further contributes to oversupply and depressed billet prices.

The commission also notes that China experienced a significant surge in billet exports during the investigation period. Publicly available trade data shows that semi-finished steel exports, including billets, increased more than 300% in Q2 2025 compared to the previous

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[235] Other notable increases, behind China, were Iran and Egypt.
[236] Global Forum on Steel Excess Capacity (GFSEC), *Steel Excess Capacity Monitoring Bulletin*, October 2025.
[237] Ibid.
[238] OECD, *The Drivers and Impacts of Subsidies to Steel Firms*, OECD Publishing, October 2025.
[239] Bloomberg, *China's exports of semi-finished steel surge by more than 300%*, August 2025

year.[240] The Commissioner considers that this export surge reflects an underlying domestic surplus of billet and supports the view that billet has been sold at prices below competitive market levels. This reinforces the finding that domestic billet prices cannot be considered the result of normal market forces.

To avoid repeating analysis presented in appendices A6.1 and A6.5.1, the commission notes only that recent independent reporting provides further support for these findings in the context of billet. Analysts have questioned the reliability of official Chinese steel production figures, suggesting that underlying steel production may have exceeded official reported levels, despite official claims of a decline. Record iron ore imports of 1.26 billion tonnes during the same year indicate that underlying steel and billet production was materially stronger than official data suggest. [241]

Given that billet is the most significant input into the manufacture of FRW, the Commissioner considers that the distorted conditions of the Chinese billet market directly affect FRW production costs. Artificially low billet prices reduce the costs incurred by Chinese FRW manufacturers and place downward pressure on domestic FRW selling prices. These conditions materially influence the domestic market for FRW in China and form a significant component of the market situation identified in this investigation.

The commission therefore considers that the distortions present in China's raw material and billet markets constitute a fundamental upstream cost distortion that directly affects the cost of producing the goods. As such, these conditions form an important part of the particular market situation identified in this investigation.

A6.6 Export control measures

The GOC has a number of ways that it exerts control over exports, including duties or refunds for exporting products. The Commissioner considers that the GOC's export control measures have the dual effect of:

- limiting the export of raw materials, thus increasing domestic supply
- reducing incentives to export finished steel products, also increasing domestic supply.

The result of increased domestic supply is that prices for raw materials are decreased, and the prices of finished steel products are also decreased.

Restrictions on raw material exports

The GOC maintains export duties on a number of raw materials used in steel production, including pig iron (20%) and steel scrap (40%).[242] The Commissioner considers that the high level of these export duties serve to discourage export of these raw materials. In turn, this increases the supply of raw materials domestically, which can reduce prices. This has the overall effect of reducing production costs for steel within China.

The commission also considers that this is an example of how the GOC promotes compliance with its plans – for example, by discouraging exports of steel scrap and

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[240] ibid

[241] The West Australian, '*Official Chinese steel figures attract tonnes of scepticism*,' 25 February 2026.

[242] MOFC, *Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025*, Attachment 3: Export Tariff Rate Table.

therefore promoting use within China, the GOC incentivises compliance with its plans to promote green steel, as described in section A6.2.

Removal of VAT refunds for exported finished steel products

In 2025, the GOC announced it would be tightening the rules around steel exports with an aim of strengthening export management and tax compliance.[243] Key to the new regulations is the requirement for a tax registration check on customs declarations for exports and imposing the same VAT and consumption tax as if goods were sold domestically.

This update was stated to assist with combatting tax evasion and prevent Chinese exporters from exporting steel at low prices. However, the Commissioner considers that by discouraging steel exports, domestic prices within China will decrease due to the increased supply.

A7 Conclusion

The Commissioner has found in the preceding section that the GOC exerts significant influence over the Chinese steel market. Steel mills in China, regardless of whether they are SOEs or privately owned, are subject to the directives, plans and guidelines of the GOC central government. For SOEs, the Commissioner considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

The Commissioner considers that many of the distortions discussed above also directly influence FRW producers as members of the Chinese steel market.

Having considered all the information before it, the Commissioner found that a particular market situation existed in respect of the domestic market for FRW in China for the investigation period.

The Commissioner recognises the impact of these GOC influences on supply are extensive, complex, and multifarious, and their impact on the price of FRW is difficult to quantify. However, based on the Commissioner's extensive analysis of the available information before it, the Commissioner is satisfied that the GOC's influence on the market for like goods in this investigation is not insignificant.

Whether the particular market situation in respect of the domestic market for FRW in China has resulted in Chinese domestic sales being not suitable for determining normal value under section 269TAC(1) is discussed in appendix B**.**

[243] A Pan, 'China tightens tax regulations on steel exports', *MySteel,* 1 April 2025, accessed 23 June 2025.

APPENDIX B PROPER COMPARISON ASSESSMENT

B1 Finding

The Commissioner has found that sales of FRW in the domestic Chinese market are not suitable for determining a normal value pursuant to section 269TAC(1). This is because the existence of a market situation does not permit a proper comparison of domestic prices with the export prices of the goods.

B2 Introduction

For section 269TAC(2)(a)(ii) to apply, the Commissioner must be satisfied that:

1. there is a particular market situation in the country of export, and
2. because of that situation domestic sales of like goods in that market are not suitable for use in determining a price under section 269TAC(1).

The Commissioner has found at APPENDIX A that a particular market situation exists in respect of the domestic market for FRW in China for the investigation period. In this appendix the commission has examined whether domestic sales of like goods in China are suitable for determining the normal value of cooperating Chinese exporter under section 269TAC(1).

B3 Proper comparison of domestic and export price

The Commissioner's assessment of whether sales are 'suitable' for the purposes of section 269TAC(1) considers the relative effect of the particular market situation on both the domestic sales and export sales. If domestic sales and export sales are not equally affected by the particular market situation, such a finding may render domestic sales not suitable for the purposes of section 269TAC(1).

The relative effect of the particular market situation on domestic and export prices requires an assessment of the relationship between price and cost of FRW sold in the respective domestic and export markets. In relation to the domestic sales price, the relevant market is the domestic market of the exporting country (for this investigation, China). For the export price, the relevant market is that in the country into which the goods are being sold (Australia). In assessing the comparability of sales in each market, it is important to note that those sales are defined by the prevailing conditions of competition in each market. It is also important that the relevant factual circumstance of each price is considered within the proper context of the relevant market.

B4 Prevailing conditions of competition are different

The Commissioner considers that the prevailing conditions of competition are different between Australia and China. These differences mean that, while the particular identified market situation affects both domestic and export prices for FRW, the way in which that market situation operates, and its effects on prices, differs between the 2 markets.

In making this finding, the commission has considered a range of information in assessing the prevailing conditions of competition in China and Australia. Sources of information include:

- information provided by the Australian industry
- information provided by Masteel
- relevant findings from previous steel cases conducted by the commission
- other publicly available sources referenced throughout this section

In making the findings in this section, the Commissioner has had regard to the structure of each market, prevailing market conditions, access to raw materials, the level of import penetration, and the nature of any competitive advantage arising from the particular market situation.

B4.1 Market structure

The Commissioner considers that the Australian and Chinese markets for FRW share some broad structural similarities, in that FRW is supplied to industrial end-use markets and sold to comparable categories of customers, including end users and distributors. Demand is driven by the need to equip new or refurbished freight wagons and to replace wheels as part of ongoing maintenance programs.

However, there are significant differences in market concentration, scale and competition. In Australia, there is a single domestic producer of FRW (Comsteel), whereas in China there are several producers manufacturing the goods. As the sole Australian producer, Comsteel supplies FRW on a national basis. Based on Masteel's domestic sales data, it produces goods for customers across China.

B4.1.1 Australia

The Australian market is supplied by Comsteel, who holds the largest market share, along with imports which are mostly from China.

There are a limited number of customers in Australia for FRW, due to the relatively high cost of running and maintaining rolling stock. The smaller customer base leaves manufactures of railway equipment, including FRW, with smaller orders, preventing large scale production and the efficiencies that come with scale.[244] The Australian market is fragmented, with states and territories lead on passenger rail procurement, with decisions focused on local outcomes. The fragmented rail market limits opportunities for domestic scalability.[245]

FRW are used in Australia, ultimately, for transporting freight within Australia. Accordingly, demand is susceptible to movements within the Australian economy.

FRW in Australia are typically supplied directly by manufacturers, without the involvement of resellers, distributors or other intermediaries.

B4.1.2 China

The commission did not receive a response to the GOC questionnaire, including details of the Chinese FRW market, and so has relied on the information provided in Comsteel's

[244] *National Rail Procurement and Manufacturing Strategy*, Department of Industry, Science and Resources, Office of National Rail Industry Coordination, p12.
[245] Ibid, pp6, 11.

application, Masteel's REQ and publicly sourced data in completing its analysis of the Chinese domestic FRW market.

Comsteel submits that Chinese FRW producers operate under different market conditions to those of the Australian industry by virtue of the prevalence of the GOC in the Chinese steel industry. The particular market situation in China reduces FRW production and selling risks, and lowers input costs. This then lowers FRW selling prices throughout the Chinese market, reflecting the lower marginal cost of the raw materials required by Chinese producers to make FRWs.[246]

The Commissioner's own analysis on the influence of the GOC in the Chinese steel market in APPENDIX A aligns with Comsteel's submission.

Masteel in its REQ described the Chinese domestic FRW market as 'huge'.[247] Its own sales in the Chinese market are more than 400 times larger than its export volume to Australia and more than twice as large as all its exports combined.[248] A review of the sales data provided by Masteel shows dozens of customers, many Chinese SOEs.[249]

B4.2 Raw materials

The Commissioner considers that there are differences between the Australian and Chinese FRW markets in respect of the raw materials used and the prices for those materials. These differences affect the nature of competition in each market.

The Commissioner considers that Chinese exporters of the goods to Australia can take advantage of lower raw material costs to compete with both the Australian industry and exporters from other countries which do not benefit from lower priced raw materials. This benefit does not extend to the domestic Chinese market, where producers benefit relatively equally from the distorted raw material prices.

B4.2.1 Australia

Since shutting down its steel making operation in September 2023,[250] Comsteel has used imported steel billet to manufacture FRW. Its purchases of steel billet are supplied from unrelated manufacturers in a competitive global market. The commission verified Comsteel's production costs and was satisfied that the recorded costs were complete, relevant, and accurate.[251]

B4.2.2 China

The majority of steel production in China is from BF-BOF. The major raw materials used in BF-BOF steel production are iron ore, coal, and steel scrap.

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[246] EPR 690, Item 1, Application, p50.
[247] EPR 690, Item 14, Masteel REQ, p67.
[248] Confidential attachment 11 – Masteel Subsidy margin, 'Turnover'
[249] Confidential attachment 8 – Masteel Normal Value
[250] Resources Review, 'Closure of Waratah steel-making facility to result in 250 job losses', *Resources Review*, 21 September 2023; ABC News, Giselle Wakatama and Madeline Lewis, 'Hundreds of jobs axed as Molycop stops Newcastle steelmaking operations', *ABC News*, 20 September 2023, both accessed 12 May 2026.
[251] EPR 690, Item 11, Comsteel verification report.

As discussed in APPENDIX A, the Commissioner has found that the GOC has influenced the prices of these raw materials, which has in turned influenced the prices of steel billet. The Commissioner considers that the resulting raw material prices are lower than they would otherwise be under normal competitive market conditions.

While these distorted raw material prices may affect domestic Chinese FRW producers relatively equally (notwithstanding other benefits such as state-ownership), the Commissioner considers that they have an uneven effect on the export of FRW to Australia. Chinese exporters of the goods to Australia can take advantage of the lower raw material costs to compete with both the Australian industry and exporters from other countries which do not benefit from lower priced raw materials.

B4.3 Import penetration

The degree of import penetration can affect how prices are set in the domestic market. A high level of import penetration may indicate that prices are influenced by reference to import prices. Alternatively, a low level of import penetration indicates that domestic prices are predominantly influenced by domestic sales.

The Commissioner is satisfied that import penetration in the Chinese FRW market is low compared to the Australian FRW market. Accordingly, the Commissioner is satisfied that the conditions of competition in respect of imports is different between China and Australia.

B4.3.1 Australia

The commission examined the ABF import database to identify exporters and importers of FRW during the review period. During the investigation period, 12 exporters exported FRW to Australia, 5 of which were from China. Chinese imports made up 85% of import volume in the investigation period.[252]

Comsteel accounted for 84% of the Australian market during the investigation period, with China supplying 13%. But as discussed in chapters 5.6 and 9.5, the Australian industry market share has slightly fallen over the injury period in a shrinking Australian market, while Chinese imports have grown.

B4.3.2 China

Questionnaire responses did not provide information about the overall degree of import penetration into the Chinese market including the number of exporters or importers active in the Chinese domestic market.

The commission examined import and export data from the UN Comtrade database for products classified under HS code 860719, ‘Railway or tramway locomotives or rolling stock; parts, axles and wheels, and parts thereof’, which includes FRW. In 2024, China imported 77,379 MT of goods under this tariff code, compared to 393,203 MT of exports.[253] Based on Masteel’s data alone (including its production of other products coming under the HS 860719 code), imports make up only a small proportion of the Chinese FRW market. As shown in Figure 18, import volumes have been consistently low since 2022.

[252] Confidential attachment 1 – Australian market
[253] Confidential attachment 16 – Chinese import data

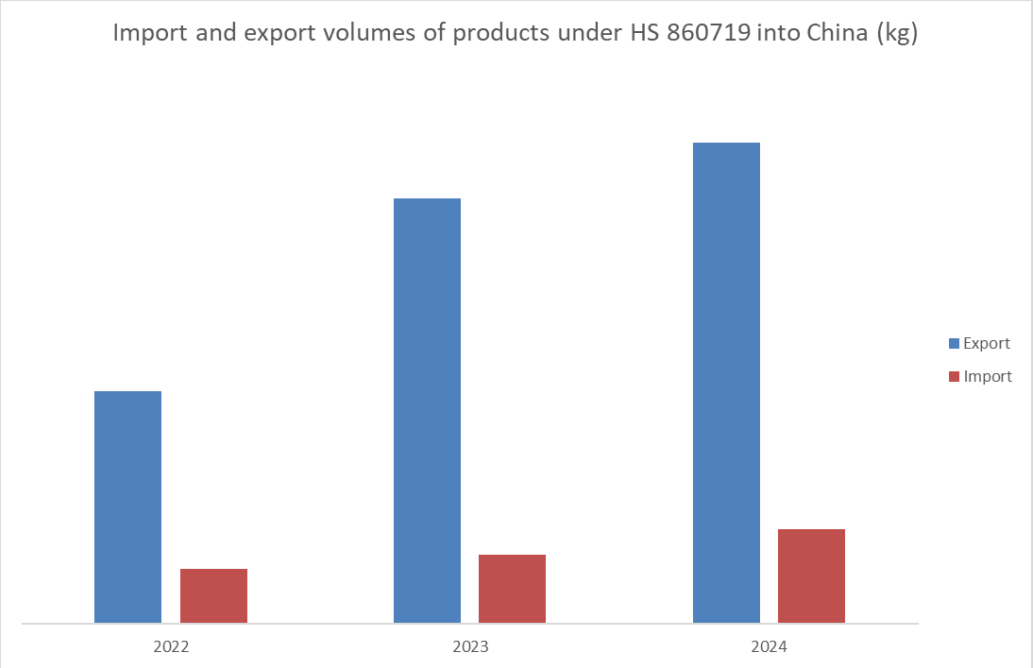

Figure 18: Import and export volumes under HS 860719 for China[254]

The commission notes that, as stated above, most exporters of the goods that exported to Australia during the investigation period were Chinese. Given the relative size of Australian's FRW consumption compared to China's, the Commissioner considers the number of Chinese manufacturers supplying the Australian market would likely represent only a small portion of all Chinese manufacturers. The commission also notes from the information provided in Masteel's REQ that it has excess production capacity.

The Commissioner considers that based on the low cost of raw material inputs available to Chinese producers of the goods which is not available to foreign producers, there is a competitive disadvantage applying to foreign producers looking to export FRW into China.

Accordingly, based on the information before the commission, the Commissioner considers import penetration in the Chinese FRW market was low in the investigation period.

B4.4 Relationship between price and cost

The Commissioner considers that there is a difference in the relationship between price and cost between Chinese exporters' sales of FRW to Australia and their domestic sales.

In general, Chinese exporters have been able to achieve greater profits on Australian sales compared to domestic sales, despite limited differences in the respective costs. The Commissioner considers this indicates that the particular market situation has affected conditions in the Chinese FRW market such that exporters are able to engage in pricing strategies into the Australian market that allow exporters to achieve greater margins on their Australian export sales and increase their export volumes by outcompeting exports from other countries.

254 Ibid.

The Commissioner found that Masteel's profit on its export sales to Australia were greater than its margin on domestic sales.[255] When compared at MCC sub-category 915 (the only exported diameter), the commission observed that the cost to make is similar, however, Masteel's margins are significantly higher for its export sales.

B5 The market situation affects the comparability of domestic and export prices

Taking into account the above, the Commissioner considers that the market situation identified in APPENDIX A affects the comparability of domestic and export prices for FRW. This is because the conditions of competition are different between the two markets and are affected by the market situation differently.

The commission makes the following observations between the Chinese domestic market and Australian export market:

- FRW are sold to similar types of customers in China and Australia.
- The market structure differs in terms of the number of domestic producers in Australia, with Comsteel being the sole Australian producer, and China, which has several producers. The scale of the markets is also different, with the Australian market several times smaller than the Chinese market.
- The raw materials used in the production of FRW in both Australia and China is the same.
- Import penetration into China is very low, compared to a higher, and growing, level of import penetration into Australia.
- Chinese exporters enjoy a cost advantage resulting in both increased margins and an increase in export volumes to Australia.

The Commissioner considers that the above assessment indicates that the market situation in China affects all Chinese producers within China relatively equally with respect to domestic sales within China. This is characterised by competition influenced by the cost to make and demand factors. Both of these characteristics have been influenced by the market situation. The conditions of competition within China have had the effect of reducing import penetration to very low levels.

In Australia, competition is between imports and the Australian industry. This competition results in a competitive advantage for Chinese exporters, who make up the majority of import volume and who have access to cost inputs which have been materially affected by the market situation. This leads to a situation where Chinese exporters are able to export to other countries, including Australia, at a more competitive price, while still enjoying increased profitability.

[255] Confidential attachment 19 – Relationship between price and cost

APPENDIX C COST OF PRODUCTION IN CHINA

C1 Finding

The Commissioner recommends establishing a cost of production for the goods in China, as the country of export, under section 269TAC(2)(c)(i), based on Masteel's recorded costs, with an adjustment calculated by reference to a benchmark. The benchmark is based on:

- the Turkish steel billet price, sourced from the subscription service MEPS International Ltd (MEPS)[256]
- plus, a premium to account for the difference between the type of steel billet reported in the Turkish steel billet price and the special steel billet used in the production of FRW. This premium is calculated by the difference between the Chinese steel billet price and the price paid by Masteel (the sole cooperating Chinese exporter) for its special steel billet.

The Commissioner considered whether any comparative advantage or disadvantage adjustment was required and determined that no such adjustment was necessary on the information available.

C2 Legislative framework

Where the Minister is satisfied that normal value cannot be determined under section 269TAC(1), section 269TAC(2)(c) provides that the normal value is:

> …the sum of:
>
> (i) such amount as the [Minister] determines to be the cost of production or manufacture of the goods in the country of export; and
>
> (ii) on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export—such amounts as the [Minister] determines would be the administrative, selling and general costs associated with the sale and the profit on that sale.

Sections 269TAC(5A) and 269TAC(5B) provide that the construction of normal values under section 269TAC(2)(c) is to be worked out in such a manner, and taking account of such factors, as the Regulations provide in respect of those purposes.

C2.1 Cost of production

Section 43(2) of the Regulations requires that the Minister must work out the cost of production or manufacture using the information set out in the exporter or producer's records if:

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[256] MEPS provided this copyright statement about its data: This information is copyrighted, all rights reserved. MEPS data is licensed for the exclusive use of the company's direct employees. Any unauthorised copying, forwarding, or sharing by any means will be an infringement of copyright.

- section 43(2)(b)(i) of the Regulations: an exporter or producer of the goods keeps records relating to the goods that are in accordance with generally accepted accounting principles (GAAP) in the country of export, and
- section 43(2)(b)(ii) of the Regulations: those records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

Section 43(2) of the Regulations imposes an obligation on the Minister to use an exporter's records, where the prescribed criteria are met. Neither the Act nor the Regulations prescribe a particular method for the Minister to determine the cost of production or manufacture under section 269TAC(2)(c)(i) in circumstances where the exporter or producer's records do not satisfy section 43(2) of the Regulations. Additionally, neither the Act nor the Regulations limit the data that the Minister may use in this regard.

In respect of the Anti-Dumping Agreement, the relevant obligations for determining normal values are set out in Article 2. The determination of whether an exporter's recorded costs are to be used in determining the cost of production in the country of origin are set out in Article 2.2.1.1.

The Commissioner notes that the Minister's determination of the 'cost of production in the country of export' under section 269TAC(2)(c)(i) may be informed by some of the same factual findings that also informed:

- the conclusions reached as part of the Commissioner's assessment under section 43(2) of the Regulations
- the Commissioner's assessment of the existence of a particular market situation.

Where the Commissioner has had regard to the same factual matters for multiple purposes it has done so mindful that the legal tests being considered are distinct.

C3 Exporter records

The commission conducted onsite verification of the information provided by Masteel in its REQ. As part of the verification process, the commission verified that Masteel kept records relating to the cost of production of like goods and that those records were in accordance with GAAP in China.[257] The commission also verified that Masteel's CTMS data was complete, relevant, and accurate.

Accordingly, the Commissioner is satisfied that Masteel kept records relating to the cost of production of like goods, and that those costs were in accordance with GAAP in China and reasonably reflected the actual cost of production.

C4 Competitive market costs

Section 43(2)(b)(ii) of the Regulations requires the Minister to use an exporter's records where those costs reasonably reflect *competitive* market costs.

As outlined in APPENDIX A, the Commissioner considers that the significant influence of the GOC has materially altered prices in the steel industry and FRW market in China. The Commissioner also considers that the GOC's influence has also materially altered the prices of production inputs including (but not limited to) raw materials used to make steel in

[257] EPR 690, Item 22

China. In particular, the GOC's influence has resulted in artificially low prices for the key raw materials, including steel billet, as well as the other inputs associated with the production of FRW.

The Commissioner considers that direct and indirect influences of the GOC affect Chinese manufacturers' costs to produce FRW, and therefore that Chinese exporters' recorded costs do not reflect competitive market costs. Masteel's records indicate that steel billet comprises approximately 72%[258] of its cost to make for FRW. In light of these influences, the Commissioner considers that the records do not reflect competitive market costs because the costs are not the same as they would be if determined only by supply and demand absent government intervention.

C5 Use of exporter records

Where the criteria in section 43(2)(b) of the Regulations are not met, the Commissioner will calculate the cost of production under section 269TAC(2)(c)(i) having regard to all relevant information. The Minister is neither required to, nor prohibited from, using an exporter's records to determine normal values under section 269TAC(2)(c)(i), however, the Minister is to exercise their discretion in section 269TAC(2)(c)(i) in accordance with the requirements of the Anti-Dumping Agreement.[259]

Article 2.2.1.1 of the Anti-Dumping Agreement provides a presumption in favour of using the information in the exporter's records where an exporter keeps information relating to the production of like goods and:

- the records are kept in accordance with GAAP of the exporting country, and
- the records reasonably reflect the costs associated with production of the like goods.

The Commissioner found that Masteel's records are kept in accordance with GAAP of China and reasonably reflect the costs associated with production of FRW.

At section 3.3.4 of Masteel's verification report (EPR 690, Item 22), the Commissioner found that '…Masteel's production records may not reasonably reflect competitive market costs for one or more cost components.'. Section 3.3.4.2 states that:

> *The commission compared the weighted average unit purchase price paid by Masteel to its related supplier for steel billet against that paid by Masteel to its unrelated suppliers. The commission found that the weighted average price Masteel paid to its related supplier was higher than that paid to its unrelated suppliers. However, purchases from unrelated suppliers constituted a small minority of total billet purchases during the investigation period.*
>
> *The commission will seek further information to assess if Masteel's related supplier transactions reflect competitive market costs.*

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[258] Confidential attachment 6 – Masteel CTMS

[259] See *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* [2018] FCAFC 20; 259 FCR 478, [108], Pagone and Bromwich JJ agreeing at [128] and [137] respectively. Cited affirmatively by Griffith J in Changshu Longte Grinding Ball Co., Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science (No 2) [2018] FCA 1135, [50].

The Commissioner has further considered the purchases of raw materials by Masteel, and notes that the while the percentage of purchases from unrelated suppliers was low, the actual volume is significant, indicating these were legitimate transactions.[260] The purchases were also across multiple quarters within the investigation period. The Commissioner also notes the differences in price were not minor, with unrelated purchases undercutting related purchases by 6% on a weighted average basis over the investigation period.

Accordingly, the Commissioner is satisfied that Masteel's purchases of steel billet from its suppliers reasonably reflect the costs associated with purchasing steel billet, and therefore the costs associated with the production of FRW.

However, Article 2.2.1.1 does not mandate the use of the information in an exporter's records where those conditions are met in all circumstances. It only provides that where those conditions are met costs 'shall normally' be calculated based on the exporter's records.

The Commissioner's consideration of the domestic market for FRW in China, including the factual findings set out in APPENDIX A, suggest the Commissioner should examine whether circumstances are normal and ordinary such that the presumption in Article 2.2.1.1 should apply. Consequently, the Commissioner has further considered Masteel's recorded steel billet costs (and hence FRW production costs), to assess whether the circumstances in which its costs were formed were normal and ordinary, such that they should be used as the costs of production pursuant to section 269TAC(2)(c)(i).

C6 Normal and ordinary

C6.1 Circumstances that are not normal and ordinary

The Commissioner considers there are compelling reasons for determining that circumstances in which Masteel's costs were formed are not 'normal and ordinary' such that using its cost records to construct a normal value is not appropriate. This is despite the Commissioner's finding that Masteel's records comply with Chinese GAAP and reasonably reflect actual costs incurred in the production of the goods.

It is the Commissioner's view that the circumstances in which the cost of steel billet has been formed are not normal and ordinary, resulting in Masteel's recorded costs for steel billet reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use its recorded cost for steel billet.

The Commissioner's assessment of the circumstances in which steel billet raw material input costs were formed and the impact this had on Masteel's recorded costs is informed by 2 key factors:

- Firstly, the GOC's influence has materially altered the prices of production inputs including (but not limited to) raw materials used to make steel in China. In particular, the GOC's influence has resulted in artificially low prices for the key raw materials, as well as the other inputs associated with the production of steel billet.
- Secondly, as these raw materials represent the majority of the cost to produce FRW, the effects on raw material pricing have flowed through Masteel's recorded

[260] Confidential attachment 7 – Masteel Cost replacement

cost of production, noting that Masteel purchased steel billet exclusively from Chinese SOEs.

The cumulative effect of these factors is that the circumstances in which Masteel's costs were incurred or formed cannot be considered normal and ordinary.

The Commissioner's assessment of these circumstances, and their impact on Masteel's recorded costs, is supported by the following findings.

Commissioner's assessment

The Anti-Dumping Agreement does not provide any guidance as to the type of condition, circumstance or context that may underpin a 'normally' finding, save that it must be sufficient to justify a derogation from the presumption in article 2.2.1.1 that ordinarily the records will be used.

The Commissioner considers that the circumstances or context in which an investigating authority may rely on 'normally' is not unconstrained – there must be a proper basis for doing so on the evidentiary record. Whether a particular condition, circumstance or matter is capable of permitting derogation under the term 'normally' is a facts specific exercise based on the facts and evidence before a particular investigating authority.

The Commissioner notes that the analysis accords with the guidance from the panel's findings in the DS529 *Australia — A4 Copy Paper* and DS603 *Australia — Certain Products from China*, both of which examine the term 'normally'. The Commissioner has identified that:

- Masteel's records satisfy the first and second condition of article 2.2.1.1 – see appendix C5
- Despite this, there are nonetheless compelling reasons to disregard its records, being that the circumstances in which the cost of steel billet has been formed are not normal and ordinary, resulting in Masteel's recorded costs of steel billet reflecting an unreliable cost of production of FRW. This unreliability means that it is not appropriate to use the Masteel's recorded cost of production of steel billet – see appendix C6.1.

The Commissioner notes that the panels in DS529 and DS603 found that the Commissioner was not permitted to make findings relying on the flexibility permitted by 'normally' without having made affirmative findings that both the first and second conditions of article 2.2.1.1 were met.[261] The panels did not make findings that the circumstances were necessarily incapable of justifying departure from the exporters'

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[261] Panel Report, *Australia – A4 Copy Paper*, WTO Report WT/DS529/R (4 December 2019) [7.126]: 'We find that Australia's measure is inconsistent with article 2.2.1.1, first sentence, of the Anti-Dumping Agreement because the ADC has not established that both the first and second conditions in the first sentence of article 2.2.1.1 of the Anti-Dumping Agreement were satisfied when rejecting the pulp component of Indah Kiat's and Pindo Deli's records on the basis of the term 'normally' and therefore has failed to give effect to the whole of the obligation in that provision.'; Panel Report, *Australia – Certain Products from China,* WTO Doc WT/DS603/R (26 March 2024) [7.79]–[7.80]: 'We therefore conclude that the ADC did not make a negative finding under the second condition of article 2.2.1.1 in the expiry review. We also find that the ADC did not make an affirmative finding under the second condition in the expiry review … In light of the foregoing, we find there was no basis for departure from using TSP's record costs for steel plate in constructing normal value in the wind towers expiry review.'; [7.309]: '...the ADC did not make a finding under the second condition of article 2.2.1.1. The ADC therefore could not rely on any flexibility provided by the word 'normally' in the first sentence of article 2.2.1.1…'.

records, nor did they make express or implied findings on whether 'normally' would have been available if sequencing had been followed.

The Commissioner has found that Masteel's records meet the first 2 conditions of article 2.2.1.1.[262] This appendix explains why, nevertheless, the recorded steel billet costs should be disregarded. The Commissioner notes that this assessment differs from the assessment of a particular market situation in the domestic market of the exporting country, although as discussed above some of the factual circumstances which support the conclusion that there is a particular market situation also support a finding that the circumstances are not normal and ordinary such that the recorded steel billet costs should be disregarded despite meeting the first 2 conditions of article 2.2.1.1. The Commissioner has arrived at these factual findings supporting the decision to disregard recorded steel billet costs following a consideration of all the available evidence before it in an objective and unbiased manner.

The Commissioner has had careful regard to the 2 distinct legal tests, both under sections 269TAC(2)(a)(ii) and 269TAC(2)(c) of the Act, and under article 2 of the Anti-Dumping Agreement. The 2 conclusions reached, being that there is a situation in the market that prevents the normal value from being determined under section 269TAC(1) and determining that Masteel's raw materials cost should not be used to determine the cost of production, do rely on some common factual findings. Those factual findings are in fact relevant to both tests, and do not reflect any misunderstanding of the legal requirements for each.

C6.2 Circumstances not being normal and ordinary leading to materially altered production costs

The Commissioner considers that the 'not normal and ordinary' circumstances (the circumstances) materially affect Masteel's cost of production of FRW. The Commissioner considers that the most appropriate level to undertake its assessment of the effect of the circumstances on Masteel's records is at the steel billet level, as it is the main raw material input used in the production of FRW, making up approximately 72% of Masteel's production cost.

To assess the effect of the circumstances on Masteel's records, the Commissioner has compared Masteel's recorded cost for steel billet to an appropriate benchmark.

C6.3 Selection of an appropriate benchmark

The Commissioner considers that an appropriate benchmark[263] will measure the effect of the circumstances on Masteel's costs for steel billet. An appropriate benchmark represents a cost in China that is free from the effects of the not normal and ordinary circumstances.

The Commissioner considered whether, instead of using a benchmark, they could have directly quantified the effect of the GOC's influence on the raw material markets and steel billet cost. From the Commissioner's review of publicly available research including from the OECD, academic journals and market research reports, there was no sufficiently reliable information to estimate the effect of the GOC's influence on Chinese billet costs. The Commissioner considers that the broad ranging and multifactorial nature of the GOC's

[262] EPR 690, Item 22
[263] Defined in chapter 6.5.2

influence over raw material markets and resulting billet costs mean that such a quantification is likely to be inaccurate or not fully account for the whole of the effect. The use of the benchmark provides a holistic comparison of Masteel's recorded costs to a cost that is free from the effects of the not normal and ordinary circumstances.

For the purposes of calculating an appropriate benchmark, the Commissioner considered:

- private Chinese export prices for steel billet
- prices for steel billet from countries other than China.

The Commissioner did not consider private Chinese domestic prices or import prices for steel billet as the Commissioner was unable to obtain evidence of these prices. The Commissioner did not receive a response to the GOC questionnaire, including details of private billet providers or information about steel billet prices in the Chinese domestic market.

Further, the Commissioner considers that any private domestic prices or import prices within China would not be reliable because the effects of the circumstances on the raw material markets, which alter the availability and pricing of raw materials (as discussed in APPENDIX A), would likely also affect private domestic prices, which would also influence import prices.

Chinese export prices

The Commissioner examined whether prices at which private Chinese entities exported steel billet may be an appropriate basis for a benchmark. As this billet competed on a global market (as compared to the Chinese domestic market), the Commissioner considered that such prices may be suitable. The commission contacted interested parties who purchased steel billet exported from China, requesting that they share their purchase data in order for the Commissioner to determine whether the purchase data could be used as a benchmark in this investigation. However, due to concerns with managing confidentiality of this purchase data, the Commissioner was unable to use this information to calculate a benchmark.

Steel billet from countries other than China

The Commissioner examined price data from a range of countries as a basis for determining a steel billet benchmark and determined that Turkish domestic prices provide a suitable for a comparative analysis with the cost of production data. Appendix C7 sets out the Commissioner's determination of the benchmark.

C7 Benchmark examination

C7.1 Consideration of third country data

The Commissioner examined the top 10 steel producers as a possible basis to calculate a benchmark:

- the Federative Republic of Brazil (Brazil)
- the EU
- the Republic of India (India)

- the Islamic Republic of Iran (Iran)[264]
- the Russian Federation (Russia)[265]
- the Republic of Korea (Korea)
- the Republic of Türkiye (Turkey/Türkiye)
- United States of America (United States)
- Japan
- The Federal Republic of Germany (Germany).

The Commissioner has assessed the suitability of each of these 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 internationally
- 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.

The data used in this analysis is summarised in APPENDIX E.

Submissions by Comsteel — Raw material benchmark for normal value

In its submission dated 5 December 2025, Comsteel submitted, among other things, that:

- the Commissioner should adopt the EU steel billet price for the purposes of INV 690 as it represents the most appropriate, market-based external reference point to construct Chinese normal values, accounting for higher-grade FRW steel inputs and profit levels
- the Turkish steel billet price, previously relied upon in CON 632, is inappropriate because Turkey's steel market is materially influenced by Chinese billet exports and therefore not sufficiently independent of the alleged distortions.

Comsteel made a further submission following SEF 690, reaffirming its position that the EU steel billet price is preferred over Turkish prices. It provided the following further reasons:

- The Commissioner's benchmark selection reasoning in SEF 690 is inconsistent with that in *Statement of Essential Facts No 689* (SEF 689), where the Commissioner rejected a Korean price for hot rolled coil because of the influence of Chinese imports on the Korean price. Comsteel submits the same approach in SEF 689 should also be applied in this investigation.
- The commission has understated the scale and speed of Chinese market penetration in the Turkish steel market and the effect in creating a '…*direct and*

[264] Iran was not examined due to lack of relevant data and transparency in information.
[265] The Commissioner did not examine Russia due to ongoing conflict in Ukraine and the range of sanctions imposed which are likely to impact the suitability of its steel market.

structural transmission channel from Chinese export prices to Turkish domestic billet prices.'

- Using a Turkish price, which is an EAF-dominated market, as a proxy for BF-BOF special steel billet costs (as China has more BF-BOF plants) creates an input-cost mismatch. The EU's BF-BOF dominance more closely mirrors the cost profile relevant to FRW billet feed production.

Submissions by Masteel — Flaws in the Turkish benchmark

In its submission of 19 June 2026 to SEF 690, Masteel raised concerns with the Commissioner's use of Turkish billet prices in the calculation of the benchmark due to differences in the composition of Chinese and Turkish steel production plants. This report discusses this issue further below.

Masteel also submitted that the Commissioner failed to address movements between the Turkish Lira and the Chinese Yuan during (and leading into) the investigation period, against the US dollar. Masteel notes that Turkey's steel industry is predominantly EAF-based and therefore heavily dependent on steel scrap and electricity as primary inputs. Masteel submits this is relevant as, (a) a significant portion of steel scrap consumed in Turkey is imported or priced with reference to international (USD-denominated) markets, and (b) electricity costs in Turkey have also been subject to upward pressure linked to imported energy and currency movements. Masteel states that:

> *The sustained depreciation of the Turkish Lira has therefore increased the cost, in local currency terms, of these key inputs. This cost increase is necessarily reflected in higher domestic production costs for Turkish steel billet producers. In a competitive domestic market, these higher costs exert upward pressure on Turkish domestic selling prices for steel billet. As a result, Turkish MEPS prices during the investigation period are likely to be higher than they would have been in the absence of such currency depreciation.*[266]

Masteel concludes that, in the absence of analysis of adjustment to the benchmark to account for the depreciation of the Turkish Lira, the Turkish MEPS price cannot be regarded as a reliable reflection of prevailing market conditions in China.

Commissioner's assessment

CON 690 and the PAD used EU steel billet prices as the basis for a benchmark. At the initiation of this investigation, and when publishing the PAD, the Commissioner considered that the use of an EU steel billet price, as proposed by Comsteel, was reasonable. However, the Commissioner does not consider that precludes relying on an alternative steel billet price in the SEF and final report. When the Commissioner published the PAD, the Commissioner relied on limited information compared to what was available during the later stages of the investigation. This limited information was the information presented in the application. The Commissioner notes that the PAD included a statement that the commission would consider the suitability of the EU benchmark, and any other basis, during the investigation.[267]

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[266] Masteel submission to SEF 690, EPR 690, Item 32, p7.
[267] ADN 2025/128, p7.

The Commissioner used a Turkish steel billet price in CON 632. There are several commonalities between CON 632 and this investigation:

- Comsteel is the applicant
- China is the country of export
- the goods under consideration are very similar, being made using the same production process using the same raw materials.

The Commissioner compared the factors listed at the beginning of appendix C7.1, which were also examined in CON 632, and found that Turkey remains a suitable basis to calculate a benchmark because:

- Turkey is among the top 10 countries in terms of steelmaking capacity, and an assessment of Turkey's steel industry indicates that there have been multiple recent upgrades to its steel manufacturing facilities
- Turkey's degree of development in relation to GDP per capita, literacy rates, the World Bank Human Capital Index (HCI) and the United Nations Human Development Index (HDI) are similar to China's
- labour costs in Turkey for the manufacturing sector are lower than those in China
- steel producers in Turkey are privately owned, and the market is subject to normal factors of competition.

The Commissioner has also compared the EU against these factors and found:

- the EU is among the top 10 steelmaking regions, with most of its steel production made in blast furnaces, similar to China, unlike Turkey, which has more electric arc furnaces
- GDP per capita, HCI and HDI are significantly higher in the EU than China
- labour costs in the EU are significantly higher than those in China
- like Turkey, steel producers in the EU are privately owned, and the market is subject to normal factors of competition.

The Commissioner has tested Comsteel's claims on the level of Chinese import penetration into both the Turkish and EU markets.

Between 2023 (which covers the inquiry period for CON 632) and 2024 (the latest year that the Commissioner could obtain import data and the beginning of the investigation period), Turkish imports of semi-finished steel, including steel billet, from China increased significantly. However, this increase was from a low base. In 2024, the Chinese share of imports of semi-finished steel was 7%, which was 1.5% of the total Turkish steel market.

This compares to the EU, which had similar levels of Chinese imports of semi-finished steel in 2024, at 9.7% of semi-finished steel imports. Due to the larger size of the EU steel market, this translated to 0.5% of its total steel market.[268]

The Commissioner acknowledges Comsteel's comments regarding increasing imports of Chinese steel products into Turkey and agrees that since 2023, Chinese volumes into Turkey have increased considerably. However, Chinese volumes remain relatively modest at 1.5% of the Turkish market. The level of import penetration by Chinese imports into the Turkish and EU are relatively similar. As such, the Commissioner does not consider that

[268] SEF 690 – Non-confidential attachment 2 – EU and Turkey steel market analysis

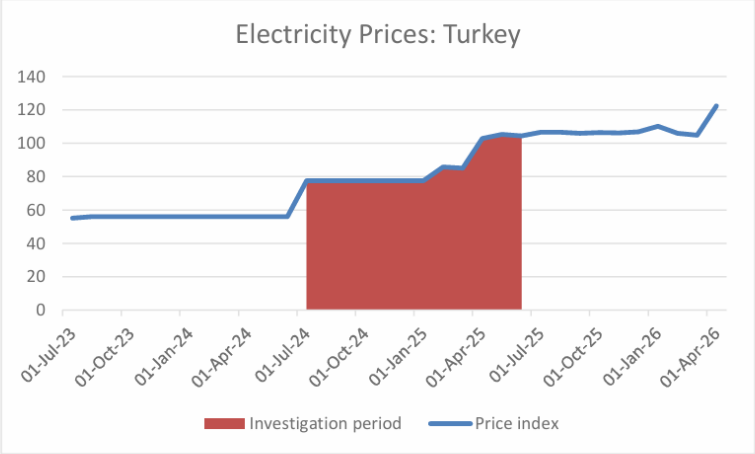
the relative difference in import penetration should alter its assessment of the Turkish market as the most appropriate market to establish a benchmark based on the other factors considered above.

The Commissioner notes that the findings in SEF 689 referred to by Comsteel in its submission were based on verified exporter data from *Investigation No 658* (INV 658). In INV 658, the Commissioner was able to use Chinese export data to quantify the volume of hot rolled coil exported by Chinese cooperating exporters to third countries, including Korea and Japan. That data revealed that Korea was a significant recipient of Chinese hot rolled coil. In this investigation, the Commissioner is able to do the same analysis for FRW exported to third countries by Masteel. The data available shows Masteel made no exports of FRW to Turkey during the investigation period. Accordingly, the Commissioner considers that the approach taken in INV 658 for excluding Korea as a benchmark price option is not applicable in this investigation in respect of Turkey.

As discussed in appendix B4.2.2, the majority of steel production in China is from BF-BOF. The EU also has a majority of its steel produced from BF-BOF. Turkey, on the other hand, has the majority of steel made in plants using EAF. This difference in the Turkish production method was noted by both Comsteel and Masteel in their submissions to SEF 690 and cited as a reason for using a different steel billet price as the basis for a benchmark. Comsteel, however, submitted the EU is a preferable source, whereas Masteel submitted that the Commissioner should adopt Vietnamese billet costs (as an alternative to referencing Masteel's verified purchase data).

The Commissioner acknowledges that there are differences in the composition of Chinese, EU and Turkish steel production plants. The Commissioner also acknowledges that special billet, used to manufacture FRW, relies primarily on BF-BOF production. However, the Commissioner considers this difference is not sufficient to make the EU prices more suitable for calculation of the benchmark. The Commissioner has used a steel billet price as the basis for calculating the benchmark. This price is for standard billet, a commoditised product, made in both EAF and BF-BOF plants. The MEPS billet price represents a regional average for billet, made up of multiple plants of different technologies. The Commissioner considers that differences between the composition of steel production facilities in the commoditised steel billet price reported by MEPS for different markets would be minimal. This report discusses this further in appendix C7.2. Further, any differences between standard billet and special billet are then accounted for by adding a premium.

In respect of Masteel's submissions on the depreciation of the Turkish Lira, the Commissioner disagrees this impacts the Turkish MEPS steel billet price in the way hypothesized by Masteel. Masteel provides the following figure indicating increasing electricity prices in Turkey over the investigation period, which, as the Commissioner understands Masteel's submission, would result in an upwards bias in the Turkish billet price.



Source: Federal Reserve Economic Data, Harmonized Index of Consumer Prices: Electricity for Turkey

Figure 19: Electricity prices, Turkey, over the investigation period, Masteel submission to SEF 690

However, over the investigation period, Turkish steel billet prices fell, contrary to Masteel's hypothesis, as shown in the figure below.

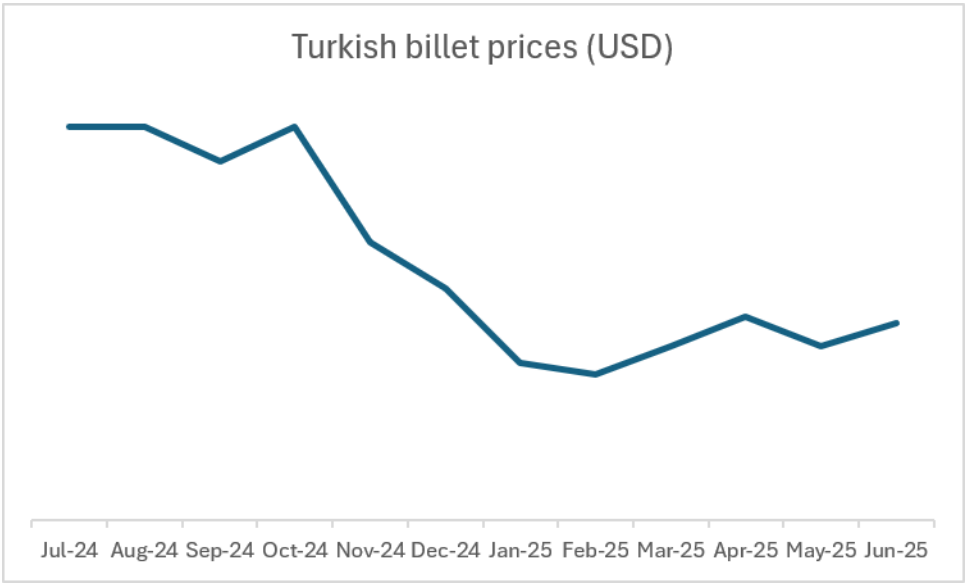


Figure 20: Turkish billet prices[269]

The Commissioner accordingly sees no need to make the adjustment claimed by Masteel to the benchmark due to currency movements in the Turkish Lira.

Masteel also submitted that the Commissioner should adopt Vietnamese billet costs from *Investigation No 676* (INV 676), adjusted for timing differences as an alternative benchmark.

The Commissioner notes that in INV 676, third-party financial data, such as MEPS data, was considered an appropriate basis for a benchmark. However, the Commissioner

[269] Confidential attachment 3 – Benchmark calculation

considered that using verified cost information for steel billet from other cases involving rebar was preferable in that case because:

- the data related to a period which overlaps the INV 676 review period
- the data came from a Vietnamese exporter which produced its own steel billet through an integrated process, like the exporter in question in INV 676
- the Vietnamese exporter's production records reasonably reflect competitive market costs.

None of the points above from INV 676 apply to the present investigation.

After considering the above, the Commissioner maintains the position stated in SEF 690 that Turkish domestic prices provide a suitable and preferable representative price for comparative analysis with the cost of production data. This is because:

- Turkey's domestic steel manufacturing industry and key economic and development indicators more closely align with China than the EU, notwithstanding differences in the composition of steel production facilities
- while there has been an increase in Chinese imports of semi-finished goods into Turkey since the period examined in CON 632, the level of import penetration is relatively low and at levels similar to the EU steel market
- a recent commission investigation into the Turkish steel market (*Investigation 655 – Hot rolled deformed steel reinforcing bar in lengths from Indonesia, Malaysia, Thailand, Türkiye, Vietnam*) found no evidence of distortions in the Turkish steel market
- there is no other verified data from another jurisdiction available from a relevant period which might be preferable to Turkish prices.

C7.2 Adjustments to the benchmark

Having determined that Turkish domestic prices for steel billet are a suitable and preferable basis to calculate a benchmark in appendix C7.2, the Commissioner sourced price data from the subscription service MEPS.

The Commissioner considered whether further adjustments to the Turkish steel billet price were necessary to reflect any claimed comparative advantage or disadvantage applicable to Chinese steel billet producers.

Labour costs

The Commissioner has examined relative costs of labour in Turkey and China. China's average annual wage during the investigation period for the private sector was 83,486 CNY and 120,912 CNY in the public sector.[270] By comparison, Turkey's average annual income was 63,574 CNY.

The Commissioner is satisfied that, based on information available, labour cost differences between China and Turkey are such that any adjustment to the overall benchmark price would be minimal and this would not affect the overall assessment. The Commissioner has

[270] APPENDIX E

consequently not adjusted the Turkish steel billet price to reflect any claimed comparative advantage in labour costs.

Lower utility rates

With respect to the claim of lower utility rates due to infrastructure investments, the Commissioner has found that the GOC has intervened extensively in the markets for utilities, mainly electricity and thermal coal, used in steel production, resulting in lower utility prices than what would have otherwise prevailed in the absence of GOC intervention. Appendix A6.5 discusses this in further detail. The Commissioner considers that adjusting a benchmark to reflect actual Chinese electricity costs would likely result in reintroducing the effects of GOC market intervention that the benchmark aims to remove.

Furnace type

The Commissioner notes that billet production in China is predominantly undertaken by blast furnace, compared to Turkey which uses mostly EAF.

Production of steel via an EAF is more efficient with lower start-up costs compared to production by blast furnace.[271] The ultimate cost of EAF production is driven by scrap steel prices and the cost of electricity. Within the OECD, Turkey has the lowest electricity costs,[272] contributing to lower steel production costs.

A blast furnace has a high upfront capital cost, with ongoing production costs dependent on the price of coking coal and iron ore.

While operating costs may vary, the Commissioner is satisfied that operations of the electric arc furnace have lower total costs of production in areas with good supply of scrap and cheap electricity, such as Turkey.

The Commissioner has used a steel billet price as the basis for calculating the benchmark. This price is for standard billet, a commoditised product, made in both EAF and BF-BOF plants. The MEPS billet price represents a regional average for billet, made up of multiple plants of different technologies. Any differences between standard billet and special billet are then accounted for in this investigation by adding a premium.

Accordingly, the Commissioner is satisfied that, based on information available, differences between China and Turkey in the composition of their steel production facilities are such that any adjustment to the overall benchmark price would be minimal (or downwards) and this would not affect the overall assessment. The Commissioner has consequently not adjusted the Turkish steel billet price to reflect any differences in steel production type.

C7.3 Adjustments to the steel billet price to reflect the grade of billet used in China to manufacture the goods

Masteel reported in its REQ using ‘wheel steel billet’ as the main raw material used in its production of FRW. Comsteel refers to this billet grade as ‘cast round’ billet or micro-alloy

[271] https://www.steel-technology.com/articles/the-strategic-importance-of-furnace-selection
[272] https://www.energycouncil.com.au/analysis/oecd-price-comparison-how-do-we-stack-up/

steel. For the purposes of this investigation, the Commissioner has used the term ‘special steel billet’, consistent with the terminology in CON 632.

As the standard of steel billet reported by MEPS is not the special steel billet used in the manufacture of FRW, the Commissioner considers it necessary to make an adjustment to reflect the premium that special steel billet has over standard steel billet.

The Commissioner considered the following options for calculating the special steel premium:

- unverified sales data from Masteel’s related party supplier, to calculate the difference between the verified price paid by Masteel for its special steel billet and the price Masteel’s supplier charges for its standard billet
- data provided by Comsteel as part of its application, which is based on the difference between the MEPS Chinese billet price and the price Comsteel pays for its special steel billet
- the difference between the MEPS Chinese billet price and the verified price paid by Masteel for its special steel billet
- the special steel billet premium used in CON 632.

Submission by Comsteel – special steel billet premium calculation

In its submission to SEF 690, Comsteel submitted that the Commissioner’s methodology for calculating the special steel billet premium reintroduces the same Chinese price distortions the Commissioner found in the particular market situation analysis. Comsteel suggested 3 alternative methods for calculating the premium:

- Comsteel’s special billet premium
- adjust the premium upward by reference to the difference between the EU-based benchmark and Chinese MEPS
- adjust the premium upward by reference to the difference between the Turkey-based benchmark and Chinese MEPS.

Comsteel submits that the approach taken in SEF 690 to calculate the premium is distorted because it compares 2 other distorted values, i.e. the MEPS Chinese billet price is a Chinese domestic market price artificially suppressed by GOC and Masteel's recorded cost of production, grounded in the particular market situation assessment and the 'not normal and ordinary' analysis.

Submission by Masteel – special steel billet premium calculation

In its submission to SEF 690, Masteel raised similar concerns to Comsteel regarding the use of the MEPS Chinese billet price and Masteel data to calculate the special steel billet premium. Like Comsteel, Masteel submits it reintroduces the distortion the Commissioner is seeking to avoid back into the constructed price.

Commissioner’s assessment

Of the above options, the Commissioner’s preference is to use the difference between the MEPS Chinese billet price and the verified price paid by Masteel for its special steel billet, consistent with SEF 690. This is because it uses Masteel’s own verified purchase data and

reliable Chinese steel billet data, representing the actual difference between the price of standard billet in China and recorded prices for the actual special steel billet used by Masteel in China during the investigation period.

The Commissioner disagrees that the use of the MEPS Chinese billet price and Masteel's data reintroduces distortions in the manner submitted by both Comsteel and Masteel. The premium adjustment serves to estimate the incremental cost of the specific input used in production, rather than to re-establish the underlying benchmark price. The distortions in the Chinese domestic market are accounted for in the use of the benchmark, to which the premium is then applied. Calculating a premium using an EU or Turkish benchmark as suggested by Comsteel does not assist in calculating the difference between standard billet and special steel billet, and would introduce a 'double-count' of the differences between Chinese prices and whichever benchmark is used.

The Commissioner considered using Comsteel's special steel billet data as a basis for calculating the premium. The data provided by Comsteel indicated a range of premium values, with the premium calculated by the Commissioner using MEPS Chinese billet price and Masteel's data falling within this range. Comsteel's special billet purchase data also does not provide values for each month of the investigation period, which would require the Commissioner to make additional adjustments. This is a further contributing factor for the Commissioner's preference to maintain use MEPS Chinese billet price and Masteel's verified data.

C7.4 Conclusion

The above analysis results in a benchmark based on:

- the Turkish steel billet price, sourced from MEPS
- plus, a premium to account for the difference between the type of steel billet reported in the Turkish steel billet price and the special steel billet used in the production of FRW, calculated by the difference between the MEPS Chinese steel billet price and the price paid by Masteel for the special steel billet it uses to make the goods.

C8 How to determine the cost of production in China

In appendix C6, the Commissioner explained why there are compelling reasons for determining that circumstances in which Masteel's costs were formed are not 'normal and ordinary' such that using its cost records to construct a normal value is not appropriate. More specifically, the Commissioner considers that Masteel's production records of steel billet costs are not suitable for use to establish the cost of production of FRW in China. The Commissioner considers that the specific facts and evidence in this case, in respect of Masteel's records, provide compelling reasons to deviate from using their recorded cost of production for steel billet.

The Commissioner considers that the most appropriate method to determine the cost of production for steel billet in China is to use Masteel's recorded cost for steel billet, adjusted to remove the effects of the not normal and ordinary circumstances. To make this adjustment to Masteel's records, the Commissioner has used the same method as was used to estimate the effect of the circumstances on Masteel's cost for steel billet. That is,

the Commissioner has relied on a Turkish steel billet price, adjusted to account for the type of steel billet used in the production of FRW (see appendix C7).

The Commissioner is satisfied that this methodology is a reliable means of determining the cost of production in China.

The GOC's influence on the Chinese market involves a wide variety of measures that interact with each other, which makes precise quantification of the combined effect of that influence on a particular exporter challenging. The Commissioner is satisfied that the method used is a sufficiently reliable means of approximating the combined effect of the GOC's influence. The Commissioner recognises the possibility that there may be other differences between China and Turkey that have not been captured in its assessment but is satisfied that these would not be material to its overall assessment.

APPENDIX D SUBSIDY PROGRAMS ASSESSMENT

D1 Introduction

In assessing the subsidy programs, the Commissioner had regard to the following information in respect of the investigation, including information relevant to Masteel and uncooperative entities:

- information provided by Masteel in its REQ
- Masteel's accounting records and supporting documentation that the commission verified
- the absence of information provided by the GOC
- findings made in previous investigations involving similar subsidy frameworks
- the legislative tests in sections 269T, 269TAAC and 269TACD.

The Commissioner has assessed each program individually using the information available. However, this report groups subsidy programs by type and economic character, rather than addressing each program individually, where the programs operate under substantially similar conditions and eligibility criteria.[273]

D2 Definition of Government, public and private bodies

In its assessment of each program, the commission has had regard to the entity responsible for providing the financial contribution (if any) under the relevant program, as part of the test under section 269T(1) for determining whether a financial contribution is a subsidy. Under section 269T(1), for a contribution to be a subsidy, the following must provide the contribution:

- a government of the country of export or country of origin of the goods
- a public body of that country or a public body of which that government is a member
- a private body entrusted or directed by that government or public body to carry out a governmental function.

D2.1 Government

As described in section 16.2 of the Manual, the Commissioner considers that the term 'government' includes government at all different levels, including at a national and sub-national level.

D2.2 Public bodies

The Act does not define the term 'public body.' Determining whether an entity is a 'public body' requires evaluation of all available evidence of the entity's features and its relationship with government, including the following:

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[273] SEF 690 stated in Appendix D1 that '*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.*' This was a misstatement of how the Commissioner and the commission examined the information available for each program. Appendix D1 has been amended in this report to clarify this point.

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 Commissioner considers this approach is consistent with the WTO Appellate Body decision of *United States – Countervailing Measures (China)*[274] 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.[275]

D2.3 Private bodies

Where an entity is neither a government nor public body, the commission will consider it a private body, in which case, a government direction to make a financial contribution in respect of the goods must be established for the contribution to be considered a subsidy, as defined by section 269T(1).

Pursuant to section 16.3 of the Manual, in determining the character of an entity that may have provided a financial contribution, the commission will consider whether a private body has been:

- 'entrusted' to carry out a government function, which occurs when a government gives responsibility to a private body, or

[274] DS379 United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China.
[275] 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].

- '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.[276]

D3 Countervailability of subsidies

In assessing whether a subsidy is countervailable, the commission applies the criteria set out in section 269TAAC. A subsidy is countervailable if it is specific, meaning it is limited in availability to certain enterprises, industries, or regions, or is contingent on export performance or the use of domestic goods.

Section 269TAAC(2) provides that a subsidy is specific:

(a) if, subject to subsection (3), access to the subsidy is explicitly limited to particular enterprises; or
(b) if, subject to subsection (3), access is limited to certain enterprises 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.

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[276] 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].

D4 Assessment of countervailable programs

D4.1 Steel billet provided by government at less than adequate remuneration

D4.1.1 Scope of program

There is no single legislative authority or policy within China for providing steel billet or bloom[277] at less than adequate remuneration (LTAR). Rather, the Commissioner considers this program as a collective term to describe conditions within the Chinese steel market under which Chinese SOEs provide steel billet at a price lower than an adequate market price having regard to prevailing market conditions of competition. These market conditions are discussed in the particular market situation analysis in APPENDIX A.

In determining whether a Chinese entity has received an LTAR subsidy in connection with the purchase of raw materials used in the production of the goods, the Commissioner must consider if the following elements are present:

- the provision of raw materials
- the provision of those raw materials by a public body
- the provision of those raw materials at LTAR, having regard to prevailing market conditions.[278]

D4.1.2 Provision of raw materials

The Commissioner considers that this program is limited to the provision of raw material inputs such as steel billet (including blooms, see chapter 4.5). 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 this program.

Commissioner's assessment

Steel billet is the key raw material input for the manufacture of FRW, making up the vast majority of input cost, i.e. excluding labour, manufacturing overheads, etc. The Commissioner confirmed Masteel did not produce its own billet as part of an integrated production process, but purchased steel billet from third parties.

D4.1.3 Provision by a public body

The Commissioner considers 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.

Commissioner's assessment

Masteel reported purchasing 100% of its steel billet from SOEs. The Commissioner verified these purchases, and that the steel mills were wholly or part-owned by the GOC.

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[277] See chapter 4.5 for discussion on terminology of raw material inputs.

[278] The Commissioner'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.

The vast majority of Masteel's billet purchases were from MIS. Based on the information provided by MIS during the investigation, the Commissioner understands MIS is ultimately owned by the GOC, both directly, and through GOC ownership of its parent company, Maanshan Iron & Steel Company Limited (by share) by SASAC, the National Council for Social Security Fund and Anhui Province State-owned Assets Supervision and Administration Council (Anhui Province SASAC), who own MIS's parent companies, China Baowu Steel Group and Anhui Provincial Investment Group Holdings Co. Ltd. This ownership structure is set out in Figure 21 below.

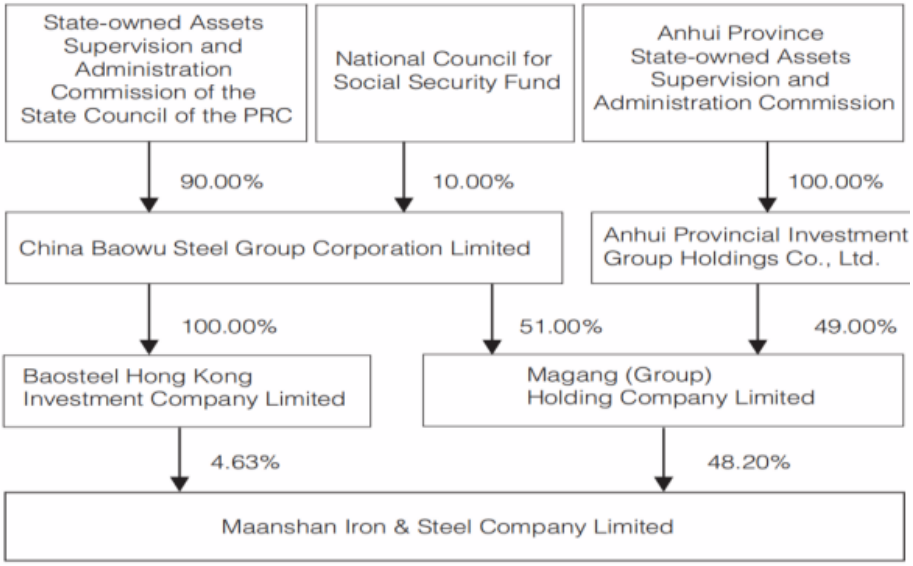

Figure 21: MIS shareholdings[279]

Each of the 3 ultimate holding companies, SASAC, the National Council for Social Security Fund and Anhui Province SASAC, are themselves public bodies:

- **SASAC**: Appendix A6 discusses throughout SASAC's role within the GOC. The Anhui Province SASAC is the provincial level agency of the SASAC responsible for managing state-owned assets in Anhui Province.
- **National Council for Social Security Fund**: The fund was established by Central Committee of the Communist Party of China and the State Council of the People's Republic of China. Its role is to hold and manage assets transferred from the Central State-owned Enterprises under entrustment of the State Council. It operates the assets (including in this investigation, MIS) directly or through mandates to professional institutions in line with the investment scope and proportion limits approved by the State Council. Its Chairman and Vice Chairmen/Chairwoman are appointed by the State Council, and the Board members are approved by the State Council.[280]

The Commissioner considers that these GOC-controlled holding companies are mandated to ensure their assets, which includes MIS, operate in a way consistent with government

[279] MIS was registered and established in December 2024 as a wholly-owned subsidiary of Maanshan Iron & Steel Company Limited (by share), which is listed on the Shanghai Stock Exchange. Figure sourced from EPR 690, Item 18, p32.
[280] https://www.ssf.gov.cn/portal/yw/webinfo/2021/09/1632812253754637.htm

policies and interests. These GOC objectives are not only enforced by the GOC ownership of MIS, but also through the Communist Party of China committee appointed to MIS.[281]

Other than confirming during verification that Masteel's other suppliers were SOEs, the Commissioner was not provided further information regarding their ownership structure, or further involvement of the GOC in their operations. The Commissioner sought this information as part of the questionnaire sent to the GOC, to which the Commissioner received no reply. In the absence of contrary information, the Commissioner considers it reasonable that these other suppliers have a similar level of GOC involvement to MIS.

The Commissioner considers that the GOC's ultimate ownership of MIS, along with the other SOE suppliers of billet, gives it meaningful control over the entities, including influence over appointments, business objectives, investment and business decisions. As discussed in appendices A6 and A7, steel mills in China, regardless of ownership, are already subject to the directives, plans and guidelines of the GOC central government, the Commissioner considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

Submission by Masteel

In its submission of 19 June 2026, Masteel contested the Commissioner's finding that its billet suppliers constitute public bodies. It argued the determination relies impermissibly on government ownership and control, rather than evidence that the entities possess or exercise governmental authority, contrary to WTO jurisprudence. Masteel submitted there is no evidence that its suppliers exercised governmental functions in relation to billet sales, and that reliance on non-cooperation by the GOC is inappropriate given verified exporter data.

Commissioner's assessment

The Commissioner disagrees with the submission made by Masteel in respect of the Commissioner's findings that MIS is a public body. The Commissioner considers that Masteel's interpretation of the requirements to make a public body finding are incorrect and overly narrow. Determining whether an entity is a 'public body' requires evaluation of all available evidence of the entity's features and its relationship with government. The requirements referred to by Masteel are indicia to assist in this evaluation: the Commissioner does not consider that they are a list of mandatory requirements, all of which must be met.

Masteel states that '*There is no evidence on the record of direct instructions from the Government of China to MIS concerning the volumes, prices or terms on which billet is sold to Masteel*', and that the Commissioner has made an adverse inference due to the lack of a questionnaire response from the GOC. Masteel goes on to say, '*The absence of a response from the Government of China cannot override positive evidence supplied by the cooperating exporter.*'

The Commissioner considers that the information available indicates that MIS is subject to the directives, plans and guidelines of the GOC. This includes:

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[281] EPR 690, Item 18, p31.

- Article 170 of the 'Company Law of the People's Republic of China (Revised in 2023)', which applies to MIS as a SOE, and provides, among other things:

  '*The organization of the Communist Party of China in a state-invested company shall play a leading role in accordance with the Constitution of the Communist Party of China, study and discuss the significant matters concerning the operation and management of the company and support the organization of the company in exercising its functions and powers in accordance with the law.*'[282]

- Article 36 of the 'Law of State-Owned Assets in Enterprises' which provides that SOEs '*…shall make investments in compliance with the industrial policy of the state'*.

- the terms of its articles of association, which, among other things, require it to '*…accept the supervision of the government and the general public.*'[283]

In addition, the Commissioner notes the discussion in appendix A, which concludes that '*For SOEs, the Commissioner considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.*'[284]

Based on the above, the Commissioner considers that MIS is required to follow and does in fact follow the directives, plans and guidelines of the GOC. As such the Commissioner considers that the GOC exercises control over MIS and its conduct, including decisions related to investment, capacity and production where investment, capacity and production decisions impacts the volume, price and terms on which MIS supplies billet to Masteel.

The lack of a questionnaire response from the GOC, which may have assisted the Commissioner further, means the Commissioner must rely on the information available. The Commissioner also notes that, as the GOC is a non-cooperative entity in this investigation, pursuant to section 269TAACA(2), the Commissioner may, under section 269TAACA(1), act on the basis of all the facts available to the Commissioner and make such assumptions as the Commissioner considers reasonable.

In light of the above, the Commissioner concludes that the GOC-owned steel billet suppliers to Masteel possess, exercise and are vested with governmental authority and are, therefore, public bodies.

D4.1.4 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.

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[282] Article 170, Company Law of the People's Republic of China (Revised in 2023)
[283] Confidential Exhibit D-6.10(b) to MIS REQ, EPR 690, Item 18
[284] Appendix A7.

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.*[285]

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.

Masteel advised it had no purchases of steel billet from private operators during the investigation period. No other Chinese entities responded to the Commissioner's questionnaire, nor did the Commissioner receive a response from the GOC. Further, the Commissioner was unable to source Chinese steel billet cost or price information via other sources.

Accordingly, the Commissioner cannot compare the government price to private operator prices, or prices paid in the same sector or the economy as a whole.

The Commissioner therefore used the constructed steel billet benchmark price used in the calculation of Masteel's normal value as the benchmark for the LTAR assessment.

Appendix C7 sets out the Commissioner's assessment in full. 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

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[285] Manual, p76.

- other factors that may be relevant.

The data used in this analysis is summarised in APPENDIX E.

After considering the above, the Commissioner found that Turkish domestic prices provide a suitable and preferable representative price for assessing the adequacy of remuneration having regard to prevailing market conditions in China. This is because:

- Turkey's domestic steel manufacturing industry and key economic and development indicators more closely align with China than the EU, notwithstanding differences in the composition of steel production facilities
- while there has been an increase in Chinese imports of semi-finished goods into Turkey since CON 632, the level of import penetration is relatively low and at levels similar to the EU steel market
- a recent commission investigation into the Turkish steel market (*Investigation 655 – Hot rolled deformed steel reinforcing bar in lengths from Indonesia, Malaysia, Thailand, Türkiye, Vietnam*) found no evidence of distortions in the Turkish steel market
- there is no other verified data from another jurisdiction available from a relevant period which might be preferable to Turkish prices.

The Commissioner considers this is the most suitable benchmark that reflects the prevailing market conditions in China, after accounting for the particular market situation in the broader Chinese steel market.

Having determined that Turkish domestic prices for steel billet are a suitable and preferable basis to calculate a benchmark, the Commissioner sourced price data from the subscription service MEPS. As the standard of steel billet reported by MEPS is not the special steel billet used in the manufacture of FRW, the Commissioner considers it necessary to make an adjustment to reflect the premium that special steel billet has over standard steel billet. The Commissioner made this adjustment using the difference between the MEPS Chinese billet price and the verified price paid by Masteel for its special steel billet.

The above analysis results in a benchmark based on:

- the Turkish steel billet price, sourced from MEPS
- plus, a premium to account for the difference between the type of steel billet reported in the Turkish steel billet price and the special steel billet used in the production of FRW, calculated by the difference between the MEPS Chinese steel billet price and the price paid by Masteel for the special steel billet it uses to make the goods.

Based on a comparison of the Commissioner's determination of adequate remuneration (based on the benchmark) and steel billet prices paid by Masteel to its suppliers in the investigation period, the Commissioner finds that steel billet was supplied at less than adequate remuneration, thus conferring a benefit on Masteel. As such the Commissioner finds that Masteel received a subsidy in the investigation period under this program.

D4.1.5 Is the subsidy countervailable?

The Commissioner is satisfied that eligibility for a subsidy under this program is limited to particular enterprises purchasing steel billet.

The Commissioner saw 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 purchasing steel billet. It therefore does not satisfy the exception to specificity in section 269TAAC(3).

Accordingly, the Commissioner is satisfied that this program meets the criteria of a countervailable subsidy under section 269TAAC(2)(a)

D4.1.6 Amount of subsidy – Masteel

The Commissioner compared Masteel's monthly billet purchases for the investigation period with the constructed steel billet benchmark price. The Commissioner then determined whether a benefit was provided in respect of those purchases by calculating the difference between the prices paid by Masteel to SOEs and the constructed benchmark.

Submission by Masteel

In its submission of 19 June 2026, Masteel submitted that the amount of benefit calculated by the Commissioner as received by Masteel is overstated due to the inclusion of transactions that are not purchases of prime billet used in production. It identified two categories: (i) 'head and tail' (non-prime) billet used only for testing and priced on a scrap basis, and (ii) toll-processing transactions representing service fees rather than billet purchases. Masteel argued these transactions are not comparable to prime billet and artificially inflate the benchmark comparison and should be excluded from the benefit calculation.

Commissioner's assessment

The Commissioner has reviewed the additional information provided by Masteel with its submission and the raw materials purchase listing, along with records from the verification of Masteel earlier in the investigation. The Commissioner is satisfied that Masteel's claims are valid, and has removed the non-prime billet and toll-processing transactions from the calculation of the benefit received under this program.

D4.1.7 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 this program. The Commissioner considers that these entities have not given the Commissioner information considered to be relevant to the investigation within a reasonable period.

Pursuant to sections 269TAACA(1)(c) and 269TAACA(1)(d), the Commissioner has acted based on all the facts available and made reasonable assumptions to determine whether a countervailable subsidy has been received in respect of the goods.

Based on the findings in respect of Masteel, the Commissioner considers it likely that non-cooperative entities purchased all steel billet used in the production of the goods from SOEs at subsidised prices and therefore received a financial contribution under this program. The Commissioner received no evidence that the purchasing behaviour of non-cooperative entities would be different from Masteel. Further, given the presence of raw materials available from SOEs at below market prices, as discussed in APPENDIX A, it is reasonable for the Commissioner to assume, pursuant to section 269TAACA, that non-cooperative entities would purchase such raw materials to manufacture the goods.

The Commissioner considers that the amount of countervailable subsidy, and in turn the subsidy margin for this program to apply to non-cooperative entities, should be determined by reference to the lowest weighted average priced SOE supplier to Masteel for each month of the investigation period. The Commissioner considers this represents a price at which non-cooperative entities could have purchased steel billet.

Chapter 7.5.2 discusses the subsidy margin calculation for non-cooperative entities.

D4.2 Grant programs contingent on export performance

D4.2.1 Scope of programs

Masteel reported in its REQ receiving a range of grants and reimbursements administered by central, provincial, municipal and development-zone authorities that were conditional upon export activity or export-related expenditure. These programs include:

- foreign trade development and economic promotion grants
- export credit insurance premium subsidies
- export-credit and credit-investigation fee subsidies
- international market development and overseas product certification subsidies.

The Commissioner examined export-contingent programs reported by Masteel to determine whether they conferred a benefit in relation to goods exported to Australia during the investigation period.

The Commissioner found that the programs set out in Table 38 below provided a countervailable subsidy contingent on export performance during the investigation period.

Program Number	Program Name	Granting Authority
690-8	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - Export Enterprise Insurance Premium Subsidy Program - Export Credit Insurance	Anhui Provincial Department of Commerce, Anhui Provincial Department of Finance
690-9	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation - International Market Development Project - Overseas Product Certification	Anhui Provincial Department of Commerce, Anhui Provincial Department of Finance
690-11	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 – Anhui	Anhui Provincial Department of Commerce, Anhui Provincial Department of Finance

690-12	The Bureau of Commerce disburses funds for municipal-level modern service industry policy projects in 2022 - Ma'anshan	Ma'anshan Municipal Bureau of Commerce
690-13	The Development Zone Management Committee disbursed certain foreign trade and economic policy funds from the Anhui Provincial Department of Commerce for 2024 and 2025, including export insurance.	Anhui Provincial Department of Commerce, Anhui Provincial Department of Finance
690-21	Commerce Bureau's 2024 Foreign Trade Development Fund Export Credit Insurance Payment	Anhui Provincial Department of Commerce, Anhui Provincial Department of Finance
690-24	Anhui Branch of China Export & Credit Insurance Corporation	Anhui Provincial Department of Commerce/Finance

Table 38: Grant programs contingent on export performance

D4.2.2 WTO notification and legal basis

The Commissioner reviewed the *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 (China subsidy notification) and did not identify any programs matching the descriptions provided by Masteel for the programs in Table 38.

The commission examined information provided by the exporter and information obtained during verification in order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program, but has listed the relevant granting authority in Table 38.

D4.2.3 Eligibility criteria

From the information available to it, the Commissioner considers that eligibility for the programs listed in Table 38 is conditional upon export activity or export-related expenditure.

In particular, eligibility under these programs is linked to factors such as the export of goods, the incurrence of export-related costs (including export credit insurance premiums, credit-investigation fees and overseas product certification expenses), or participation in international market-development activities.

D4.2.4 Is there a subsidy?

From the evidence before it, the Commissioner considers that grants provided under these programs are financial contributions by the GOC (at the municipal or provincial level) which involve the direct transfer of funds from that government.

The financial contribution took the form of direct grants, reimbursements of export-related expenses (including export credit insurance premiums, credit investigation fees and overseas certification costs), or the assumption of costs normally borne by the exporter.

The Commissioner considers that the financial contributions provided under these programs are conferred by reducing expenditure in relation to export sales or export-related activities for all exported goods (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 this program meet the definition of a subsidy under section 269T.

D4.2.5 Is the subsidy countervailable?.

From the information before it, the Commissioner considers that these programs are contingent upon export performance and therefore meet the specificity requirements of sections 269TAAC(2)(c).

The Commissioner is satisfied that these programs involve a financial contribution by a government authority, confer a benefit, and are contingent upon export performance. Accordingly, the Commissioner considers that these programs constitute countervailable subsidies.

The commission has not seen any evidence to suggest that the eligibility criteria for these programs are neutral, economic in nature, horizontal in application, or broadly available to all enterprises regardless of export activity. Accordingly, the exception to specificity in section 269TAAC(3) does not apply.

D4.2.6 Amount of subsidy

The amount of each subsidy is the amount received by exporters under each program during the investigation period.

As this amount has been provided in connection with the production, manufacture, or export of all exported products, the commission has attributed this amount to each unit of the goods based on the value of all export turnover during the investigation period, in accordance with section 269TACD(2).

D4.3 Grant programs limited to specific enterprises

D4.3.1 Scope of programs

Masteel reported in its REQ receiving a range of grants from central, provincial, municipal and development-zone authorities, including:

- industrial development and intelligent-manufacturing grants
- science and technology project funding
- enterprise awards and certification-based incentives
- employment and human-resources subsidies
- postdoctoral and innovation-support funding.

The Commissioner found that the programs set out in Table 39 below provided a countervailable subsidy to specific enterprises during the investigation period.

Program Number	Program Name	Granting Authority
690-3	The Municipal Bureau of Industry and Information Technology has allocated provincial funds for the second batch of projects supported by preferential policies for enterprises in 2024.	Ma'anshan Municipal Bureau of Industry and Information Technology

690-4	Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2023 China Invention Patent Grant Subsidy	Ma'anshan Municipal Market Supervision Administration
690-5	The Municipal Science and Technology Bureau paid out funds for the 2023 science and technology policy 'no-review-required' access.	Ma'anshan Science and Technology Bureau
690-6	The Municipal Science and Technology Bureau disburses 2023 science and technology policy 'no-approval-required' funding: High-tech enterprise certification reward.	Ma'anshan Science and Technology Bureau
690-7	Postdoctoral Research Station Funding Disbursement for 2023-2024	Anhui Provincial Department of Human Resources and Social Security
690-20	Demonstration application of online automatic measurement of wheel thermal inspection dimensions	Ministry of Finance of the People's Republic of China
690-23	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy - Unemployment insurance refund	Ma'anshan Talent Comprehensive Service Center
690-25	Ma'anshan Talent Comprehensive Service Center (Ma'anshan Public Employment Service Center) Job Expansion Subsidy – Campus Recruitment	Ma'anshan Talent Comprehensive Service Center
690-26	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level New Product Certification and Award)	Ma'anshan Municipal Bureau of Industry and Information Technology
690-27	Ma'anshan Municipal Bureau of Industry and Information Technology (2023 Provincial-level Technological Innovation Demonstration Enterprise Award)	Ma'anshan Municipal Bureau of Industry and Information Technology
690-28	Ma'anshan Municipal Bureau of Industry and Information Technology (Provincial-level Green Factory Enterprise Award)	Ma'anshan Economic Development Zone Management Committee
690-30	Policy funding benefits related to the demonstration application of online automatic measurement of wheel thermal inspection dimensions	Ministry of Finance of the People's Republic of China
690-31	Related to the policy funding benefits for the research and application of key technologies in the manufacturing of high-grade rail transit wheels	Anhui Provincial Department of Science and Technology

Table 39: Grant programs limited to specific enterprises

D4.3.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by Masteel for the programs in Table 39.

The commission examined information provided by the exporter and information obtained during verification in order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a

response. The commission was therefore unable to identify the specific legal basis for each program, but has listed the relevant granting authority in Table 39.

D4.3.3 Eligibility criteria

From the information available to the commission, eligibility for the programs listed in Table 39 is limited to specific entities, as set out in Table 40 below.

Program Number	Eligibility criteria
690-3	Enterprises in Ma'anshan undertaking intelligent manufacturing projects must be approved by the granting authority
690-4	Enterprises in Ma'anshan undertaking enterprise-level transformation and upgrading activities must be approved by the granting authority
690-5	Enterprises in Ma'anshan whose products obtain recognised new-product status under science and technology policy
690-6	Enterprises in Ma'anshan recognised as High and New Technology Enterprises (HNTE) under the national HNTE framework
690-7	Enterprises in Anhui approved as postdoctoral research station host institutions
690-20	Enterprises undertaking a designated demonstration project approved by the granting authority
690-23	Eligibility is limited to employers meeting specified criteria within Ma'anshan.
690-25	Eligibility is limited to employers meeting specified criteria within Ma'anshan.
690-26	Enterprises in Ma'anshan whose products or operations obtain the relevant certification or designation.
690-27	Enterprises in Ma'anshan whose products or operations obtain the relevant certification or designation.
690-28	Enterprises in Ma'anshan whose products or operations obtain the relevant certification or designation.
690-30	Enterprises undertaking a designated demonstration project approved by the granting authority
690-31	Enterprises in Anhui undertaking a designated technology development project in the rail transit sector

Table 40: Eligibility criteria for grant programs limited to specific enterprises

D4.3.4 Is there a subsidy?

From the evidence before it, the Commissioner considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The Commissioner 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.

D4.3.5 Is the subsidy countervailable?

The eligibility criteria listed in Table 40 limit access to specific enterprises, based variously on the geographic location of specific activities undertaken by recipients.

The Commissioner 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 Commissioner considers that subsidies available under these programs are specific and is therefore countervailable under section 269TAAC.

D4.3.6 Amount of subsidy

The amount of each subsidy is the amount received by exporters under each program during the investigation period.

For all programs in Table 40, except Program 690-20, Program 690-30 and Program 690-31, 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).

As Program 690-20, Program 690-30 and Program 690-31 each relate to the broader railway wheel category, the Commissioner considers this amount has been provided in connection with the production, manufacture, or export of all products within the railway product business unit. The commission has therefore attributed this amount to each unit of the goods based on the value of turnover for Masteel's railway product business unit during the investigation period.

D4.4 Preferential tax programs

Masteel reported in its REQ receiving benefits under the following preferential tax programs:

- input VAT additional deduction
- individual income-tax handling-fee refund (2%)

The Commissioner found that the programs set out in Table 41 below provided a countervailable subsidy during the investigation period.

Program Number	Program Name
5	Preferential Treatments for High and New Technology Enterprises

684-12	Individual income tax handling fee refund
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises

Table 41: Preferential tax programs

The following appendices discuss these programs in detail.

D4.4.1 Program 5 – Preferential Treatments for High and New Technology Enterprises'

Scope of program

Masteel reported in its REQ paying a corporate tax rate of 15%, compared to the general tax rate applying to enterprises in China of 25%. Masteel explained that this tax discount is under a program called 'Preferential Treatments for High and New Technology Enterprises'.

The commission recently identified this program in *SEF 684 – PVC flat electric cables from China* (SEF 684).

WTO notification and legal basis

SEF 684 provides that:[286]

> *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* (the 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 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.
>
> 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%.

Eligibility criteria

Based on the findings in SEF 684, 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

[286] SEF 684, p23.

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%.[287]

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

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.

Is the subsidy countervailable?

In SEF 684, based on the eligibility criteria, the Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2) and that this program is countervailable.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 684.

Amount of subsidy

The amount of countervailable subsidy received by Masteel under Program 5 is equal to the reduction in tax otherwise payable by Masteel over the investigation period.

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

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).

D4.4.2 Program 684-12 – Individual income tax handling fee refund

Scope of program

Masteel reported in its REQ receiving a benefit '*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.*'.

The commission recently identified this program in SEF 684.

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.

Eligibility criteria

In both SEF 684 and in this investigation, the program appears to be limited to specific businesses operating within the jurisdiction of the granting authority. For the exporters examined in SEF 684, this was Dongguan. In this investigation, it is enterprises located in the Ma'anshan Economic and Technological Development Zone.

Is there a subsidy?

From the evidence before it, the Commissioner 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 Commissioner 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.

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).

The commission has seen 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. 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 Commissioner considers that subsidy available under this program is specific and is therefore countervailable under section 269TAAC.

Amount of subsidy

The amount of countervailable subsidy received by Masteel under Program 684-12 is the amount received by Masteel 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).

D4.5 Capital grant programs (deferred income – fixed assets)

D4.5.1 Scope of programs

The Commissioner identified capital-grant programs recorded as deferred income (fixed-asset projects), including programs approved prior to the investigation period but whose benefits continue throughout the investigation period. The Commissioner 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.

The capital grant programs include fixed projects supporting railway wheel-related assets and fixed projects supporting axle-related assets within Masteel’s rail equipment operations.

The Commissioner is satisfied that the following pre-IP capital-grant programs are countervailable.

Program Number	Program Name	Granting Authority
690-14	2015 Intelligent Manufacturing Special Project - Deferred income (Fixed project No.1) (Jun-2025)	Ministry of Industry and Information Technology; Ministry of Finance of China
690-15	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base Deferred income (Fixed project No.2) (Jun-2025)	Ma'anshan Development and Reform Commission (Price Bureau) ; Ma'anshan Economic and Technological Development Zone Management Committee Finance Bureau
690-16	2015 Special Guidance Fund Investment Plan for Rail Transit Equipment Industrial Base - Deferred income (Fixed project No.3) (Dec-2024)	Ma'anshan Development and Reform Commission (Price Bureau) ; Ma'anshan Economic and Technological Development Zone Management Committee Finance Bureau
690-17	2017 New high-speed axle production line project grant - Deferred income (Fixed project No.4) (Dec-2024)	Ma'anshan Economic and Technological Development Zone Management Committee Finance Bureau
690-18	2017 Construction of the exhibition hall grant - Deferred income (Fixed project No.5) (Dec-2024)	Ma'anshan Economic and Technological Development Zone Management Committee

Table 42: Capital grant programs

D4.5.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by Masteel for the programs in Table 42.[288]

The commission examined information provided by the exporter and information obtained during verification in order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire, but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program, but has listed the relevant granting authority in Table 42.

D4.5.3 Eligibility criteria

From the information available to the commission, eligibility for Programs 690-15 to 690-18 is limited to rail industry entities in located Ma'anshan.

Eligibility for Program 690-14 is limited to specific enterprises carrying on capital works projects connected with manufacturing, approved by the granting authority.

D4.5.4 Is there a subsidy?

Masteel's submission

In its submission dated 22 May 2026 (EPR 690, Item 24), Masteel submitted that Programs 690-15, 690-16 and 690-17 do not confer a benefit in respect of the goods, as

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

they are project-specific grants tied to railway axle production, which are not the goods under consideration.

Masteel stated that axles are distinct from wheels in terms of function, production processes and facilities, and that the grants relate exclusively to axle-specific projects and assets.

Masteel submitted that no pass-through of benefits to the goods has been demonstrated and that attribution based on a broader 'rail equipment business unit' is not supported by the evidence or relevant legal principles.

Masteel requested that the Commissioner exclude these programs from the subsidy margin or, alternatively, adjust the allocation methodology.

Commissioner's assessment

From the evidence before it, the Commissioner considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The Commissioner has determined that grants provided under these programs relate to supporting rail equipment assets that are not exclusively used for the production of FRW but nonetheless conferred a benefit (whether directly or indirectly) in relation to the goods under consideration during the investigation period.

During verification, Masteel submitted that these programs do not relate to the goods, but to other rail products, specifically axles. Masteel reaffirmed this view in its submissions of 22 May 2026.

The Commissioner notes that section 269T(1) provides that a benefit may be conferred whether directly or indirectly in relation to goods exported to Australia. On the basis of evidence obtained during verification of Masteel, the Commissioner considers that Masteel's rail equipment operations, including the manufacture of FRW and axles, are conducted as an integrated business unit, with shared production infrastructure, shared overheads and shared operational functions (including utilities, quality assurance, engineering support, maintenance and logistics). The Commissioner therefore considers that capital grants supporting the expansion and modernisation of axle-related production lines and rail-equipment industrial base infrastructure confer indirect benefits on the manufacture and export of the goods through operational synergies, including improved capacity utilisation, shared services, and reduced unit costs within the rail equipment business unit.

Accordingly, while certain capital grants were originally approved for assets or projects described as axle-related, the Commissioner considers that these grants are made in connection with the production, manufacture or export of all products within Masteel's rail equipment business unit, including the goods. The Commissioner has therefore treated these axle-related capital grants as conferring an indirect benefit in relation to the goods under consideration during the investigation period and included them in the assessment of capital grants received during the investigation period.

D4.5.5 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 Commissioner considers that subsidies available under these programs is specific and is therefore countervailable under section 269TAAC.

D4.5.6 Amount of subsidy

The Manual provides that:

> Where the subsidies can be linked to the acquisition of fixed assets or to the long term debt structure of the enterprise, the total value of the subsidy will be spread over a period which reflects the normal depreciation of the assets in the industry concerned.
>
> Therefore, a one-off grant used in this manner, for example, can be spread over the normal period used for the depreciation of assets. Such an approach means that one-off subsidies paid in the past can remain countervailable provided that the benefit carried into the investigation period.[289]

The Commissioner identified several grants paid to Masteel for fixed assets prior to the investigation period under this program that are within the depreciation period for those assets.

The Manual provides a formula for calculating the benefit applicable to the investigation period where a grant is to be amortised over the depreciation period of fixed assets.

However, during verification, the commission identified that Masteel received deferred payments for the fixed assets funded under these programs, rather than an upfront payment. Each financial year, Masteel receives a payment under these programs for the relevant fixed asset.

Accordingly, the Commissioner considers is unnecessary to calculate an amortised benefit under these programs, but can instead use the actual deferred amounts paid in the investigation period. Therefore, the amount of each subsidy under these programs is the amount received by Masteel under each program during the investigation period.

As these programs each relate to the broader railway wheel category, the Commissioner considers this amount has been provided in connection with the production, manufacture, or export of all products within the railway product business unit. The commission has therefore attributed this amount to each unit of the goods based on the value of turnover for Masteel's railway product business unit during the investigation period.

D5 Previously identified programs

The Commissioner identified the following programs as countervailable in INV 466.

Program Number[290]	Program Name	Program type	Relevant to INV 690
466-2	Coking coal provided by government at less than adequate remuneration	LTAR	No

[289] The Manual, p69.

[290] Those programs beginning with '466' were identified as part of *Investigation 466*. The commission has added the 466-prefix to clearly identify those programs. See chapter 7.4.1.

466-48	Technological transformation fund for Phase II Silicon Steel Project	Grant	No
466-51	New-zone Thermal Power Plant CCPP system engineering	Grant	No
466-52	EMU Steel wheel production line project	Grant	No
466-62	Fix assets subsidy for thin plate project	Grant	No
466-67	Environmental funds for desulphurisation project of 3rd iron plant's flue gas (BOT)	Grant	No
466-74	Subsidy for material modification of high-speed wheel and axle	Grant	No
466-83	Subsidy for Ma'anshan railway industry	Grant	Yes
466-84	Comprehensive utilisation of gas for power generation of a thermal power plant	Grant	No
466-88	Other Grants	Grant	Yes
466-89	Environmental subsidy funds for flue gas desulphurisation and 135mW thermal power	Grant	No
466-92	Repayment of Administration for Port & Shipping of Ma'anshan	Grant	No
466-93	International Market Development Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	Grant	No
466-94	Import Subsidies Funds from Bureau of Commerce of Ma'anshan (Overseas Business Department)	Grant	Yes
466-95	Overseas Network Construction Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	Grant	No
466-96	Fourth Quarter Incentive Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	Grant	No
466-97	Industrial Investment Comprehensive Compensation Funds of 2017 from Economic and Information Commission of Ma'anshan	Grant	No
466-98	National Industrial Transformation Financial Subsidy of 2017 (First Major Technical Equipment Insurance Project)	Grant	No
466-99	Provincial 115 Industry Innovation Team Funds from Finance Bureau of Ma'anshan	Grant	No
466-100	The Second Tranche of Provincial Foreign Trade Policy of 2016 from Business Bureau of Ma'anshan	Grant	No
466-101	Industrial Policy Funds of 2017 from Finance Bureau of Ma'anshan	Grant	No
466-102	Industrial policy funds from Finance Bureau Corporate Section of Ma'anshan	Grant	Yes
466-103	Environmental assistance from Environmental Protection Bureau of Ma'anshan	Grant	Yes
466-104	Foreign Trade Policy Funds of 2016 from Business Bureau of Ma'anshan	Grant	No

466-105	Trade Friction Public Service Fund Subsidies of 2016 from Business Bureau of Ma'anshan	Grant	No
466-106	Provincial Foreign Trade Policy Funds of 2016 from Business Bureau of Ma'anshan	Grant	No
466-107	Technical Special Fees	Grant	Yes
466-108	Export Credit Subsidy	Grant	No
466-109	Annual Transformation Development Financial Aid Fund of 2017	Grant	No
466-110	Employees' distributive resettlement expenses for resolving excess capacity	Grant	Yes
466-111	Subsidy for hot-rolled 1580 project	Grant	No
466-112	Subsidy for 4# blast furnace project	Grant	No

Table 43: Countervailable programs in INV 466

The commission has reviewed each program in Table 43 having regard to its stated purpose, implementation period, and project-specific characteristics, to determine whether these programs are relevant to this investigation.

D5.1 Programs not relevant to the investigation

After examining the information available, the Commissioner is satisfied that the programs listed in Table 44 were limited to a particular year or completed project and were no longer available during the investigation period.

Program number	Program name
466-48	Technological transformation fund for Phase II Silicon Steel Project
466-51	New-zone Thermal Power Plant CCPP system engineering
466-52	EMU Steel wheel production line project
466-62	Fix assets subsidy for thin plate project
466-67	Environmental funds for desulphurisation project of 3rd iron plant's flue gas (BOT)
466-74	Subsidy for material modification of high-speed wheel and axle
466-84	Comprehensive utilisation of gas for power generation of a thermal power plant
466-89	Environmental subsidy funds for flue gas desulphurisation and 135mW thermal power
466-92	Repayment of Administration for Port & Shipping of Ma'anshan
466-97	Industrial Investment Comprehensive Compensation Funds of 2017 from Economic and Information Commission of Ma'anshan
466-98	National Industrial Transformation Financial Subsidy of 2017 (First Major Technical Equipment Insurance Project)
466-99	Provincial 115 Industry Innovation Team Funds from Finance Bureau of Ma'anshan
466-100	The Second Tranche of Provincial Foreign Trade Policy of 2016 from Business Bureau of Ma'anshan
466-101	Industrial Policy Funds of 2017 from Finance Bureau of Ma'anshan
466-104	Foreign Trade Policy Funds of 2016 from Business Bureau of Ma'anshan

466-105	Trade Friction Public Service Fund Subsidies of 2016 from Business Bureau of Ma'anshan
466-106	Provincial Foreign Trade Policy Funds of 2016 from Business Bureau of Ma'anshan
466-109	Annual Transformation Development Financial Aid Fund of 2017
466-110	Employees' distributive resettlement expenses for resolving excess capacity
466-111	Subsidy for hot-rolled 1580 project
466-112	Subsidy for 4# blast furnace project

Table 44: INV 466 programs assessed as no longer relevant

In the absence of evidence indicating continuation or renewal during the investigation period, the commission has not included these programs further in the subsidy assessment.

Consolidated programs

Table 45 lists those programs the Commissioner identified in INV 466 which it considers are covered by programs in this investigation and which have therefore been excluded.

INV 466 program number	INV 466 program name	INV 690 program numbers	INV 690 program(s) name	Reason why not relevant
466-93	International Market Development Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	690-62	Enterprise Management System Certification Subsidy (Funding for SMEs to Explore International Markets)	The Commissioner did not find this program countervailable in INV 690
466-95	Overseas Network Construction Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	690-49	Foreign trade promotion policies and funds for new business models such as cross-border e-commerce and overseas warehouses	The Commissioner did not find this program countervailable in INV 690
466-96	Fourth Quarter Incentive Funds from Bureau of Commerce of Ma'anshan received by Overseas Business Department	690-68	Support the development of foreign trade entities and encourage enterprises to grow bigger and stronger	The Commissioner did not find this program countervailable in INV 690
466-108	Export Credit Subsidy	690-68	Short-term Export Credit Insurance Premium Subsidy	The Commissioner did not find this program countervailable in INV 690

Table 45: Consolidated programs

Program 2 – Coking coal provided by government at less than adequate remuneration

Based on the information obtained during verification of Masteel, the Commissioner is satisfied that Masteel does not use coking coal in the production of the goods. Accordingly, this program is not relevant to the investigation.

D5.2 Programs relevant to the investigation

After examining the information available, the Commissioner is satisfied that the programs listed in Table 46 are not limited to a period prior to the investigation period or are an otherwise completed project or program.

Program number	Program name	Program type
466-2	Coking coal provided by government at less than adequate remuneration	Provision of goods
466-83	Subsidy for Ma'anshan railway industry	Grant
466-88	Others	Grant
466-94	Import Subsidies Funds from Bureau of Commerce of Ma'anshan (Overseas Business Department)	Grant
466-102	Industrial policy funds from Finance Bureau Corporate Section of Ma'anshan	Grant
466-103	Environmental assistance from Environmental Protection Bureau of Ma'anshan	Grant
466-107	Technical Special Fees	Grant
466-110	Employees' distributive resettlement expenses for resolving excess capacity	Grant

Table 46: INV 466 programs assessed as remaining relevant

The Commissioner is not aware of a change in the status of these programs given the GOC did not provide a questionnaire response. Furthermore, Masteel's REQ did not provide any new information regarding these programs.

The findings in INV 466 indicate that these programs have no end date. The then Commissioner in INV 466 found that exporters of railway wheels were eligible to receive, and did receive, subsidies under these programs during the period 1 January 2017 to 31 December 2017 (the inquiry period for INV 466). The Commissioner considers that no new information has been provided in this investigation that would warrant a reconsideration of the determination made in relation to the countervailability of these programs in INV 466. The subsidy findings in INV 466 were based on Maanshan Iron and Steel Co Ltd, the parent company of MIS: no evidence was provided that Maanshan Iron and Steel Co Ltd is no longer in receipt of these subsidies, that these subsidies are no longer in force, or have changed. In the absence of cooperation from the GOC, which could have provided evidence contrary to the existing evidence before the Commissioner, the Commissioner accordingly considers these programs remain in unchanged and in effect.

No evidence was provided indicating that the eligibility criteria were 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 is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). The Commissioner has therefore maintained its position that these programs are countervailable in relation to exports of the goods from China for the investigation period.

D6 Programs which did not confer a benefit

The Commissioner found no evidence the programs in Table 47 below, listed either in the application or reported by Masteel in its questionnaire response, conferred a benefit in relation to goods exported to Australia during the investigation period.

Program Number	Program Name	Reason
690-10	Commerce Bureau's 2024 Foreign Trade and Economic Development Fund Allocation – trade-conflict/anti-dumping response costs (Case 632)	Program related to costs incurred in connection with an anti-dumping proceeding unrelated to the goods.
690-32	Ma'anshan Municipal Human Resources and Social Security Bureau	Fully expensed prior to the investigation period.
690-33	Industrial Internet Platform Construction Project Subsidy (Ma'anshan Municipal Bureau of Economy and Information Technology)	Fully expensed prior to the investigation period.
690-34	2022 Municipal-level Industrial Support Policy Funds (Ma'anshan Municipal Market Supervision Administration)	Fully expensed prior to the investigation period.
690-35	The Municipal Bureau of Economy and Information Technology has allocated the fourth batch of funds for the 2022 policy of "no application required for immediate enjoyment".	Fully expensed prior to the investigation period.
690-36	Tax refund policy	Fully expensed prior to the investigation period.
690-37	5% additional deduction for input VAT (Dec-2023)	
690-38	One-time job expansion subsidy	Fully expensed prior to the investigation period.
690-39	Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2022 Invention Patent Grant	Fully expensed prior to the investigation period.
690-40	The Municipal Bureau of Economy and Information Technology has allocated the first batch of funds for the 2022 policy of "no application required, immediate enjoyment".	Fully expensed prior to the investigation period.
690-41	Municipal Market Supervision Bureau's policy funds for the transformation and upgrading of payment enterprises - 2022 Excellence awards	Fully expensed prior to the investigation period.
690-42	The Municipal Science and Technology Bureau has allocated the 2022 Municipal Science and Technology Innovation Recognition Category (Second Batch) Policy Implementation Subsidy Funds - Third prize	Fully expensed prior to the investigation period.
690-43	The Municipal Science and Technology Bureau has allocated the 2022 Municipal Science and Technology Innovation Recognition Category (Second Batch) Policy Implementation Subsidy Funds - Second prize	Fully expensed prior to the investigation period.
690-44	Foreign trade and economic development policies for electromechanical exports	Fully expensed prior to the investigation period.
690-45	Export Credit Insurance Policy	Fully expensed prior to the investigation period.
690-46	Job stabilization policy refund	Fully expensed prior to the investigation period.
690-47	Provincial Manufacturing Powerhouse Policy Single Champion Demonstration Enterprise Subsidy	Fully expensed prior to the investigation period.
690-48	Intellectual Property Grants in 2021	Fully expensed prior to the investigation period.
690-49	Foreign trade promotion policies and funds for new business models such as cross-border e-commerce and overseas warehouses	Fully expensed prior to the investigation period.

690-50	Anhui Provincial Science and Technology Progress Award - Second Prize	Fully expensed prior to the investigation period.
690-51	Anhui Provincial Science and Technology Progress Award - Third Prize	Fully expensed prior to the investigation period.
690-52	Export credit fees provincial fiscal funds	Fully expensed prior to the investigation period.
690-53	Tax refund for senior executives	Fully expensed prior to the investigation period.
690-54	Deferred revenue transfer (Collaborative research on wheel peeling damage behaviour and optimization of Harmony Electric Locomotives, for passenger transport)	Fully expensed prior to the investigation period.
690-55	Job Expansion Subsidy	Fully expensed prior to the investigation period.
690-56	2020 third-generation transaction fees	Fully expensed prior to the investigation period.
690-57	Unemployment insurance job retention subsidy - 20%	Fully expensed prior to the investigation period.
690-58	Encourage the development of high technology	Fully expensed prior to the investigation period.
690-59	Support enterprises to grow bigger and stronger	Fully expensed prior to the investigation period.
690-60	Support the development of large-scale strategic emerging enterprises and industries	Fully expensed prior to the investigation period.
690-61	Unemployment insurance job retention subsidy - 30%	Fully expensed prior to the investigation period.
690-62	Enterprise Management System Certification Subsidy (Funding for SMEs to Explore International Markets)	Fully expensed prior to the investigation period.
690-63	Domestic product certification subsidy (funds for SMEs to explore international markets)	Fully expensed prior to the investigation period.
690-64	Enterprise subsidies for expanding into international markets (cumulative expenses for expanding into international markets exceeding)50(10,000 subsidy)	Fully expensed prior to the investigation period.
690-65	Support leading enterprises to reach new heights (Mar-2022)	Fully expensed prior to the investigation period.
690-66	Provincial-level new products	Fully expensed prior to the investigation period.
690-67	Reduce land costs for businesses (Improvement of per-mu yield evaluation results) (Mar-2022)	Fully expensed prior to the investigation period.
690-68	Short-term export credit insurance premium	Fully expensed prior to the investigation period.
690-69	Support the development of foreign trade entities and encourage enterprises to grow bigger and stronger (Mar-2022)	Fully expensed prior to the investigation period.
690-70	2020 Special Fund for the Exhibition Industry (Domestic Exhibitions)	Fully expensed prior to the investigation period.
690-71	Rewards for manufacturing and trading enterprises in this city exporting heavy containers from Ma'anshan Port (Mar-2022)	Fully expensed prior to the investigation period.

Table 47: Programs which did not confer a benefit

APPENDIX E ANALYSIS OF BENCHMARK OPTIONS

The supporting data for the table below is in **Non-confidential attachment 3 – Country analysis**.

Measure	China	Turkey	EU Highest and Lowest	Korea	Brazil	India	Japan	United States	Germany
Steel production Country Rank[i]	1	7	2	6	8	3	5	4	9
Capacity (MMT)[ii]	1,173.4	59.0	205.7 (all of EU)	81.6	50.9	179.5	117.0	119.3	58.1
GDP per person USD[iii]	$13,303.15	$15,892.72	HIGH -$137,781.68 LOW -$17,596.02	$36,238.64	$10,310.55	$2,694.74	$32,487.08	$84,534.04	$56,103.73
Human Development Index (HDI)[iv]	0.797	0.853	HIGH - 0.962 LOW - 0.845	0.937	0.786	0.685	0.925	0.938	0.959
Human Capital Index (HCI)[v]	0.653	0.649	HIGH - 0.799 LOW - 0.584	0.799	0.551	0.494	0.805	0.702	0.751
Literacy rate[vi]	97% 2020	97% 2019	Not directly comparable to other countries due to the methodology used by these countries	99% 2018	95% 2024	82% 2023	Not directly comparable to other countries due to the methodology used by these countries		
Life expectancy[vii]	78	77	79.78 (average)	83	76	72	84	78	81

[i] The commission assessed the capacity of the steel manufacturing in each country using OECD data and papers on steelmaking capacity: OECD, *Steelmaking capacity*, OECD website, 27 May 2025, accessed 10 April 2026.

[ii] OECD, *Steelmaking capacity*

[iii] World Bank Group, *NY.GDP.PCAP.CD – GDP per capita* (current US$) [World Bank Open Data], accessed 10 April 2026

[iv] United Nations Development Programme, *Table 1. Human development index and its components* [data set], 19 September 2024, accessed 10 April 2026

[v] World Bank Group, *HD.HCI.OVRL – Human capital index (HCI) (scale 0-1)* [World Bank Open Data], 21 September 2020, accessed 10 April 2026.

[vi] World Bank Group, *SE.ADT.LITR.ZS – Literacy rate, adult total (% of people ages 15 and above)*, [World Bank Open Data], February 2026, accessed 10 April 2026

[vii] World Bank Group, *SP.DYN.LE00.IN_DS2-Life expectancy at birth, total (years)* [World Bank Open Data], accessed 10 April 2026

Measure	China	Turkey	EU Highest and Lowest	Korea	Brazil	India	Japan	United States	Germany
Annual Labour cost per employee (CNY)[viii]	Private: ¥83,486[ix] SOE: ¥120,911.87[x]	¥63,574[xi]	HIGH - ¥594,867[xii] LOW - ¥109,642	¥155,305[xiii]	¥113,576[xiv]	¥23,453[xv]	Not calculated	Not calculated	Not calculated
Technology and Plant age[xvi]	• Majority of plants use blast furnaces • New plant capacity increased from 423.8 MMT in 2005 to 1,173.4 MMT by the end of 2025, representing	• Majority of plants use electric arc furnaces • New plant capacity increased from 25.1 MMT in 2005 to 60.0 MMT by the end of 2025,	• Majority blast furnace production Integrated plants • Mature steel sectors with consolidated capacity	• Majority of plants use blast furnaces • **No new plants in the last 5 years** • Total new capacity added (2005–2025): 24.63 MMT. That capacity	• Majority of plants use blast furnaces • New plant capacity increased from 36.0 MMT in 2005 to 50.9 MMT by the end of 2025, representing an **increase of**	• Majority of plants use blast furnaces • New plant capacity increased from 52.0 MMT in 2005 to 207.7 MMT by the end of 2025, representing	• Japan uses combination of both blast furnaces and electric arc furnaces • Japan's capacity has seen a decline in last decade due to falling demand	• Uses mostly electric arc furnaces • New plant additions increased capacity from 113.0 MMT in 2005 to 121.1 MMT by the end of 2025, representing a	• Blast furnaces are the preferred technology used in Germany • Germany's steelmaking capacity increased by approximately 13.6%

[viii] Annual labour cost figures are indicative and are used solely to assess relative labour cost positions. Wage data were drawn from national statistical sources and, where necessary, converted to annual equivalents and uprated to 2025 values using relevant Consumer Price Index (CPI) series. Differences in labour market structures, hours worked, social contributions, and benefit arrangements across countries mean that these figures are not directly comparable as absolute measures of international labour costs.

[ix] National Bureau of Statistics of China, Statistical Year Book 2025, *The average annual wage of persons employed in urban non-private units in 2025*, National Bureau of Statistics of China, 10 May 2023, accessed 14 April 2026

[x] National Bureau of Statistics of China, Statistical Year Book 2025, *The average annual wage of persons employed in urban private units in 2025* [*media* release], National Bureau of Statistics of China, 10 May 2023, accessed 14 April 2026

[xi] Turkish Statistical Institute, *Table 4: Monthly average paid hours, gross wages and earnings by economic activity 2022* [Structure of earning statistics, 2022, data set no 49750], accessed 14 April 2026; Turkish Statistical Institute, *Table 3: Indicators for the CPI having specified coverages*, accessed 14 April 2026

[xii] Eurostat, Labour Force Survey, Hourly wages by Full-time, Part-time [data set], October 2022, accessed 14 April 2026

[xiii] Korean Statistical Information Service, *Average Surveyed Wages by Production Job Family of Manufacturing Category (daily wages)* [data set], 28 October 2013, accessed 14 April 2026; World Bank Group, *FP.CPI.TOTL.ZG – Inflation, consumer prices (annual %)* [data set], 8 April 2026, accessed 16 April 2026. The Commission relied on daily average wages for manufacturing for 2012 and adjusted these to 2025 values using the Consumer Price Index (CPI).

[xiv]. Brazilian Institute of Geography and Statistics, *Empresa2021-Tabelas_2021-table 101- Employment, salary and charges of industrial companies with 30 or more employed people, according to division, groups and classes of activity-Brazil-2021* [data set], accessed 14 April 2026; Brazilian Institute of Geography and Statistics, *236 – IBGE indicators, national system of consumer price indices: INPC-IPCA* [data set], 2024, accessed 16 April 2026

[xv] Labour Bureau Ministry of Labour and Employment, Government of India, *Occupation Wages* [data set], accessed 16 April 2026

[xvi] OECD, *Steelmaking capacity*

Measure	China	Turkey	EU Highest and Lowest	Korea	Brazil	India	Japan	United States	Germany
	an **increase of approximately 177%** over the period	representing an **increase of approximately 139%** over the period		is relatively new, because it was added over the last 20 years rather than inherited from older legacy plants	**approximately 41%** over the period	an **increase of approximately 299%** over the period	• Japan's steelmaking capacity increased modestly by approximately 6.7% between 2005 and 2010 following the addition of new plants. Since that time**, capacity has declined gradually**, **falling by approximately 14%** from its 2010 peak to reach 113.6 MMT in 2025. Overall, Japan's capacity is around 8.5% lower than in 2005, indicating long-term capacity rationalisation rather than expansion	**modest increase of approximately 7%** over the period	between 2005 and 2010, following the addition of new plants. Since 2015, **capacity has remained largely stable** at around 58 MMT, indicating a period of capacity consolidation rather than expansion

Measure	China	Turkey	EU Highest and Lowest	Korea	Brazil	India	Japan	United States	Germany
Market Distortion [xvii]	• Many State-owned enterprises	• No state-owned enterprises as all state-owned enterprises were privatised in 2002	•No state-owned steel manufacturing Market-based input pricing • Limited, transparent subsidies (primarily environmental, not production-distortive)	• No State-owned enterprises	• No state-owned enterprises could be identified • Information indicates that the steel industry was privatised in the early 1990's.	• Two steel producers that are state-owned enterprises • The biggest iron ore mine is government owned • Electricity supply has government owned suppliers. • Subsides provided in steel manufacturing for production of special steel	• No state own steel manufacturing. • Subsidies are provided for green production of steel	• No state own steel manufacturing • In US there are several subsidies, tariffs and quotas that support the steel industry	• No state own steel manufacturing. • Subsidies are provided for green production of steel

[xvii] OECD, *Steelmaking capacity*