Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

REPORT NO 688

ALLEGED DUMPING OF CERTAIN FLAT ROLLED STEEL PRODUCTS

EXPORTED FROM

THE PEOPLE'S REPUBLIC OF CHINA AND THE

REPUBLIC OF KOREA

AND

ALLEGED SUBSIDISATION OF CERTAIN FLAT ROLLED STEEL PRODUCTS

EXPORTED FROM

THE PEOPLE'S REPUBLIC OF CHINA

26 August 2026

CONTENTS

ABBREVIATIONS

$	Australian dollars
ABF	Australian Border Force
Adsteel	Adsteel Brokers Pty Ltd
the applicant	BlueScope Steel Limited
the Act	*Customs Act 1901 (Cth)*
ADN	Anti-Dumping Notice
Anti-Dumping Agreement	*Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*
ADRP	Anti-Dumping Review Panel
AUD	Australian dollars
the Australian industry	BlueScope AIS
Bao Australia Pty Ltd	Bao Australia
Baoshan Iron & Steel Co., Ltd	Baoshan
Baosteel Zhanjiang Iron and Steel Co., Ltd	Baosteel Zhanjiang
BlueScope Steel Limited	BlueScope
BlueScope Steel (AIS) Pty Ltd	BlueScope AIS
China	the People's Republic of China
CFR	Cost and Freight
China subsidy notification	*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
COGS	Cost of goods sold
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTM	Cost to make
CTMS	Cost to make & sell
CTS	Cost to sell
the Customs Direction	*Customs (Extensions of Time and Non-cooperation) Direction 2015*
CNY	Chinese yuan
Dongkuk	Dongkuk Steel Mill Co., Ltd
Dumping Duty Act	*Customs Tariff (Anti-Dumping) Act 1975*
EPR	electronic public record
FOB	Free on Board
FIS	Free into Store
GAAP	Generally accepted accounting principles
GOC	Government of China

the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
Guidelines	*Guidelines on the Application of Forms of Dumping Duty* (November 2013)
HRC	Hot Rolled Coil
HTNE	High and New Technology Enterprise
Hunan Valin Lianyuan Iron and Steel Co., Ltd	Hunan Valin
ICD	interim countervailing duty
IDD	interim dumping duty
Initiation notice	Anti-Dumping Notice 2025/111
injury period	1 July 2021 to 30 June 2025
the investigation	Investigation 688
investigation period	1 July 2024 to 30 June 2025
Korea	the Republic of Korea
LTAR	Less Than Adequate Remuneration
Manual	Dumping and Subsidy Manual
MCC	model control code
MEPS	MEPS International Ltd
MPa	Mega pascals
Material Injury Direction	the Ministerial Direction on Material Injury 2012
mm	millimetres
the Minister	the Minister for Industry and Innovation and Minister for Science
NIFC	National Interbank Funding Centre
NIP	non-injurious price
OCOT	ordinary course of trade
OECD	Organisation for Economic Co-operation and Development
PAD	preliminary affirmative determination
the PAD Direction	*Customs (Preliminary Affirmative Determinations) Direction 2015*
PMS	Particular Market Situation
the Regulations	*Customs (International Obligations) Regulation 2015*
REQ	response to exporter questionnaire
R&D	Research and Development
RIQ	response to importer questionnaire
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SCM Agreement	Agreement on Subsidies and Countervailing Measures
SEF	Statement of Essential Facts
SG&A	Selling, General and Administrative expenses
SOE	state-owned enterprise
USD	United States dollar

USP	Unsuppressed Selling Price
VAT	value added tax
WTO	World Trade Organization

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This report has been prepared following an investigation (Investigation 688) by the Commissioner of the Anti-Dumping Commission (the Commissioner) in response to an application seeking the publication of a dumping duty notice on certain flat rolled steel products (plate steel, or the goods) exported to Australia from the People's Republic of China (China) and the Republic of Korea (Korea) (the subject countries).

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

The Commissioner has found that during the investigation period, the goods exported to Australia by certain exporters from China and Korea were dumped and goods exported from China were subsidised. The Commissioner has also found that the dumped and subsidised goods have caused material injury to the Australian industry producing like goods.

This report, *Report No. 688* (REP 688) sets out the Commissioner's recommendations to the Minister for Industry and Innovation and Minister for Science (the Minister) and details the material findings of fact on which those recommendations are based and provides particulars of the evidence relied on to support those findings.

REP 688 follows the publication of the *Statement of Essential Facts No. 688* (SEF 688) for this investigation on 23 June 2026.[2]

1.2 Recommendation to the Minister (chapter 14)

This investigation involved a dumping and subsidy investigation and the Commissioner's consideration of exemptions. The following recommendations are accordingly presented to reflect this circumstance.

1.2.1 Dumping and subsidy investigation

The Commissioner is satisfied that dumping of the goods exported to Australia from China and Korea (except for POSCO) has caused material injury to the Australian industry producing like goods.[3] The Commissioner is also satisfied that subsidisation of the goods exported to Australia from China has caused material injury to the Australian industry producing like goods.[4]

The Commissioner recommends that the Minister publish a dumping duty notice in respect of the goods exported to Australia from China and Korea (except for POSCO).

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[1] See discussion in chapter 4 (The Australian Industry) below.
[2] Electronic Public Record (EPR) 688 Item 020.
[3] The Commissioner has terminated the investigation as it relates to dumping of the goods exported to Australia from Korea by POSCO.
[4] The Commissioner has terminated the investigation as it relates to subsidisation of the goods exported to Australia from China by Baosteel Zhanjiang and Hunan Valin.

The Commissioner also recommends that the Minister publish a countervailing duty notice in respect of the goods exported to Australia from China (except for Baosteel Zhanjiang Iron and Steel Co., Ltd (Baosteel Zhanjiang) and Hunan Valin Lianyuan Iron and Steel Co., Ltd (Hunan Valin)).

Table 1 below outlines the recommended effective rates of interim dumping duty (IDD) and interim countervailing duty (ICD) the Commissioner recommends be applicable to the goods relevant to the Minister's declaration to impose anti-dumping duties and countervailing duties. The Commissioner's full recommendation to the Minister is outlined in chapter 14.

Country	Exporter	Duty method	Rate of IDD (%)[5]	Rate of ICD (%)	Effective rate of ICD and IDD (%)
China	Baoshan Iron and Steel Co., Ltd (Baoshan)	IDD: Combination ICD: as a proportion of the export price (*ad valorem*)	16.1	2.7	18.8
	Baosteel Zhanjiang		9.4	N/A	9.4
	Hunan Valin		26.4	N/A	26.4
	Uncooperative and all other exporters		51.2	3.9	55.1
Korea	Uncooperative and all other exporters	IDD: Combination	21.6	N/A	21.6

Table 1: Recommended interim dumping and countervailing duties

1.2.2 Exemptions

As part of the investigation, the Commissioner has examined the status of 5 exemptions that were still in force at the time of initiating the investigation and considered 5 new exemptions (regarding which there were 3 submissions).

The commission's assessment has resulted in finding it is appropriate to revoke one existing exemption and make 3 new exemptions. Chapter 1.6.11 below summarises the Commissioner's findings regarding exemptions.

The Commissioner therefore recommends the following

- The Minister revokes *Ministerial Exemption Instrument No.1 of 2015* in accordance with sections 8(7) and 10(8) of the Dumping Duty Act and section 33(3) of the *Acts Interpretation Act 1901 (Cth)*. *Ministerial Exemption Instrument No.2 of 2026* gives effect to the Minister's revocation decision.
- the Minister is satisfied that certain exemption goods, be exempt from IDD and dumping duty in accordance with section 8(7)(a) and ICD and countervailing duty in accordance with section 10(8)(a) of the Dumping Duty Act, with effect on and

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

from 24 June 2026.[6] The following exemption instruments give effect to the Minister's decision.

- *Ministerial Exemption Instrument No.3 of 2026*
- *Ministerial Exemption Instrument No.4 of 2026*
- *Ministerial Exemption Instrument No.5 of 2026*

1.3 Preliminary affirmative determination (PAD)

On 23 June 2026, at the same time as the publication of SEF 688, the Commissioner made a preliminary affirmative determination that there appeared to be sufficient grounds for the publication of a dumping duty notice and a countervailing duty notice. The Commissioner considered that the Commonwealth should take securities under section 42 of the *Customs Act 1901* (the Act) in respect of interim dumping duty and interim countervailing duty that may become payable in relation to the goods exported to Australia from China and Korea.[7]

The Commissioner was satisfied that securities were necessary to prevent material injury to the Australian industry occurring while the investigation continues. Securities were applied to imports of like goods from China and Korea (except POSCO) entered for home consumption on or after 24 June 2026.

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

1.4 Termination of part of the investigation

Based on the findings contained in a separate report, *Termination Report No. 688* (TER 688), the Commissioner terminated the dumping investigation in respect of POSCO from Korea and the subsidy investigation in respect of Baosteel Zhanjiang and Hunan Valin from China.

The termination of the dumping investigation in relation to POSCO was on account of the finding that its exports to Australia were not dumped. The termination of the subsidy investigation in relation to Baosteel Zhanjiang and Hunan Valin reflects the findings that the subsidy margin relevant to their exports to Australia was negligible as it was not more than 2%.

TER 688 and the related termination notice, ADN 2026/102 sets out the Commissioner's reasons and are on the public record.

1.5 Background and conduct of the investigation (chapter 2)

As specified in the initiation notice, the Commissioner set an investigation period of 1 July 2024 to 30 June 2025. The Commissioner also set an injury period from 1 July 2021 to 30

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[6] This is the day that the Commissioner made a decision to make a PAD and collect securities.
[7] All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

June 2025 to assess the economic condition of the Australian industry and assess potential injury factors.

The investigation received cooperation from 4 overseas entities located across both subject countries. The commission undertook a verification visit to POSCO in Korea. The commission also received cooperation from 5 Australian importers of the goods.

In addition to importers and exporters, the commission performed a verification visit to BlueScope's steel mill at Port Kembla in New South Wales.[8]

On 23 June 2026, the Commissioner published SEF 688 which outlined their preliminary conclusion that dumping and subsidisation from the subject countries had caused material injury to the Australian industry producing like goods.

Consistent with the preliminary findings outlined in SEF 688, and subject to submissions received in response to SEF 688, the Commissioner proposed to recommend that the Minister impose a dumping duty notice and countervailing duty notice on the subject countries (except for those exporters the subject of the Commissioner's termination decision).

Submissions in response to the Commissioner's preliminary findings and conclusions outlined in SEF 688 were due by no later than 13 July 2026. The commission received 9 submissions. Having regard to the matters raised in those submissions, it has been necessary to alter certain preliminary findings outlined in SEF 688. The full list of submissions is provided in Table 7 at chapter 2.6.

1.6 Findings and conclusions

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

The Commissioner finds that locally produced goods are 'like' to the goods the subject of the application. The Commissioner is satisfied that there is an Australian industry producing like goods, comprised of BlueScope AIS.

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

<u>Exemptions</u>

Chapter 3.7 in SEF 688 outlined that prior to this investigation, five exemption notices were in still force in relation to the goods and proposed that there appeared to be grounds to warrant revocation of one of these exemptions, *Ministerial Exemption Instrument No.1 of 2015*. In addition to consideration of existing exemptions, the commission received several submissions seeking new exemptions.

The commission's assessment of all exemptions is summarised below in chapter 1.6.11 and fully detailed in chapter 13.

[8] EPR 688 Item no. 014

1.6.2 Australian market (chapter 5)

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

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

1.6.3 Current anti-dumping measures (chapter 2.3)

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

Measures were previously applicable to imports of plate steel from China and Korea following the completion of Investigation 198 in December 2013. These measures expired on 19 December 2018 because the Commissioner did not receive any application seeking their continuation.

One other investigation conducted during 2015, Investigation 284, involved imports of plate steel from Korea and Taiwan. This investigation was terminated in its entirety on account of finding that the exports from these countries were either not dumped, or the volume of dumped goods was negligible. Further detail on the outcomes of both investigations is outlined in chapter 2.3.

1.6.4 Dumping investigation (chapter 6)

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

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

Table 2: Summary of dumping margins

The commission received 5 submissions on the preliminary dumping margin calculations outlined in SEF 688. The Commissioner has had regard to matters raised in these submissions in reaching their final recommendation on the margins of dumping determined for the investigations. The submissions covered the following matters.

- POSCO exportation charges, related exports arms length assessment, downward adjustments to normal value (chapter 6.5.1).

- The suitability of Korean domestic market plate steel prices for a normal value under section 269TAC(1) (chapter 6.5.2).
- The approach to constructed normal values for Chinese exporters under section 269TAC(2)(c), including the treatment of production costs for steel slab (chapters 6.5.4 and 6.5.5).
- Selection of a Brazilian steel slab price benchmark for the purposes identifying a cost of production in China (chapters 6.5.4 and 6.5.5).

The Commissioner's consideration of the matters raised in all submissions has not resulted in a change to the preliminary dumping margins determined in SEF 688 for any exporters.

1.6.5 Subsidy Investigation (chapter 7)

The commission's assessment of subsidy margins is set out in Table 3. Subsidy margins above 2% ranged between 2.7% and 3.9%. As outlined above, the Commissioner has terminated the subsidy investigation in relation to exports by Baosteel Zhanjiang and Hunan Valin.

Country	Exporter	Subsidy margin
China	Baoshan	2.7%
	Baosteel Zhanjiang	0.9%
	Hunan Valin	1.8%
	Uncooperative Exporters	3.9%

Table 3: Summary of subsidy margins

The commission received 3 submissions on the preliminary subsidy margin calculations outlined in SEF 688. The Commissioner has had regard to matters raised in these submissions in reaching their final recommendation on the margins of subsidisation determined for the investigations. The submissions broadly covered the following matters:

- Incorrect application of the Brazil based steel slab benchmark for working out a subsidy under *Program 688-14 Steel slab provided by government at less than adequate remuneration (LTAR)*
- The dumping and subsidy margin determined for Baoshan double count subsides countervailed under LTAR Program 688-14 and 658-178 in relation to steel slab and coal.
- The benefit conferred for Baoshan under subsidy program *688-51 High and New Technology Preferential Tax* rate involved an incorrect calculation of Baoshan's taxable income.
- The benefit conferred for Baoshan under subsidy *Program 658-177 Preferential Loans* did not have regard to the available information for Baoshan

The Commissioner's consideration of the matters raised in all submissions resulted in a reduction of the preliminary subsidy margins determined in SEF 688 for Baoshan and non-cooperative entities.

The change in subsidy margins was a result of the commission reconsidering the available information for Baoshan in relation to its taxable income and reported loans from state owned banks. The change to Baoshan's subsidy margin also affected the subsidy margin for non-cooperative entities due to those calculations having regard to some of Baoshan's subsidies. Details of the revisions are outlined in Table 4 below.

Country	Exporter	REP 688 Subsidy margin	SEF 688 Subsidy margin
China	Baoshan	2.7%	3.2%
	Non-cooperative entities	3.9%	4.5%

Table 4: Subsidy margin revisions following SEF 688

A full account of the commission's consideration of the submissions concerning the calculation of subsidy margins is provided in chapter 7.6.

1.6.6 Economic condition of the Australian industry (chapter 8)

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

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

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

1.6.7 Material injury from dumping and subsidisation (chapter 9)

The Commissioner is satisfied that dumped and subsidised exports of the goods from China and dumped exports by uncooperative exporters from Korea have caused material injury to the Australian industry with respect to factors concerning lost sales volumes, market share foregone, price depression, price suppression and reduced profit and profitability.

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

- changes in the economic condition of the Australian industry
- the size of dumping and subsidy margins
- the prices of exports from the subject countries
- the importance of price in the market
- evidence concerning competition between Australian industry and exporters

- changes in the volume of plate steel sold by various market participants, and
- changes in the market share held by imports and the Australian industry.

The commission received several submissions on the preliminary material injury findings outlined in SEF 688. These submissions concerned material injury not being established and causation being founded on a counterfactual basis. A full account of the commission's consideration of the submissions concerning material injury is provided in chapter 9.11.

1.6.8 Whether dumping and subsidisation may continue (chapter 10)

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

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

Based on the magnitude of the dumping and subsidy margins found (see chapter 1.6.4 and 1.6.5), the importance of price in the Australian plate steel market, price competition between suppliers, and the established links and volumes maintained by exporters from China and Korea, the Commissioner considers that dumping may continue.

1.6.9 Non-injurious price (chapter 11)

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

The Commissioner determined that the NIP was not less than the normal value for any exporters from China and Korea. As a result, the NIP should not be the operative measure for exports from China and Korea. Accordingly, the Commissioner recommends that measures be imposed in relation to the goods exported to Australia from China and Korea at the full dumping margin and the full margin of subsidy in relation to China.[9]

1.6.10 Form of measures (chapter 12)

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

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

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

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

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

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

1.6.11 Exemptions (chapter 13)

Existing exemptions

Chapter 13.2 details five exemption notices that are currently in force in relation to the goods. SEF 688 invited submissions on whether any of these exemption notices should be reviewed and revoked in light of this investigation and the preliminary recommendations made in SEF 688.

SEF 688 indicated that one of the exemptions currently in force, *Ministerial Exemption Instrument No.1 of 2015*, concerns Tariff Concession (TC) 1413674, which is no longer active. As a result, the Commissioner proposed that this exemption should be revoked, subject to any submissions received in response to SEF 688.[10]

The commission did not receive any submissions concerning exemptions that were in force at the time of initiating this investigation or in relation to the Commissioner's specific proposal to revoke *Ministerial Exemption Instrument No.1 of 2015.*

Having regard to the findings outlined in chapter 13.6.1, the Commissioner recommends that the Minister revoke *Ministerial Exemption Instrument No.1 of 2015* as the circumstances upon which this exemption was made no longer apply.

In relation to all other exemptions that are currently in force, having reviewed the basis on which the exemptions were made, the Commissioner considers it reasonable to conclude that the findings that lead to these exemptions being made remain applicable and the exemptions should remain in force.

New exemptions

Following the publication of SEF 688, the commission received 3 submissions seeking 5 new exemptions and one submission from BlueScope in response. The commission's

[10] Full details about the goods covered by TC 1413674 are contained in the exemption instrument that resulted from the findings of Exemption Inquiry EX0022.

assessment of these submissions and the Commissioner's recommendations is summarised as follows.

- Adsteel filed a request seeking three exemptions in relation to imports concerning plate steel in a variety of specifications.[11] BlueScope confirmed through its submission dated 30 June 2026 that it does not oppose granting the exemptions requested by Adsteel.[12]
- Dongkuk filed a request seeking an exemption on imports of plate steel exceeding 3,200 mm in width.[13]
- Baosteel and Baoshan sought an exemption in relation to imports of high tensile steel in grade BS700MCK2 and BS700MCK4.[14]

Having regard to the submissions received from interested parties and other relevant information, as detailed in chapter 13.6.2, the Commissioner is satisfied that the conditions for granting an exemption sought by Adsteel under paragraphs 8(7)(a) and10(8)(a) of the Dumping Duty Act have been met. The Commissioner recommends the exemption take effect on and from 24 June 2026, being the date that the Commissioner published a PAD to collect securities on imports of the goods.

In relation to the exemptions sought by Dongkuk and Baosteel, the Commissioner has made the following conclusions in chapters 13.6.3 and 13.6.4

- In relation to an exemption sought by Dongkuk, the Commissioner finds that the available information is not sufficient to satisfy the conditions for an exemption set out in paragraphs 8(7)(a) of the Dumping Duty Act *"that like or directly competitive goods are not offered for sale in Australia"*. The Commissioner therefore considers it is appropriate to conduct an exemption inquiry separate to this investigation
- The exemption sought by Baosteel and Baoshan is already covered by way of *Ministerial Exemption Instrument No.7 of 2017*.

[11] EPR 688, Item no. 022.
[12] EPR 688, Item no. 023.
[13] EPR 688, Item no. 026.
[14] EPR 688, Item no. 031.

2 BACKGROUND

2.1 Legislative framework

2.1.1 Legislative test

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

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

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

2.1.2 Statement of essential facts

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

Section 269TDAA(2) requires the Commissioner, in formulating the SEF, to have regard to the application and any submissions received within 37 days of the initiation of the investigation. Under section 269TDAA(3), the Commissioner is not obliged to have regard to a submission received by the Commissioner after the 37 days if to do so would, in the Commissioner’s opinion, prevent the timely placement of the SEF on the Electronic Public Record (EPR).[15] The Commissioner may also have regard to any other matters they consider relevant.

The Commissioner was originally due to place the SEF 688 on the public record by 11 February 2026. However, the Commissioner extended this date to 23 June 2026.[16] The Commissioner placed SEF 688 on the public record on 23 June 2026.

2.1.3 Report to the Minister

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

[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] On 19 January 2017, the Parliamentary Secretary to the Minister for Industry, Innovation and Science delegated the powers and functions of the Minister under section 269ZHI of the Act to the Commissioner. See Anti-Dumping Notice 2017/10 for further information.

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 preparation of the report to the Minister.

The Commissioner's report to the Minister was initially due on, or before 30 March 2026. However, the Commissioner considered it necessary to extend this date to 26 August 2026.[17] The Commissioner provided this report to the Minister on 26 August 2026.

2.2 Application and Initiation

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

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

Anti-Dumping Notice (ADN) 2025/111 (initiation notice) and *Consideration Report 688* provide further details on Commissioner's consideration of the application and the initiation of the investigation.[19]

2.3 Previous cases

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

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

[17] On 19 January 2017, the Parliamentary Secretary to the Minister for Industry, Innovation and Science delegated the powers and functions of the Minister under section 269ZHI of the Act to the Commissioner. See Anti-Dumping Notice 2017/10 for further information.
[18] EPR 688, Item no. 001, Application.
[19] EPR 688, Items 2 and 3, *Consideration Report 688* and ADN 2025/111.

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

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

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

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

Table 5: Summary of measures after Investigation 198

These measures resulting from Investigation 198 expired on 19 December 2018, with no application received for their continuation.[20]

Investigation 284 into hot rolled plate steel from Korea and Taiwan was initiated on 31 March 2015. On 25 November 2015, the then Commissioner terminated the investigation, having found that exports from Korea and Taiwan were either not dumped, or the volume of dumped goods was negligible. These findings were published in Anti-Dumping Notice No 2015/143 and Termination Report No 284.

2.4 Conduct of the investigation

2.4.1 Investigation period and injury period

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

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

[20] Relating to Anti-Dumping Notice No 2017/183.

2.4.2 Australian industry

BlueScope Steel (AIS) Pty Ltd

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

- more than 50% of the total production of like goods by that proportion of the Australian industry that has expressed either support for, or opposition to, the application, and
- not less than 25% of the total production of like goods in Australia.

The commission conducted a verification visit to BlueScope AIS at Port Kembla in New South Wales during February 2026. The resulting verification report is available on the EPR.[21]

2.4.3 Exporters

The notice announcing the initiation of the investigation invited exporters of the goods to Australia from each country the subject of the investigation to complete the exporter questionnaire available on the commission's website. The initiation notice stated exporter questionnaires were due by 1 December 2025.[22]

The commission received requests from several exporters seeking an extension of time to lodge their questionnaire responses.[23] Fully completed questionnaire responses were received from 4 exporters of the goods across the 2 countries the subject of the investigation. The non-confidential versions of each exporter's questionnaire responses are available on the commission website.

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

- Baoshan Iron & Steel Co., Ltd (Baoshan)
- Baosteel Zhanjiang Iron & Steel Co., Ltd (Baosteel Zhanjiang)
- Hunan Valin Lianyuan Iron and Steel Co., Ltd (Hunan Valin) and
- POSCO

Uncooperative exporters

Where an exporter or entity did not give the Commissioner information the Commissioner considered to be relevant to this investigation within a period the Commissioner considered to be reasonable, or the Commissioner is satisfied that the exporter or entity significantly impeded the case:

- section 269T(1) provides that, in relation to a dumping duty notice, such an exporter is an 'uncooperative exporter'

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[21] EPR 688, Item 14, BlueScope AIS verification report
[22] ADN 2025/111 refers.
[23] Details of the extensions granted are outlined in ADN 2025/126.

- section 269TAACA(1) provides that, in determining whether a countervailable subsidy has been received in respect of particular goods, the Commissioner may act on the basis of all the facts available and may make such assumptions as they find reasonable. Such an entity is a 'non-cooperative entity'.

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Customs Direction) states respectively at sections 8 and 9 that the Commissioner must determine an exporter to be an uncooperative exporter, or an entity to be a non-cooperative entity, on the basis that no relevant information was provided in a reasonable period, if that exporter or entity:

- fails to provide a response or
- fails to request a longer period to provide a response within the legislated period.

2.4.4 Foreign governments

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

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

- The subsidy claims in the application are simple assertions without basic evidence regarding the existence, amount and nature of subsidies.
- There is no subsidy for the provision of raw materials, electricity or land at LTAR in China.
- The subsidy allegations based on the United States (US) Department of Commerce determinations are unwarranted and unsubstantiated.
- In China, the production and sale of hot-rolled coil steel and its raw materials or inputs are determined by market forces and not by state intervention.

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

2.4.5 Importers

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

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

2.4.6 Submissions on conduct of the investigation

POSCO

POSCO's submission dated 25 February raises its concerns with the way in which BlueScope's application was received and procedures concerning advice provided to the applicant in respect of deficiencies present in their application.[24] POSCO also cites what it considers was a lack of detail concerning BlueScope's description of the alleged injury caused by dumping and subsidisation. POSCO contends the application, 'as amended', did not comply with the requirements of section 269TB(4) of the Act and ought to have been rejected under section 269TC(1)(a).

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

BlueScope

The submission from BlueScope dated 6 May 2026 raises its concerns regarding the adequacy of questionnaire responses from Baoshan, Baosteel Zhanjiang and Hunan Valin.[25]

The commission assessed the questionnaires from Baoshan, Baosteel Zhanjiang and Hunan Valin by performing a deficiency review. This process included issuing each exporter with a list of deficiencies for rectification, which each exporter subsequently addressed to the commission's satisfaction. Each exporter's questionnaire was also subject to a comparative analysis process which identified issues with the data initially accepted by the commission. The exporters cooperated with the commission by responding to requests for further information in the circumstance this was deemed necessary.[26]

2.5 Preliminary affirmative determination

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

A PAD may be made no earlier than day 60 of the investigation (in relation to this investigation, a date no earlier than 23 December 2025) and the Commonwealth may require and take securities at the time a PAD is made or at any time during the investigation after a PAD has been made if the Commissioner is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

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[24] EPR 688 Item no. 008.
[25] EPR 688 Item no. 015.
[26] EPR 688, Item nos. 017, 018, 019.

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

On 23 December 2025, the Commissioner published a Day 60 Status Report.[27] In it, the Commissioner stated that a PAD was not yet warranted because the Commissioner was not yet satisfied there appeared to be sufficient grounds for the publication of a dumping duty or countervailing duty notice.

The PAD Direction also requires the Commissioner to reconsider making a PAD after the publication of a status report at least once prior to the publication of the SEF. In preparing SEF 688, the Commissioner reconsidered whether to make a PAD in view of the additional evidence available.

The Commissioner made a PAD on 23 June 2026. The Commissioner considered that the Commonwealth should take securities under section 42 in respect of interim dumping duty and/or interim countervailing duties that may become payable in relation to the goods exported to Australia from China and Korea.

The Commissioner was satisfied that securities were necessary to prevent material injury to the Australian industry occurring while the investigation continues.

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

2.6 Submissions by interested parties

The commission received the submissions listed in Table 6 from interested parties prior to the publication of SEF 688. The Commissioner considered these submissions in reaching the conclusions contained within SEF 688. The non-confidential versions of these submissions are available on the EPR.

EPR no	Interested party	Date received	Issues raised	Reference
004	Adsteel Brokers Pty Ltd	1 December 2025	Australian industry production capability and MCC structure for material thickness	3.8
008	POSCO	25 February 2026	• BlueScope application deficiencies • BlueScope's economic condition • POSCO's exporters are non-injurious • Material injury assessment • Causation factors	2.4.6, 9.11
009	BlueScope AIS	3 March 2026	POSCO verification visit briefing	6.9

[27] EPR 688, Item 6, ADN 2025/126.

EPR no	Interested party	Date received	Issues raised	Reference
013	BlueScope Steel Limited	2 April 2026	• Response to POSCO submission on 25 Feb 2026. • POSCO sales volume and pricing was materially injurious during the investigation period • POSCO reliance on published financial statements	9.11
015	BlueScope Steel Limited	6 May 2026	Observations and comments regarding exporter questionnaire responses made by Baoshan, Baosteel Zhanjiang and Hunan Valin	2.4.6

Table 6: Submissions received prior to SEF 688

Following the publication of SEF 688, the Commissioner received 9 submissions detailed in Table 7 below. The Commissioner considered these submissions when making this report and recommendations to the Minister.

EPR no	Interested party	Date received	Issues raised	Reference
022	Adsteel Brokers Pty Ltd	23 June 2026	Requesting exemption on certain imports of plate steel	13.3.1
023	BlueScope Steel Limited	1 July 2026	Outlines no objection to the exemption requested by Adsteel Brokers Pty Ltd	
024	Hunan Valin	12 July 2026	The use of the Brazilian benchmark for the purposes of constructing the normal value does not adequately represent the cost of production in China and is unreasonable	6.5.5
			Significant disparity in preliminary dumping margins for the three cooperating Chinese exporters	
			Commission's selection of Brazilian steel slab prices as the benchmark is fundamentally flawed	
			The dumping and countervailing duty findings are contradictory	
			MEPS pricing is an unreliable source	
			The redaction of MEPS data restricts Hunan Valin's right to procedural fairness	
			Causal link between dumped and subsidised imports and material injury to the Australian Industry not established	
025	BlueScope Steel Limited	13 July 2026	POSCO related party export expenses, related party sales and normal value adjustments	6.5.1
			Suitability of Korean domestic plate prices	6.5.2
			Uncooperative exporters normal value adjustments	6.5.3
026	Dongkuk Steel Mill Co., Ltd	13 July 2026	Requesting exemption on imports of all plate steel exceeding a width of 3,200mm	13.3.2

EPR no	Interested party	Date received	Issues raised	Reference
027	Baosteel	13 July 2026	Normal and ordinary finding for costs incorrect	6.5.4
			The threshold under section 269TAC(2)(a)(ii) for finding domestic prices are not suitable under TAC(1) has not been met by the findings on proper comparison in Appendix B of SEF 688	6.5.4
			Brazilian slab price is not properly adapted to reflect conditions of China and MEPS pricing is an unreliable source. The subsidy findings incorrectly rely on the same benchmark	6.5.4
			Treatment of records concerning iron ore input costs – should not be treated as distorted and the underlying MEPS price benchmarks should be adjusted to account for this circumstance	6.5.4
			There is a double count in LTAR subsidy margin determined for Baoshan	7.6.1
			Benefit conferred under subsidy program 688-51 High and New Technology Preferential Tax rate based on incorrect calculation of taxable income	7.6.1
			Benefit conferred under subsidy program 658-177 preferential loans is incorrect	
			Material injury not established and causation founded on a counterfactual basis	9.11
028	POSCO	20 July 2026	Response to BlueScope submission at EPR 025 addressing related party export expenses, related party sales, normal value adjustments and Korean domestic plate pricing	6.5.1
029	BlueScope Steel Limited	29 July 2026	POSCO's submission at EPR 028 does not resolve the issue of suitability of Korean domestic plate pricing for determining a normal value	6.5.2
031	Baosteel	3 August 2026	Exemption request for high tensile 700-grade steel imports	13.3.3
032	BlueScope Steel Limited	20 August 2026	Response to Dongkuk request for an exemption (EPR 026)	13.3.2
033	Dongkuk Steel Mill Co., Ltd	20 August 2026	Response to BlueScope submission at EPR 032.	13.3.2

Table 7: Submissions received in response to SEF 688

3 THE GOODS AND LIKE GOODS

3.1 Finding

The Commissioner finds that:

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

3.2 Legislative framework

Section 269TC(1) requires that the Commissioner must reject an application for a dumping duty and countervailing duty notice if, inter alia, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are “like” to the imported goods. Section 269T(1) defines like goods as:

> *Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration*.

An Australian industry can apply for relief from injury caused by dumped or subsidised imports even if the goods it produces are not identical to those imported. The industry must, however, produce goods that are ‘like’ to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

i. physical likeness
ii. commercial likeness
iii. functional likeness
iv. production likeness.

The Commissioner must also consider whether the Australian industry manufactures ‘like’ goods in Australia. Section 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under section 269T(3), to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

3.3 The goods

The goods are:

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

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

Plate steel is typically produced in one of two ways:

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

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

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

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

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

Goods excluded from this application are:

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

3.4 Tariff classification

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

Tariff classification				
Tariff code	*Statistical code*	*Unit*	*Description*	*Duty rate*
7208	**Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated**			
7208.40.00	39	t	- Not in coils, not further worked than hot-rolled, with patterns in relief.	5% DCS: Free[28]

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

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

Table 8: General tariff classification for the goods

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications and statistical codes is for convenience or reference only and does not form part of the goods description. Please refer to the goods description for authoritative detail about goods subject to this investigation.

3.5 Model control code

The commission undertakes model matching using a model control code (**MCC**) structure to identify key characteristics used to compare models of the goods exported to Australia and the like goods sold domestically in the country of export.

3.5.1 MCC structure used in the investigation

The commission has used the MCC structure in Table 9 in this investigation.

Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Type	Standard plate	P1	Mandatory	Mandatory
		Floorplate	P2		
		Pressure vessel plate	P3		
2	Thickness	<=9.99mm	T1	Mandatory	Mandatory
		>9.99mm to <=50.00mm	T2		
		>50.00mm	T3		

Item	Category	Sub-category	Identifier	Sales data	Cost data
3	Nominal Yield Strength	<325 MPa	Y1	Mandatory	Mandatory
		>=325 MPa	Y2		
		N/A	Y3		
4	Production Process	Plate from coil	PC	Mandatory	Mandatory
		Plate from slab	PS		

Table 9: MCC Structure

3.6 Like goods

The Commissioner is satisfied that the domestically produced goods are like to the goods because the following characteristics of each closely resemble each other:

- physical likeness
- commercial likeness
- functional likeness and
- production likeness.

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

3.6.1 Physical likeness

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

3.6.2 Commercial likeness

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

3.6.3 Functional likeness

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

3.6.4 Production likeness

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

3.7 Exempt imports of plate steel

The commission notes that five exemption notices listed below are currently in force in relation to the goods. One of these exemptions, *Ministerial Exemption Instrument No.1 of*

2015, concerns Tariff Concession (TC) 1413674 which the commission has established is no longer active.[29]

- ADN 2018/023 (EX0058) Ministerial Exemption Instrument No.4 of 2018
- ADN 2017/85 (EX0050) Ministerial Exemption Instrument No.7 of 2017
- EX0022 Ministerial Exemption Instrument No.1 of 2015
- EX0019 Ministerial Exemption Instrument No.9 of 2014
- EX0018 Ministerial Exemption Instrument No.8 of 2014

In SEF 688 the commission invited submissions on whether any of the exemption notices listed above should be reviewed and revoked in light of this investigation and the preliminary recommendations made in SEF 688 that *Ministerial Exemption Instrument No.1 of 2015* should be revoked.

The commission did not receive any submissions with respect to the 5 current exemptions or the specific proposal to revoke *Ministerial Exemption Instrument No.1 of 2015*. However, following the publication of SEF 688, the commission received 3 submissions regarding 5 new exemption requests and one submission from BlueScope in response.

The Commissioner's assessment and recommendations concerning all current and new exemptions is provided in chapter 13.

3.8 Submissions on the goods and like goods

3.8.1 Adsteel

In its submission dated 1 December 2025 (prior to publication of SEF 688), Adsteel Brokers identified a range of plate steel products that it claimed BlueScope does not produce.[30] Adsteel also advised that its imports are outside of the range of plate steel produced by BlueScope. Adsteel further contended that the upper limit in the MCC category for thickness should stipulate 150mm, rather than it being open ended as indicated in the MCC thickness sub-category T3 for *'greater than 50mm'*, with 150mm allegedly being the maximum thickness of plate that BlueScope is capable of producing.

Adsteel cites the marketing materials on BlueScope's website to support its submission. Adsteel claimed BlueScope's website states a maximum plate thickness of 150mm. Adsteel compared this to BlueScope's application which mentioned an upper limit of 180mm in relation to BlueScope's XLERPLATE product for boiler and pressure vessels.[31]

The commission tabled Adsteel's submission for discussion during a verification visit to BlueScope in February 2026. BlueScope confirmed it could produce plate steel with a thickness above 150mm in relation to a range of product specifications detailed in Adsteel's submission.[32]

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[29] Full details about the goods covered by TC 1413674 are contained in the exemption instrument.
[30] EPR 688, Item no. 4.
[31] Table A-4.4.2 in BlueScope's application refers.
[32] EPR 688, Item No. 14, Confidential Attachment 1, pp. 27-28.

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

- structural plate steel to AS/NZS 3678 grade 250 to 450 in a thickness up to 150mm.[33]
- analysis grade plate to AS/NZS 3678 A1006 and K1042 up to 100mm and counterweight grade up to 200mm.[34]
- pressure vessel grade plate AS/NZS 1548 PT430, PT460, PT490 and PT540 between 5mm and 100mm as applicable.[35]

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

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

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

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

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33 BlueScope XLERPLATE structural products, viewed 17 June 2026 .
34 BlueScope XLERPLATE analysis products, viewed 17 June 2026.
35 BlueScope XLERPLATE boiler and pressure vessel products, viewed 17 June 2026.

4 THE AUSTRALIAN INDUSTRY

4.1 Findings

The Commissioner is satisfied that:

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

4.2 Legislative framework

The Commissioner must be satisfied that the ‘like’ goods are in fact produced in Australia. Sections 269T(2) and 269T(3) specify that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

4.3 Production process

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

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

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

4.4 Commission assessment

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

This is based on:

- an examination of the manufacturing process for the goods and that part of the process which is carried out in Australia
- an examination of whether known manufacturers of similar products also manufacture like goods
- responses from other Australian market participants, who identified themselves as importers during the verification.

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

5 AUSTRALIAN MARKET

5.1 Findings

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

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

5.2 Approach to analysis

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

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

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

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

5.3 Market structure

5.3.1 Market segmentation and end use

The application from BlueScope outlines the following typical end-use applications for the plate steel produced in Australia and of imported sources.[36]

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

[36] EPR 688, Item No. 001, Section A-5.1, p.25.

- automotive components
- steel tubing

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

> *The Australian market is segmented by product (for example – commodity grade plate steel vs speciality grades, and thick v's thin products), and geography (for example – the Australian east coast is primarily focussed on construction, infrastructure, and manufacturing; Western Australia is focussed on the resources sector; and South Australia is focussed on ship building).*[37]

5.3.2 Distribution arrangements

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

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

5.3.3 Supply

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

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

5.4 Market pricing

BlueScope AIS has staff dedicated to acquiring foreign commercial intelligence to understand pricing trends. This team establishes price floors, restrictions and price strategies by evaluating the following parameters: testing import offers, price spreads and veracity of import indicators.

BlueScope's application states it sets pricing in the same way for all customers, whether related or unrelated. BlueScope operates an import parity pricing mechanism where known import offers in the market are used to determine levels of pricing.[38] BlueScope's application was accompanied with a sample of commercial documents in the form of supply agreements and price lists.

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

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[37] EPR 688, Item No. 001, Section A-5.1, p.26.
[38] EPR 688, Item No. 001, Section A-6.4, p.28.

5.5 Key drivers of demand

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

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

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

- seasonal construction cycles influenced by the Australian wet season and industry closures during the months of December and January.
- economic conditions (import competition, availability of capital, broader domestic demand)
- government regulation, procurement policies and industry standards[39]

In a discussion on factors other than dumping that may have caused injury, BlueScope's application states in relation to contractions in demand that the company is not aware of any material changes in patterns of consumption (outside of the factors concerning changes in the size of the Australian market that are outlined above and referenced in Section A-5.2 of BlueScope's application) in their proposed investigation period.[40]

5.6 Market size

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

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

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

Table 10 Tariff heading 7208 goods description

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

Table 11 Tariff heading 7225 goods description

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

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[39] *Ibid.*
[40] EPR 688, Item No. 001, Section A-10.6, p.51.

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

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

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

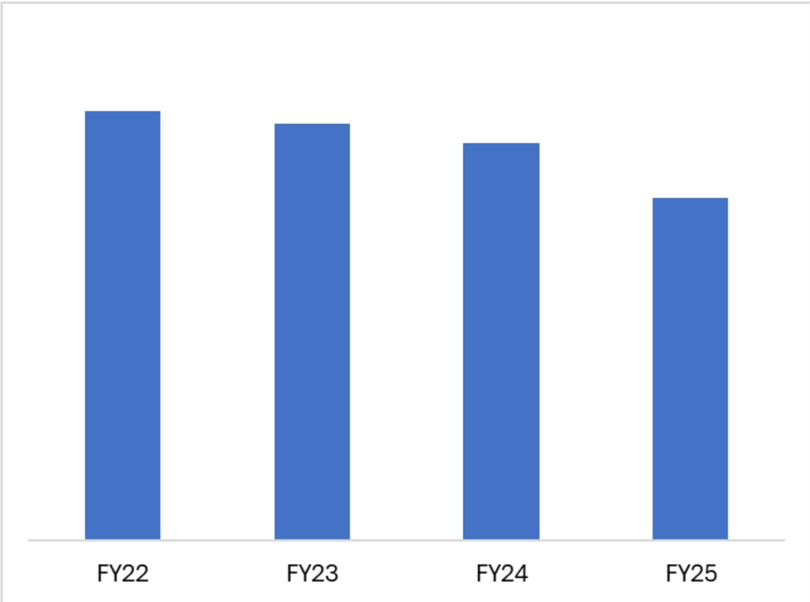

Figure 1 – Australian market size (MT) 1 July 2021 to 30 June 2025

The commission observes that the Australian plate steel market has contracted by approximately 20% in the four year period commencing 1 July 2021 (FY22).[41] This trend continued into the investigation period 1 July 2024 to 30 June 2025 where the market size contracted by approximately 14% compared to the prior year. The rate of change in the investigation period appears to represent a material deviation, when compared to the three prior years which represent a change of approximately 4%.

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

[41] Base year FY22.

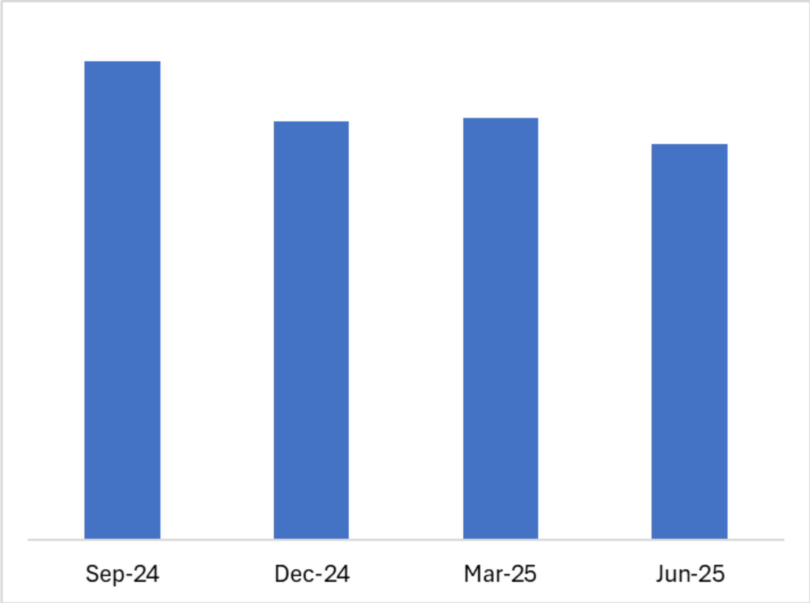

Figure 2 – Australian market size (MT) investigation period

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

6 DUMPING INVESTIGATION

6.1 Findings

The Commissioner is satisfied that, during the investigation period:

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

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

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

Table 12: Summary of dumping margins

6.1.1 Termination of dumping investigation for certain entities

As the Commission established exports by POSCO from Korea during the investigation were not dumped, the Commission has terminated the dumping investigation as it relates to POSCO.[42]

6.2 Legislative framework

In the report to the Minister under section 269TEA(1), the Commissioner must recommend whether the Minister *ought* to be satisfied of matters of which the Minister *must* be satisfied before publishing a dumping duty notice under section 269TG.

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

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

[42] Chapter 6.9 refers.

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

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

6.2.1 Export price

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

Section 269TAB(1)(a) generally provides that, subject to certain conditions, the export price of any goods exported to Australia is the price paid (or payable) for the goods by the importer, where the goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter in arms length transactions.

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

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

6.2.2 Normal value

Normal value is determined under section 269TAC.

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

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

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

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

Section 269TAC(2)(c) provides that the normal value is the sum of an amount that the Minister determines to be the cost of production or manufacture of the goods in the country of export, and, on the assumption that the goods had been sold for home consumption in the OCOT in the country of export instead of being exported, such amounts as the Minister determines are the SG&A costs associated with the sale and the profit on that sale.

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

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

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

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

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

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

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

6.2.3 Dumping margin

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

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

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

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

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

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

6.3 Exporter status

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

6.3.1 Cooperative exporters

The commission examined the exports of each of the selected exporters listed in Table 13 below, who are considered cooperative exporters. The dumping margins determined for these exporters is outlined below in chapters 6.6 to 6.9.

Country	Entity
China	Baosteel Zhanjiang
	Baoshan
	Hunan Valin
Korea	POSCO

Table 13: Selected exporters

6.3.2 Uncooperative exporters

After having regard to section 269T(1) and the Customs Direction, the Commissioner has determined that exporters from the subject countries that did not provide information requested of them through an exporter questionnaire response are uncooperative exporters for the purposes of this investigation. Dumping margins determined for uncooperative exporters are outlined in chapter 6.10.

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

Section 269TAC(2)(a)(ii) provides that where the Minister is satisfied that because the situation in the market of the country of export, sales in that market are not suitable for use in determining a price under section 269TAC(1), the normal value of the goods exported to Australia cannot be ascertained under section 269TAC(1).

6.4.1 Introduction

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

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

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

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

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

The Commissioner considered BlueScope's claim that a particular market situation exists in the Chinese plate steel market was reasonable for the purpose of deciding whether to initiate an investigation.[43]

Since receiving BlueScope's application, the Commission has finalised Investigation 658 concerning exports of hot rolled coil steel into Australia from China. In the *Final Report* for Investigation 658, the Commission found that the GOC's actions, policies, and practices have distorted conditions in the Chinese steel market. These distortions have created a particular market situation (PMS) in respect of the domestic market for HRC in China for the investigation period.[44]

Similarly, the Commission has released the *Statement of Essential Facts* for Investigation 690 concerning exports of freight railway wheels into Australia from China. In this case the Commission has found that a particular market situation exists in the Chinese steel market.[45]

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

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

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

6.4.2 Particular market situation

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

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[43] *Consideration Report 688*, EPR 688, Item 2, p15.
[44] *Final Report 658*, EPR 658, Item 44, p116.
[45] *Statement of Essential Facts 690*, EPR 690, Item 25, p104.

situation in respect of the domestic market for plate steel in China for the investigation period.

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

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

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

6.4.3 Proper comparison

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

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

6.5 Submissions received in relation to dumping investigation

The commission received 5 submissions on the preliminary dumping margin calculations outlined in SEF 688. The Commissioner has had regard to matters raised in these submissions in reaching their final recommendation on the margins of dumping determined for the investigations. The submissions covered the following matters.

- POSCO exportation charges, related exports arms length assessment, downward adjustments to normal value (chapter 6.5.1).
- The suitability of Korean domestic market plate steel prices for a normal value under section 269TAC(1) (chapter 6.5.2).
- The approach to constructed normal values for Chinese exporters under section 269TAC(2)(c), including the treatment of production costs for steel slab (chapters 6.5.4 and 6.5.5).
- Selection of a Brazilian steel slab price benchmark for the purposes identifying a cost of production in China (chapters 6.5.4 and 6.5.5).

The Commissioner's consideration of the matters raised in all submissions has not resulted in a change to the preliminary dumping margins determined in SEF 688 for any exporters. The following outlines the matters raised in each submission and the commission's assessment.

6.5.1 POSCO variable factors (BlueScope)

In their submission of 13 July 2026 in response to SEF 688, BlueScope raises whether the commission had properly examined the following matters relevant to the determination of POSCO's dumping margin.[46]

- POSCO's export price with respect to the value of certain expenses arising prior to export of the goods, and whether the value reported by POSCO was affected by its relationship with the entity who paid those expenses.[47]
- The finding that POSCO's exports through related parties were arms length transactions and whether commission's approach to the assessment was adequate.[48]
- Normal value adjustments for differences in level of trade between POSCO's domestic and Australian market customers and whether POSCO correctly classified domestic market customers as being in the end-user level of trade.[49]
- The evidentiary basis relied on for applying a range of downward adjustments to POSCO's normal value.[50]

On 20 July 2026, POSCO provided a response to BlueScope's submission addressing the matters raised.[51] BlueScope made a further submission following POSCO's response on 29 July 2026.[52] As these responses concern the same matters raised in BlueScope's initial response to SEF 688 on 13 July 2026, the commission considers that the discussion outlined below addresses all 3 submissions made by BlueScope and POSCO following the publication of SEF 688.

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

- Port handling charges used for calculating POSCO's export price were not affected by its relationship with the party who incurred the charges.
- The method used to assess whether POSCO's exports to related parties were arms length was suitable in the circumstances relevant to POSCO's supply chain arrangements. Further analysis confirmed POSCO's related party exports were arms length transactions. This involved consideration of its related party pricing and profitability and analysis of POSCO's monthly export prices for sales of models sold to related and unrelated customers.
- A review of POSCO's level of trade adjustment confirmed it has correctly categorised its customer base as either end-user or distributor. Almost all of POSCO's related customers were distributors and thus did not attract a level of trade adjustment. The method for working out the value of the adjustment was adequate for capturing differences in price caused by sales at each level of trade.
- The commission's review of the available information for downwards normal value adjustments applied to POSCO established the adjustments were appropriate.

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[46] EPR 688, Item no. 025, section III, pp. 7-10 refers.
[47] EPR 688, Item no. 025, section III, p. 7 refers.
[48] EPR 688, Item no. 025, section III, p. 8 refers.
[49] EPR 688, Item no. 025, section III, p. 9 refers.
[50] EPR 688, Item no. 025, section III, p. 10 refers.
[51] EPR 688, Item no. 028.
[52] EPR 688, Item no. 029.

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

Export price calculation

As outlined in the POSCO verification report, the commission found that certain charges relevant to the export of the goods by POSCO were incurred by POSCO's related party intermediary rather than by POSCO directly.[53] POSCO's covered the cost of inland transport to the port of export however it did not cover any other expenses, these were covered by POSCO's customers. POSCO's export price determined under section 269TAB(1)(c) was based in part on port of export port handling charges incurred by POSCO's related party customer.

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

Related customer export sales

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

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

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

POSCO's verification report states that export prices for sales to related and unrelated customers were similar.[54] This finding has been subject to further testing which examined differences in monthly prices for each export model sold to related and unrelated customers . The additional analysis indicated that where POSCO sold the same model to related and unrelated customers, the related customer price was higher overall and in numerous months throughout the investigation period. In other cases, POSCO's related customers price was lower, however the magnitude of the price difference did not satisfy the commission this was indicative of the sales not being arms length.[55]

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

[54] EPR 688, Item no. 016, chapter 3.2.3.2, p. 6 refers.

[55] See worksheet *'REP 688 Price Analysis'* in Confidential Attachment 16.

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

Normal value level of trade adjustment

BlueScope contends POSCO operates a substantial domestic distributor and processing channel for plate that does not wholly align with the end user characterisation relied on by the commission.[56] BlueScope requests the commission to re-examine POSCO's sales data to ensure the level of trade comparison properly matches like models and excludes shipbuilding plate.

The commission's initial assessment of POSCO's claim for a level of trade adjustment is detailed in the POSCO verification report.[57] This assessment informed the preliminary findings outlined in SEF 688. The assessment had regard to information POSCO provided out its about customers at the end-user level of trade and comparing monthly weighted average prices for each level of trade.

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

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

The commission does not agree with BlueScope's approach that appears to seek the exclusion of plate sold to customers engaged in shipbuilding. Domestic sales of plate steel for shipbuilding are like goods with reference to the description of the goods under consideration outlined in BlueScope's application for the investigation. The commission's analysis of pricing observed that the value of the level of trade adjustments was not inflated due to the inclusion of plate for shipbuilding.

Normal value downwards adjustments

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

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

[56] EPR 688, Item no. 025, section III, p. 9 refers.
[57] EPR 688 Item no. 016, chapter 3.3.8 refers.

- Domestic late payment fee

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

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

POSCO also provided additional information about its inspection fees during verification. This related to a range of source documents concerning the fees incurred for the month of May 2025.[58]

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

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

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

POSCO was not required to perform similar inspection activities in relation to its Australian exports, so it follows that its export price did not reflect such costs. The adjustment performed under section 269TAC(8) in relation to domestic inspection fees is therefore appropriate.

6.5.2 Suitability of Korean domestic plate prices (BlueScope)

In their submission of 13 July 2026, BlueScope outlines that the commission's findings in SEF 688 did not expressly address whether Korean domestic plate steel prices were suitable for determining normal values under section 269TAC(1) of the Act.[59] BlueScope contends the following

- an assessment of Korean market pricing should have been performed in light of findings for other investigations and the finding in this investigation concerning a particular market situation in the Chinese domestic market for plate steel.

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[58] See Attachment GP13-B to Attachment 1 of the POSCO Verification Report at EPR 688 Item no. 016.
[59] EPR 688, Item no. 025, section IV, pp. 10-13 refers.

- the approach in SEF 688 should not have assumed that Korean domestic plate prices were suitable for normal values under section 269TAC(1)
- distortions originating in the Chinese steel sector have affected price formation in markets outside of China, including Korea.

The commission has considered BlueScope's submission and concludes

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

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

Korean market findings in other investigations

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

SEF 679 and SEF 689 concluded that exports from China, which were influenced by GOC involvement in the Chinese steel sector, rendered Korean domestic prices for HRC unsuitable as a benchmark for determining a cost of production in China and instead developed a benchmark based on the cost of production in Japan.[60]

The commission's decision not to use Korean domestic HRC prices as a benchmark in SEF 679 and SEF 689, in favour of a Japanese benchmark, does not mean that the evidence before the commission in those investigations could support a finding that Korean domestic prices for steel slab are unsuitable to determine a normal value under section 269TAC(1).

Commission should not have assumed that Korean domestic prices were suitable

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

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

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[60] SEF 689, chapter 6.3.5, pp. 47-48

Korean market analysis

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

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

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

BlueScope's submission also refers to anti-dumping measures on Korean imports of plate steel from China that were implemented in November 2025 following an investigation by the Government of Korea. BlueScope attributes observed price increases to these measures. The commission has found that certain exporters from China committed to price undertakings to voluntarily increase their prices.[61]

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

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

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

- Korean market pricing in the investigation period was noticeably lower than the prior 12 month period, but so was the size of the Korean market volume.
- The level of market penetration connected with imports from China and Japan during the investigation has reduced, with the volume of imports from China and Japan each being lower by approximately 30% compared to the prior 12 month period.

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

- Korean imports of plate from China showed signs of deterioration during the second half of the investigation period, despite having a lower price, whilst imports from Japan, at a higher price, regained previously lost market share.
- Korean domestic market prices published by MEPS did not track with the change in price for imports from China and Japan.
- POSCO's prices did not appear to follow the price of imports from China or Japan and appeared to be trading at a different price point and also exhibit an upward trend from around the mid point of the investigation period, notwithstanding lower prices Chinese imports were available at the same time.
- Prices for imports from China started to increase at least 6 months prior to the Government of Korea imposing measures in November 2025.

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

6.5.3 Uncooperative exporters normal value adjustments (BlueScope)

In its submission of 13 July 2026, BlueScope outlines its understanding that the normal value for uncooperative exporters involved a downwards adjustment and contends such adjustments should not have been applied.[62] BlueScope references the language in Table 17 at chapter 6.9.2 in SEF 688. The statements in SEF 688 contain the phrase "*The highest normal value ascertained for cooperating exporters less downward adjustments…*".

The commission confirms no such downward adjustments were performed in relation to the normal values determined for exporters from China and Korea. For the purpose of addressing BlueScope's comments, the commission revised the description of the normal value calculation method contained in Table 19 to this report.

6.5.4 Baoshan normal value calculation (Baoshan and Baosteel Zhanjiang)

In their submission to SEF 688, Baoshan and Baosteel Zhanjiang jointly raise a number of concerns regarding the determination of their normal value under section 269TAC(2)(c).[63] The following summarises the key points made.

- substituting a Brazilian steel slab benchmark for Baosteel's verified recorded steel slab costs is contrary to section 269TAC(2)(c) of the Act, regulation 43 of the *Customs (International Obligations) Regulation 2015* and Articles 2.2 and 2.2.1.1 of the *Agreement on Implementation of Article VI of GATT 1994* ("the ADA").
- The word "normally" in Article 2.2.1.1 of the ADA, and the finding that the circumstances in which the production costs of Baoshan and Baosteel Zhanjiang were formed are "not normal and ordinary", does not authorise displacing records that satisfy the two conditions in Article 2.2.1.1.
- iron ore input costs reported by Baoshan and Baosteel Zhanjiang are not distorted as all iron ore is imported from unrelated international miners at international spot

[62] EPR 688, Item no. 025, section V, pp. 13-14 refers.
[63] EPR 688, Item no. 027.

prices and SEF 688 found that the GOC influence over the iron ore market was limited.

- SEF 688 does not set out that the threshold has been met in relation to section 269TAC(2)(a)(ii) which requires an assessment of whether an exporter's domestic sales unsuitable for a normal value under section 269TAC(1) because of a particular market situation.
- the benchmark is an unadapted Brazilian surrogate that is drawn from a data source (MEPS) the Commission has previously rejected as unreliable

Recorded cost of steel slab may not be displaced (Items 1.1 and 1.2 of the submission)

Baoshan and Baosteel Zhanjiang contend that the commission was not authorised to deviate from their reported cost of production for determining a normal value under section 269TAC(2)(c). They cite several Appellate Body reports of the WTO that deal with Article 2.2.1.1 of the ADA in support of their submission.

The commission does not agree with Baoshan and Baosteel Zhanjiang's contention that the commission's method was inconsistent with section 43 of the Regulations. The commission's assessment of whether an exporter's records meet the requirements of section 43 is distinct from its assessment under Article 2.2.1.1 of the ADA. As stated at chapter C5 to Appendix C, where the criteria of section 43(2)(b) of the Regulations are not met, 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 under section 269TAC(2)(c)(i) in accordance with the requirements of the Anti-Dumping Agreement.

Baoshan and Baosteel Zhanjiang state that the WTO Dispute Panel in *Australia — AD/CVD (China)* (DS603) held that the "'normally' clause permits departure only in rare circumstances beyond the two conditions, such as evident misallocation, and rejected the contention that a bare finding that circumstances are 'not normal' makes assessment of the two express conditions redundant". The commission notes that Dispute Panel in DS603 confirmed that the word "normally" in Article 2.2.1.1 meant that "may provide a basis for rejecting exporters' record costs when constructing normal value or performing the ordinary-course-of-trade test",[64] but it did not comment on what circumstances might permit departure on the basis of "normally".

The commission does not agree with the contentions put by Baoshan and Baosteel Zhanjiang that the commission read "'normally' as a general exception for perceived market distortions".[65] The commission found at chapter C8 to Appendix that the impacts of GOC influence on the Chinese market price for steel slab applied to the exporters' recorded steel slab costs. Outlined below is a summary of the more detailed findings provided at Appendix A and Appendix C which form the basis of the commission's conclusion that the circumstances in which the exporters' costs were formed were normal and ordinary.

At chapter C5 of Appendix C, the commission concluded that the exporters' production cost records were kept in accordance with GAAP of China and reasonably reflect the costs associated with production of plate steel. The commission then explains that Article 2.2.1.1 of the ADA does not mandate the use of the information in an exporter's records

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[64] Panel Report, *Australia — AD/CVD (China)*, WT/DS630/R, para 7.56.
[65] EPR 688, Item no. 027, p. 3.

where those conditions are met in all circumstances. The commission states that Article 2.2.1.1 provides that where those conditions are met that costs 'shall normally' be calculated based on the exporter's records.

The commission considered whether the circumstances in which the exporters' 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). The commission outlines in chapter C6 of Appendix C that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the cooperating exporters' recorded costs for steel slab reflecting an unreliable cost of production (chapter C6.2 of Appendix C refers). The commission then went to select an appropriate alternative for establishing a cost of production in China, and specifically, the cost of steel slab, as this represented approximately 90% of total cost for plate steel (chapter C6.4 of Appendix C refers).

Treatment of iron ore costs

Baoshan and Baosteel Zhanjiang submitted that the commission should not apply a cost adjustment to their iron ore costs, on the basis that the iron ore costs were not distorted by GOC influence. They refer to findings made by the European Commission (EC) in their anti-dumping investigation into certain flat rolled steel products from China.[66]

The iron ore claims made by Baoshan and Baosteel Zhanjiang were also raised in their submissions to Investigation 658 and in their application to the ADRP regarding the outcome of that investigation after the publication of *Anti-Dumping Commission Report No. 658 – HRC from China* (REP 658). The commission's response set out in REP 658 notes that the circumstances examined by the EC were different to those that were relevant to Investigation 658 and as it transpired, the EC was unable to fully investigate the issue in any case.[67]

As outlined below, the circumstances relevant to this investigation are again different to those examined by the EC. One key point of difference between the EC's investigation and the period examined by REP 658 being the operational status of GOC state enterprise, the China Mineral Resources Group Limited (CMRG). The case is no different for this investigation. As explained below, evidence gathered in this investigation firmly established the presence of the CMRG in iron ore procurement processes.

Specific discussion about the iron ore sector was covered in chapter A.6.5.1 to Appendix A. The discussion on iron ore in Appendix A outlines changes in supply chain arrangements where the GOC has taken on a more prominent role through the activities of the CMRG. Evidence provided to this investigation confirmed that the CMRG was referenced in iron ore purchasing contracts relevant to the investigation period. Although these findings appear at Appendix A, they are also relevant to the finding in Appendix C that the exporters' recorded costs of steel slab, including iron ore, were affected by not normal and ordinary circumstances.

The submission also refers to the commission's subsidy investigation findings in chapter D4.4 to Appendix D for Program 658-178 concerning iron ore. The finding that exporters had not received a benefit in relation to their iron ore purchases was made in the context of the tests required to establish the receipt of countervailing subsidies, which involves a

[66] EPR 688, Item no. 027 at Item 1.3, pp.4-5
[67] REP 658, p.187.

different set of considerations compared to assessments of the exporters' cost records under section 43 of the Regulations and Article 2.2.1.1 of the Anti-Dumping Agreement.

The commission found that iron ore was ultimately sourced from overseas private entities and the price paid to those entities was fully transferred to the exporters. This considered that the sale of the iron ore between the originating mining entities and the exporter involved SOE intermediaries. Although the finding in chapter D4.3 of Appendix D outlines the provision of raw materials by a public body had occurred for the purpose of the subsidy definition under section 269T(1), the commission concluded there was no benefit conferred in the form of goods provided at less than adequate remuneration (chapter D4.4 to Appendix D refers).

This finding on subsidies for iron ore should not be construed as meaning that the price paid by the exporters was unaffected by GOC entities involved in the procurement process, e.g. the CMRG. It simply establishes that the conditions to find the presence of a countervailable subsidy were not met.

Proper comparison test

Baoshan and Baosteel Zhanjiang claim the commission's findings on proper comparison outlined in chapter 6.4.3 and APPENDIX B fails to establish that the particular market situation renders the exporters' domestic sales in China unsuitable for a normal value under section 269TAC(1).[68]

The submission cites part of a statement in the findings that cover differences in raw materials discussed at chapter B4.2 of Appendix B, "….*producers benefit relatively equally from the distorted raw material prices."*

Baoshan and Baosteel Zhanjiang contend that given the distortions in raw material price equally affect the production costs for domestic and exported goods, this does not impair the comparison between domestic and export prices.

The commission notes that WTO Panel Report in *Australia — A4 Copy Paper* (DS529) established that "the 'proper comparison' language calls for an assessment of the relative effect of the particular market situation on domestic and export prices", and that "notwithstanding an equal decrease in input costs", the relative effect "is likely to depend significantly upon a number of factors, including the prevailing conditions of competition in each market and the existing relationship between price and cost".[69] The commission therefore does not agree that, where a particular market situation affects an input cost, that input is used identically to produce the goods for the domestic and export markets, that the effect of the particular market situation on the domestic price and the normal value will necessarily be the same.[70]

When the passage from chapter B4.2 of Appendix B is read in full, the commission finds that Chinese exporters can take advantage of lower raw materials costs to compete with Australian industry and other exporters to the Australian market who do not benefit from such lower costs. By comparison, no such advantage exists within the domestic market of China, as all producers benefit from the same distorted raw material prices. This

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[68] EPR 688, Item no. 027 at Item 1.4, pp.5-6
[69] Panel Report, *Australia — A4 Copy Paper* (WT/DS529/R) paras 7.75, 7.80.
[70] See Panel Report, *Australia — A4 Copy Paper* (WT/DS529/R para 7.81.

comparison of the different conditions of competition is consistent with the assessment contemplated by the Dispute Panel in *Australia — A4 Copy Paper*.

Brazilian benchmark and data reliability

Baoshan and Baosteel Zhanjiang raise the following main points regarding the commission's selection of a Brazilian price benchmark for steel slab

- the benchmark does not satisfy Article 2.2 of the ADA as it has not been adapted to the conditions of the exporting country with respect to structural differences between the markets of China and Brazil.
- the source of the Brazilian prices based on MEPS International Ltd is unreliable.
- the commission should adopt an alternative benchmark using Korean exporter's slab production costs.
- the benchmark should ensure that any resulting changes the exporters' production cost excludes cost elements relating to iron ore.[71]

Contrary to the contention outlined in the submission, the commission considers that the Brazilian price benchmark has been properly adapted to the conditions of the exporting country and had regard to factors such as differences in economies of scale (chapter C.7.2.2 in Appendix C). The commission concluded that an adjustment to account for differences in economies of scale was not warranted. The exporters have not identified any error in the commission's reasoning for why the adjustment was not made. The alleged issue is simply that the adjustment was not made.

Regarding the reliability of MEPS data, the commission notes that the exporters have not outlined any tangible reasoning to support their position. This could have perhaps included a comparative analysis to draw out the alleged deficiencies with the MEPS data over other sources. The basis of the claim appears to revolve around information transparency.

The commission took steps to address transparency issues by providing all exporters a copy of their dumping margin calculations after the publication of SEF 688. This included a file of the Cost to Make and Sell calculations which contains a worksheet that itemises the amounts that were used to modify their original production costs records for steel slab and direct labour expenses. The MEPS data series, whilst subject to copyright, is also available for purchase if exporters found it desirable to examine the source relied on by the commission.

In relation to the of relying on Korean exporters steel slab production costs, the commission addresses this in SEF 688 and in this report at chapter C6.4 of Appendix C. The commission explains that it was unable to use costs available for POSCO from Korea as it was the only cooperating exporter from that country and as a result the confidentiality of its data could not be properly managed. This concern is well founded considering requests made by exporters seeking a copy of their dumping margin calculations after the publication for SEF 688 and the obvious risk that providing this information would pose to POSCO's interests. The commission was also unable to locate Korean steel slab price data from either MEPS or Bloomberg or public sources.

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[71] EPR 688, Item no. 027 at Item 1.5, pp.6-7

Baoshan and Baosteel Zhanjiang have also outlined that changes to their production costs arising from the application of the Brazilian based slab price benchmark should omit amounts relating to iron ore. In their opinion, this would ensure consistency with Article 2.2 of the ADA and follow the approach that the EC took in relation to their investigation of entities in the Baowu Group.

The submission appears to be based on a premise that iron ore sourced by Baoshan and Baosteel Zhanjiang from international markets is free of any distortions. The matters raised here are addressed by the commission response to Item 1.3 of the submission. This included having regard to the approach taken by the EC.

6.5.5 Hunan Valin normal value calculation

In their submission to SEF 688, Hunan Valin raises a number of concerns regarding the determination of their normal value under section 269TAC(2)(c).[72] The following summarises the key points made.

- SEF 688 erroneously conflated the PMS provisions under Article 2.2 and the independent cost calculation rules under Article 2.2.1.1.
- the commission's approach exhibits an absence of factual foundation
- the dumping and subsidy findings constitute an internal logic contradiction in relation to steel slab.
- Hunan Valin's costs have been unreasonably increased via an arbitrary addition that lacks factual support
- Selection of Brazilian steel slab prices fails to adjust for structural differences between China and Brazil, and the commission should consider prices for the steel industry in India.
- The Brazilian steel slab benchmark lacks qualification as an 'undistorted benchmark'
- Reliability of MEPS data and information disclosure
- Subsidy margins at *de minimis* levels demonstrate an absence of government intervention.

<u>Erroneous conflation of Article 2.2 and Article 2.2.1.1 of the ADA</u>

The commission does not agree with Hunan Valin's submission that Article 2.2 and Article 2.2.1.1 of the ADA have been erroneously conflated.

Chapter 6.4 in SEF 688 and in this report provides a detailed discussion on the commission's findings and approach to assessment whether the conditions outlined in section 269TAC(2)(a)(ii) are met. This firstly involved finding in chapter 6.4.2 and Appendix A that GOC involvement within the Chinese steel sector has created a particular market situation in respect of the domestic market for plate steel.

The commission goes on to find in Chapter 6.4.3 and Appendix B that the particular market situation does not permit proper comparison of domestic prices with the export prices of the goods. Sales of plate steel in the domestic Chinese market are not suitable

[72] EPR 688, Item no. 024.

for determining a normal value pursuant to section 269TAC(1). The findings in Chapter 6.4 align with the requirements in Article 2.2 of the ADA.

Having concluded domestic sales were not suitable for section 269TAC(1) of the Act, pursuant to section 269TAC(2)(a)(ii), the commission then considered whether the circumstances in which the exporters 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). This step aligns with the requirements of Article 2.2.1.1 of the ADA.

The commission outlines in chapter C6 of Appendix C that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the cooperating exporters' recorded costs for steel slab reflecting an unreliable cost of production (chapter C6.2 of Appendix C refers).

<u>Absence of factual foundation</u>

Hunan Valin have also stated that the commission's findings exhibit an absence of factual foundation. Hunan Valin cites several factors to support this conclusion.

- Materials are procured through arms length commercial negotiations with diversified suppliers.
- Hunan Valin's recorded costs genuinely reflect the objective competitive conditions of the Chinese market
- The commission's findings lack exporter specific evidence for adapting a third-country slab steel benchmark based on Brazil
- The price differential between the adopted Brazilian and Chinese steel slab benchmarks are not proof of a distortion

As outlined above, the factual findings which supported the existence of a particular market situation also supported the finding that the conditions in the Chinese market are not competitive as a result of GOC involvement. The commission made this finding in chapter C4 of Appendix C. The presence of arms length commercial transactions amongst diversified suppliers does not override the commission's conclusions.

Hunan Valin's submission on adapting the Brazilian slab steel benchmark is similar to the contentions raised by Baoshan and Baosteel Zhanjiang. Contrary to the contention outlined in Hunan Valin's submission, the commission considers that the Brazilian benchmark has been properly adapted to the conditions of the exporting country and had regard to structural differences between the markets of China and Brazil (chapter C.7.2.2 in Appendix C).

The commission found the only factor requiring adjustments was in respect of labour expenses. The calculation used for the labour adjustment was specific to each exporters' circumstances and relied on their reported cost of production records for steel slab, which included a breakdown of each main cost category, e.g. materials, direct labour, manufacturing overhead. The labour costs were compared to labour data for Brazilian economy. The difference resulting in a downward adjustment to the Brazilian benchmark. The commission provide these calculations to Hunan Valin after the publication of SEF 688.[73]

[73] SEF 688 Confidential Attachment 35 - Hunan Valin slab production cost adjustment

Lastly, the commission did not rely on a price differential between the adopted Brazilian and Chinese steel slab benchmarks. Rather, after concluding that the circumstances in which the cost of steel slab reported by each exporter had been formed are not normal and ordinary, sets out the commission set about selecting an appropriate alternative cost base (chapter C6.4 and C7 of Appendix C refer). This did not rely on firstly sizing up the relative differences between the available third-country benchmarks and then selecting the benchmark that exhibited the largest variance to the exporters' records.

<u>Dumping and subsidy findings constitute an internal logic contradiction</u>

Hunan Valin contend the determinations concerning the government influence on steel slab in the subsidy investigation and dumping investigation are in direct conflict. The commission disagrees with Hunan Valin's position.

Assessing the existence of a particular market situation which makes domestic prices unsuitable for determination of normal value, assessing the effect of not normal and ordinary circumstances on an exporter's recorded costs, and assessing whether a countervailable subsidy has been received, are all different tests. The evidence before the commission supported that Hunan Valin's domestic selling price of flat rolled steel was not suitable to determine a normal value because of a particular market situation in China and supported that Hunan Valin's recorded steel slab costs were affected by not normal and ordinary circumstances, which warranted an adjustment to those recorded costs using the Brazilian steel slab benchmark. The evidence did not support that Hunan Valin received countervailable subsidies at amounts which were non-negligible.

The application of the steel slab benchmark for each investigation is in relation to different parts of the Act and for different anti-dumping notices. One being for constructing a normal value under 269TAC(2)(c) in relation to a determination of dumping, whilst the other being a benchmark for private prices in China to identify subsidies in relation to the provision of goods at less than adequate remuneration by a public body.

Since the commission's approach concerned a common production cost item, being steel slab, which is either made in a fully integrated process, or purchased from a third party, the same Brazilian based benchmark was deemed suitable across both investigations.

<u>Costs are unreasonably increased via an arbitrary addition that lacks factual support</u>

Referencing Article 2.2.1.1 of the ADA, Hunan Valin outlines the following in relation to the commission's preliminary findings in SEF 688 involving the treatment of its production costs under section 269(2)(c).

- The outcome results in an arbitrary cost addition and lacks factual support that is severely unreasonable
- The commission has negated the Hunan Valin's compliant records on the grounds of "government-induced non-market conditions"
- The commission's interpretation exceeds the textual and jurisprudential boundaries of the provision, presumably Article 2.2.1.1 of the ADA.
- there is no evidence that Hunan Valin's production costs records were unreliable or reflect an improper allocation

- Rejection of Hunan Valin's individual records contravenes the rule established in DS529.[74]
- Relying on a country wide particular market situation finding to substitute cost data for cooperating exporters, as Hunan Valin alleges to be the case, is contrary to the focus of Article 2.2.1.1 established in DS603 concerning exporter specific justification to do so.[75]
- The qualifier "normally" in Article 2.2.1.1 permits only very limited exceptions to the use of exporter records which is consistent with the DS493 that such exceptions apply only in extreme and exceptional circumstances
- The commission generalist presumption of government intervention in the steel industry fails to establish a link between this intervention and Hunan Valin specific operation, thereby failing to meet the standards jointly established by DS493, DS529, and DS603.

The summary of Hunan Valin's submission outlined above in relation to Article 2.2.1.1 of the ADA go over the same matters that were raised by Baosteel and Baoshan in their submission on Article 2.2.1.1. These matters are addressed at '*Recorded cost of steel slab may not be displaced*' in chapter 6.5.4.

The commission's response to Baoshan and Baosteel in chapter 6.5.4 refers to the commission's approach outlined in chapter C6 of Appendix C where the commission disregarded the steel slab costs reported by exporters. The discussion in chapter C6 of Appendix C also has regard to the findings in DS529 and DS603. Based on the commission's findings in Appendix C, the commission also considers these findings address the matters Hunan Valin raises in relation to DS493.

<u>Selection of Brazilian steel slab benchmark</u>

Chapter C6.4 in Appendix C details the commission reasons for relying on the Brazilian benchmark that was similarly used for Investigation 658. Hunan Valin claims that in selecting Brazil the commission has disregarded the structural cost advantages possessed by large scale Chinese steel producers.

Contrary to the contention outlined in the submission, the commission considers that the Brazilian price benchmark has been properly adapted to the conditions of the exporting country. This had regard to factors such as differences in economies of scale (chapter C.7.2.2 in Appendix C).

Hunan Valin also presented information to show input costs such as electricity are lower in China compared to Brazil. In chapter C.7.2.3 to Appendix C, the commission considered adjustments for other production costs and concluded that utilities costs, such as electricity, are affected by the situation in the Chinese market as detailed in chapter A6.5 to Appendix A.

Other information on manufacturing performance indicators, such as blast furnace efficiency and market structure, is discussed by Hunan Valin to support its view that a Brazilian based benchmark is unsuitable. Hunan Valin outlines their reasons for why the steel industry in India would be an appropriate substitute instead of Brazil.

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[74] Panel Report, *Australia – A4 Copy Paper*, WTO Report WT/DS529/R (4 December 2019)
[75] Panel Report, *Australia – Certain Products from China,* WTO Doc WT/DS603/R (26 March 2024)

Hunan Valin submits that Brazilian steel slab prices are distorted by trade remedy measures on downstream finished products. The commission observes that the function and purpose of trade remedies measures are to provide a level playing field for a materially injured domestic industry. The commission therefore does not consider that effects of a trade remedy measure are "distortive". The commission notes that Hunan Valin has not provided any empirical data that demonstrates Brazilian domestic prices for slab are higher than otherwise would be in the absence of measures.

In SEF 688, the commission examined a range of countries in the process of selecting a steel slab price benchmark. This examination is also provided in chapter C7.1 of Appendix C. Hunan Valin will note that steel producers from India were discounted as an option owing to the Indian steel sector include large steel producers that are SOEs and evidence of SOE ownership for suppliers of major cost inputs into steel slab production.

Hunan Valin have raised that the Brazilian benchmark is itself representative of a distortion. Hunan Valin's submission on this matter raises several points which are unsupported by evidence and rely on general assertions that trade protections on downstream finished goods have an inflationary effect on the price of upstream semi-finished goods such as steel slab. The commission's view on this is that it is because of trade protections the Brazilian domestic market would be unaffected by the importation of dumped and subsidised goods.

Reliability of MEPS data and information disclosure

Hunan Valin have raised similar points to those raised by Baoshan and Baosteel in their submission on the same issue. Like Baoshan and Baosteel, Hunan Valin have not outlined any tangible reasoning to support their position as to why the MEPS price data is unreliable. The focus of its claim appears to be on the issue of information disclosure.

Hunan Valin considers the commission should have regard to alternative sources such as Platts iron ore and coke prices or Hunan Valin's own verified import prices that it considers to be more robust.

The commission's assessment of exporters' costs involving production of steel slab and the reasons for this approach are outlined in chapter C6.1 to Appendix C. This also addressed the practicalities of the approach over more granular methods that would examine discrete lower-level cost items. Given the statements by Hunan Valin which refer to iron ore and coke, the commission presumes its reference to verified import prices relate to these materials rather than slab as the commission did not find Hunan Valin purchased any slab.

In relation to information disclosure, the MEPS data relied on by the commission is subject to copyright. To the extent that the copyright protections on the MEPS data would not be compromised, the commission provided Hunan Valin a copy of the calculations after publication of SEF 688. This provided figures to show the amounts added to Hunan Valin's slab production costs. This includes figures specific to the adjustment of slab production costs and the related adjustment for direct labour expenses. The commission also provided a redacted version of the benchmark assessment. The only information not provided was the actual MEPS price series. The steps taken by the commission are considered adequate for providing interested parties a reasonable understanding of confidential information.

Subsidy margins at *de minimis* levels demonstrate an absence of government intervention

Hunan Valin has cited its subsidy investigation findings to assert this demonstrates an absence of government involvement which undermines the logic for altering its production costs on the grounds of a particular market situation. This aspect of Hunan Valin's submission canvasses a similar concept raised in other parts of its submission concerning contradictory dumping and subsidy findings. Hunan Valin appears to overlook that separate legal test for identifying a subsidy is different to the test relied on for the treatment of an exporters' costs are treated under section 269TAC(2)(c).

In relation to goods received at less than remuneration covered by Program 688-14 *Steel slab provided by government at less than adequate remuneration* (LTAR), the commission must first establish if the goods are purchased from a supplier that is a public body and then compare those prices to the prevailing market conditions for like goods in the country where those goods are purchased. This test is distinct from the approach for constructing a normal value under section 269TAC(2)(c) and the accompanying consideration of whether the circumstances in which the cost of steel slab has been formed are not normal and ordinary.

The low levels of countervailable subsidies received by Hunan Valin with respect to LTAR programs reflects a finding that Hunan Valin did not report any purchases of slab steel relevant to Program 688-14. All of Hunan Valin's steel slab requirements were in its own steel mills. In contrast, Hunan Valin's normal value for under section 269TAC(2)(c) involved adjusting its production costs to account for the circumstances in which they were formed. This had regard to the Brazilian based steel slab benchmark which resulted in an increase over the production costs it actually incurred. The effect of this contributing to a dumping margin of 26.4%.

6.6 Baoshan (China)

6.6.1 Export price

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

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

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

As outlined in the assessment of Baoshan's variable factors,[76] the commission found that all of Baoshan's Australian exports of the goods were sold to a related importer, Bao Australia Pty Ltd, via a related intermediary, Howa Trading. The commission further concludes that Baoshan's exports of the goods were not arms length transactions.

[76] EPR 688 Item No. 017.

The commission has therefore determined an export price for Baoshan based on a deductive export price method which reflects Bao Australia's arms length prices of the goods sold to unrelated Australian customers, less amounts for

- Bao Australia's SG&A expenses
- importation charges and inland transport from the port of import[77]
- ocean freight and marine insurance[78]
- Bao Australia's profit on the sale of the goods[79]
- Howa Trading SG&A expenses

Who is the Exporter?

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

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

Who is the Importer?

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

For each transaction, Bao Australia:

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

Were the Australian export sales sold at arms length?

Based on the findings outlined in the assessment of Baoshan's variable factors,[80] the commission finds it reasonable to conclude that Baoshan's Australian exports of the goods to related customers are not arms length transactions as defined under section 269TAA of the Act.

Specifically, the commission concludes Baoshan's export price appears to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller.[81]

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

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[77] Based on the figures in Bao Australia's importer questionnaire at B-2 Cost to import and sell.
[78] Based on the actual amount of ocean freight and marine insurance reported by Baoshan in its Australian sales listing that was mapped to the sale of the goods by Bao Australia using the supplier's invoice number.
[79] Bao Australia's price less its own SG&A, importation expenses and inland freight, and Bao Australia's purchasing price for the goods mapped via exporter invoice number and model control code.
[80] EPR 688 Item No. 017
[81] Section 269TAA(1)(b) of the Act.

- For all export sales to Australia by Baoshan, Baoshan sold the goods (plate steel) to a related intermediary, Howa Trading. Howa Trading then on-sold the goods to related customer and importer, Bao Australia.
- Baoshan directly owned the whole of Howa Trading during the investigation period, and indirectly wholly owned Bao Australia through Howa Trading.[82]
- Bao Australia purchased the Australian export goods exclusively from Baoshan and other related entities.[83]
- Howa Trading covered the cost of ocean freight and marine insurance.
- Baoshan covered the cost of inland transport to the port of export in China and the port of export handling expenses.
- The price of Howa Trading's sales of the goods to Bao Australia that were exported by Baoshan were unprofitable.
- Information contained in Baoshan's and Bao Australia's questionnaire response did not establish that price negotiation was the result of a genuine bargaining.[84] This circumstance was similarly identified in the commission's assessment of Baoshan for Investigation 658.

6.6.2 Normal value

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

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

- The cost of production determined using the exporters' recorded cost of production with the steel slab costs adjusted using the proportional difference between the Brazilian and Chinese steel slab market price indices adjusted for the differences in the countries' steel slab industries to reflect a competitive benchmark for steel slab costs in China (see Appendix C7)
- SG&A expenses calculated on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation
- An amount for profit based on data relating to the production and sale of like goods by the exporter or producer of the goods in the ordinary course of trade under section 45(2) of the Regulation.

Cost of production

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

The Commissioner finds that, in accordance with section 43 of the Regulation, the Minister is not required to use the entire exporters' records to determine the cost of production or manufacture when determining normal value under section 269TAC(2)(c).

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[82] Baoshan REQ, Exhibit A-2.5 refers.
[83] Baoshan REQ, Exhibit A-2.5 refers.
[84] The Manual, chapter 5, p20.

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

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

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

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

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

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

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

6.6.3 Normal value adjustments

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

Adjustment type	Deduction/addition
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Export credit terms	Add an amount for export credit terms

Table 14: Summary of adjustments to Baoshan normal value

6.6.4 Dumping margin

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

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

6.7 Baosteel Zhanjiang (China)

6.7.1 Export price

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

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

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

As outlined in the assessment of Baosteel Zhanjiang's variable factors,[85] the commission found that all of Baosteel Zhanjiang's Australian exports of the goods were sold to a related importer, Bao Australia Pty Ltd, via a related intermediary, Howa Trading. The commission further concludes that Baosteel Zhanjiang's exports of the goods were not arms length transactions.

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

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

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

- Bao Australia's SG&A expenses
- importation charges and inland transport from the port of import[86]
- ocean freight and marine insurance[87]
- Bao Australia's profit on the sale of the goods[88]
- Howa Trading SG&A expenses

<u>Who is the Exporter?</u>

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

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

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85 EPR 688 item no. 018.

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

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

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

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

Who is the Importer?

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

For each transaction, Bao Australia:

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

Were the Australian export sales sold at arms length?

Based on the findings outlined in the assessment of Baosteel Zhanjiang's variable factors,[89] the commission finds it reasonable to conclude that Baosteel Zhanjiang's Australian exports of the goods to related customers are not arms length transactions as defined under section 269TAA of the Act.

Specifically, the commission concludes Baosteel Zhanjiang's export price appears to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller.[90]

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

- For all export sales to Australia by Baosteel Zhanjiang, Baosteel Zhanjiang sold the goods (plate steel) to related intermediary, Howa Trading. Howa Trading then on-sold the goods to related customer and importer, Bao Australia.
- Baosteel Zhanjiang and Howa Trading were wholly owned subsidiaries of Baoshan Iron and Steel during the investigation period, and Bao Australia was a wholly owned subsidiary of Howa Trading.[91]
- Bao Australia purchased the Australian export goods exclusively from Baosteel Zhanjiang and other related entities.[92]
- Howa Trading covered the cost of ocean freight and marine insurance.
- Baosteel Zhanjiang covered the cost of inland transport to the port of export in China and the port of export handling expenses.
- The price of Howa Trading's sales of the goods to Bao Australia that were exported by Baosteel Zhanjiang were unprofitable.
- Information contained in Baosteel Zhanjiang's and Bao Australia's questionnaire response did not establish that price negotiation was the result of a genuine bargaining.[93] This circumstance was similarly identified in the commission's assessment of Baosteel Zhanjiang for Investigation 658.

89 EPR 688 item no. 018.
90 Section 269TAA(1)(b) of the Act.
91 Baosteel Zhanjiang REQ, Exhibit A-2.5 refers.
92 Baosteel Zhanjiang REQ, Exhibit A-2.5 refers.
93 The Manual, chapter 5, p20.

6.7.2 Normal value

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

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

- The cost of production determined using the exporters' recorded cost of production with the steel slab costs adjusted using the proportional difference between the Brazilian and Chinese steel slab market price indices adjusted for the differences in the countries' steel slab industries to reflect a competitive benchmark for steel slab costs in China (see Appendix C7)
- SG&A expenses calculated on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation
- An amount for profit based on data relating to the production and sale of like goods by the exporter or producer of the goods in the ordinary course of trade under section 45(2) of the Regulation.

Cost of production

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

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

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

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

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

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

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

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

6.7.3 Normal value adjustments

The commission considers the adjustments in Table 15 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9).

Adjustment type	Deduction/addition
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Export credit terms	Add an amount for export credit terms

Table 15: Summary of adjustments to Baosteel Zhanjiang normal value

6.7.4 Dumping margin

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

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

6.8 Hunan Valin (China)

6.8.1 Export price

The commission recommends determining an export price for Hunan Valin under section 269TAB(1)(c) of the *Customs Act 1901* (the Act).

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

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

As outlined in the assessment of Hunan Valin's variable factors,[94] the commission found that Hunan Valin sold the goods to the Australian customer through multiple unrelated steel trading intermediaries. The commission recommends calculating an export price using the price for the sale of the goods by Hunan Valin to the unrelated intermediary.

[94] EPR 688 item no. 019.

Who is the exporter?

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

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

Who is the importer?

Hunan Valin sold the goods to the Australian customer through multiple traders. The commission considers the company listed as the 'notify party' on the bill of lading is the importer of the Australian export goods. In other words, this company beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, this company:

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

Were the Australian export sales sold at arms length?

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

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

Related customers

Hunan Valin did not have any related Australian customers.

Unrelated customers

For all Australian sales, Hunan Valin exported the goods to unrelated Australian importers transacted through unrelated steel trading intermediaries. The supply chain arrangements in place for the export of plate steel are either identical or cannot be easily distinguished from those observed in relation to Hunan Valin's exports of HRC examined by Investigation 658. The commission's assessment of Hunan Valin's sales of HRC exported to Australia also concluded these were sold in arms length transactions.[95]

Based on the information available in relation to Hunan Valin's exports of the goods and having regard to the findings outlined for Investigation 658, the commission considers it reasonable to conclude Hunan Valin sold the Australian export goods in arms length transactions as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price

[95] EPR 658 item no. 022.

- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement, or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Hunan Valin:

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

6.8.2 Normal value

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

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

- The cost of production determined using the exporters' recorded cost of production with the steel slab costs adjusted using the proportional difference between the Brazilian and Chinese steel slab market price indices adjusted for the differences in the countries' steel slab industries to reflect a competitive benchmark for steel slab costs in China (see Appendix C7)
- SG&A expenses calculated on the assumption that the goods, instead of being exported, were sold domestically in the OCOT in the country of export based on the company's records under section 44(2) of the Regulation
- An amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT under section 45(2) of the Regulation.

Cost of production

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

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

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

This is because while Hunan Valin's records are consistent with generally accepted accounting principles in China and they reasonably reflect the costs associated with the production and sale of the goods, the circumstances in which Hunan Valin's costs, specifically, its production of steel slab, were formed are not normal and ordinary, resulting in its recorded production costs reflecting a distorted cost of production.

Therefore, in accordance with Article 2.2.1.1, the Commissioner finds that it is not appropriate to use Hunan Valin's unadjusted records to construct the normal value.

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

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

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

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

6.8.3 Normal value adjustments

The commission considers the adjustments in Table 16 are necessary to ensure the normal value constructed under section 269TAC(2)(c) properly compares with the export price under section 269TAC(9).

Adjustment type	Deduction/addition
Export inland transport	Add an amount for export inland transport
Export port handling charges	Add an amount for export port handling charges
Export credit terms	Add an amount for export credit terms

Table 16: Summary of adjustments to Hunan Valin normal value

6.8.4 Dumping margin

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

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

6.9 POSCO (Korea)

6.9.1 Export price

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

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

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

Specifically, the commission recommends calculating an export price by adding an amount for port handling costs to the price of the goods exported to Australia by POSCO.

This is because POSCO's related party intermediaries paid the port handling costs incurred at the port of export in Korea. The resulting value reflects an export price at the Free on Board (FOB) level.

Who is the exporter?

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

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

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

Who is the importer?

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

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

Unrelated customers

For all unrelated customer transactions, the commission finds that POSCO sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that POSCO:

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

Related customers

For all related customer transactions, the commission finds that POSCO sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price

- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission found that POSCO:

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

6.9.2 Normal value

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

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

6.9.3 Normal value adjustments

The commission considers the adjustments in Table 17 are necessary to ensure the normal value constructed under section 269TAC(1) properly compares with the export price under section 269TAC(8).

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

Table 17: Summary of adjustments to POSCO normal value

6.9.4 Dumping margin

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

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

6.10 Uncooperative exporters

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

Country	Dumping margin
China	52.4%
Korea	21.6%

Table 18: Uncooperative and all other exporters dumping margins

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

6.10.1 Export price

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

Specifically, the commission has used information provided in Australian importer declarations for goods sourced from each of the subject countries.[96] Based on this information, the commission has selected the lowest weighted average export prices declared by importers of the goods. This approach considered the nature of the goods described in import declarations, the entities identified as the importer and supplier and represents exports prices at FOB terms during the investigation period.

6.10.2 Normal value

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

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

- the commission does not have specific information relating to the uncooperative exporters relevant to the calculation of the normal value
- the normal value of cooperating exporters demonstrates a price at which an uncooperative exporter may sell goods in the domestic market of each subject

[96] ABF import database refers.

country that are like to the goods exported to Australia from that country, based on the information before the commission.

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

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

Country	Method
China	The highest normal value ascertained for cooperating exporters including all upwards adjustments applied in relation to those exporters under section 269TAC(9).
Korea	Cooperating exporters normal value excluding all downward adjustments applied in relation to those exporters under section 269TAC(8).[97]

Table 19: Uncooperative exporter normal value method

6.11 Level of dumping

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

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

The Commissioner is satisfied that there has been dumping by the following exporters of the goods during the investigation period at dumping margins greater than or equal to 2%.

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

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

- POSCO

6.12 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

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[97] As set out in Confidential Attachment 20.

less than 3% of the total volume of goods imported into Australia over the investigation period.[98]

China and Korea

Using the ABF import database and having regard to the information collected and verified during the investigation, the commission determined the volume of imports in the Australian market. Based on this information, the Commissioner is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of dumped goods that have been exported from China and Korea was in the case of each country, greater than 3% of the total import volume. The volume of dumped goods is therefore not negligible.[99]

[98] Section 269TDA(5) does not apply to this investigation.
[99] Confidential Attachment 21 refers.

7 SUBSIDY INVESTIGATION

7.1 Findings

The Commissioner is satisfied that, during the investigation period:

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

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

Exporter	Subsidy margin
Baoshan	2.7%
Baosteel Zhanjiang	0.9%
Hunan Valin	1.8%
Non cooperative entities	3.9%

Table 20: Summary of subsidy margins

7.1.1 Termination of subsidy investigation for certain entities

As the Commission established that the subsidy margins for Baosteel Zhanjiang and Hunan Valin are negligible for the investigation period, the Commission has terminated the subsidy investigation as it relates to these entities.[100]

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

[100] Chapter 7.11 refers.

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

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

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

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

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

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

The commission has identified exporters determined to be uncooperative in chapter 2.4.3 as non-cooperative entities for the purposes of the countervailing duty notice.

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

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

7.4 Programs identified during this Investigation

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

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

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

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

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

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

Program No.	Program category	Program name	Beneficiary	Countervailable subsidy for the goods?
688-10	LTAR	Coke provided by government at less than adequate remuneration	Not applicable to any exporters	No
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	Baoshan, Baosteel Zhanjiang and non-cooperative entities	Yes
688-50	LTAR	Hot rolled steel provided by government at less than fair market value	Not applicable to any exporters	No
658-178	LTAR	Raw materials and utilities provided at LTAR	Baoshan, Hunan Valin and non-cooperative entities	Yes
658-179	LTAR	Hot rolled steel at LTAR	Not applicable to any exporters	No
684-12	Tax	Individual income tax handling fee refund	All exporters	Yes
658-170	Tax	Value Added Tax (VAT) deduction for advanced manufacturing	Baoshan and non-cooperative entities	Yes
658-171	Tax	Value Added Tax (VAT) additional deductions	Baoshan, Hunan Valin and non-cooperative entities	Yes
658-172	Tax	Value Added Tax (VAT) deduction for enterprises employing poor people	Baosteel Zhanjiang and non-cooperative entities	Yes
658-173	Tax	Deferred income – tax refunds – amortization	Baosteel Zhanjiang, and non-cooperative entities	Yes
658-176	Tax	Corporate income tax benefit	All exporters	Yes
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	All exporters	Yes
688-80	Tax	Input tax credit deduction carried forward to other income	Baosteel Zhanjiang and non-cooperative entities	Yes
688-81	Tax	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Baosteel Zhanjiang and non-cooperative entities	Yes
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	Baoshan, Baosteel Zhanjiang, Hunan Valin and non-cooperative entities	Yes
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	Baoshan, Baosteel Zhanjiang and non-cooperative entities	Yes

Program No.	Program category	Program name	Beneficiary	Countervailable subsidy for the goods?
658-177	Preferential loans	Loans at preferential rates of interest	Baoshan, Hunan Valin and non-cooperative entities	Yes

Table 21: Programs countervailed by the commission

7.5 Programs which did not confer a benefit

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

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

- programs unrelated to the goods

Unrelated to the goods

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

7.6 Submissions received in relation to the subsidy investigation

7.6.1 Baoshan

In their submission of 13 July 2026, Baoshan outlines that the commission's subsidy calculation for the following programs was incorrect in relation to the following programs.

- Program 688-14 Steel slab provided by government at less than adequate remuneration.[101]
- Double count of subsidy countervailed under Program 688-14 and Program 658-178 Raw materials and utilities provided at LTAR.[102]
- Program 688-51 Preferential tax rates for High and New Technology Enterprises (HNTE).[103]
- Program 658-177 Loans from state owned banks offered at preferential rates of interest.[104]

During the process of considering Baoshan's submission in relation to Program 688-51, the commission identified accounting entries that concerned additional deductions of VAT expense relevant to Programs 658-170 and 658-171 VAT additional deductions.

As detailed below, the commission has re-calculated the amount of benefit conferred relevant to Program 688-51 and Program 658-177. The commission has also recalculated the amount of benefit conferred under Program 658-170 *VAT deduction for advanced*

[101] EPR 688, Item no. 027, section 3.2 and 3.3, pp. 7-8.
[102] EPR 688, Item no. 027, section 3.4, pp. 8-9.
[103] EPR 688, Item no. 027, section 3.5, page 9.
[104] EPR 688, Item no. 027, section 3.6, page 10.

manufacturing enterprises. These changes are reflected in the revised subsidy margin for Baoshan.[105]

Program 688-14 Steel slab provided by government at less than adequate remuneration

Baoshan raises a number of issues with the use of the same slab benchmark that the commission has used to determine undistorted production costs in China. The issues concern the adaptation of the benchmark, data reliability issues, and displacement of the exporter's records are raised. The commission addresses these matters in chapter 6.5.4.

Baoshan submit that use of an external benchmark available under Article 14(d) of the *Agreement on Subsidies and Countervailing Measures* (the SCM Agreement) is only available where the authority has first established that the government's role in the market is so predominant that in-country prices cannot be used as a reliable benchmark.

The commission disagrees with this submission. In *US — Softwood Lumber IV*, the WTO Appellate Body considered whether a situation of "government predominance in the market" was a permissible basis to use a benchmark other than private prices in the country of provision to assess benefit under Article 14(d) of the Agreement on Subsidies and Countervailing Measures and held that it was a permissible basis. However, the Appellate Body explicitly limited its examination to that particular situation – it did not consider whether other situations might also provide a permissible basis.[106]

The Appellate Body noted in *US — Countervailing Measures (China)* that *US — Softwood Lumber IV* "did not provide an exhaustive list of the circumstances under which an authority can resort to out-of-country benchmarks".[107] The Dispute Panel in *US — Countervailing Measures (Article 21.5 — China)* noted that some such circumstances could be where in-country prices "are either not available or not verifiable" or where there is "evidence of price distortion".[108]

Additionally, Baoshan refers to China in *US – Countervailing Duty Measures (China)*, which found that a predominant government role distorting in-country prices must be established on the evidence, not assumed from State participation.[109] Baoshan contend the findings in SEF 688 do not establish that slab prices were so distorted by a predominant government role that they could not be used. In Baoshan's opinion, the requirement in section 269TACC(4) of the Act to have regard to prevailing market conditions in the country of provision is not met.

Chapter D4.4 of Appendix D discusses the commission's findings with respect to section 269TACC(4) and matters concerning prevailing market conditions. This outlines the limited information available for the commission to undertake a market assessment as the GOC did not file a questionnaire. The questionnaire to the GOC requested data that would have provided information about the prevailing market conditions in China. As no questionnaire was received, the commission relied on what was provided by exporters. The information provided by exporters did not provide statistics about the composition of

[105] Baoshan's subsidy margin in SEF 688 was 3.2%.
[106] Appellate Body Report, *United States — Softwood Lumber IV* (WT/DS257/AB/R) para 99.
[107] Appellate Body Report, *United States — Countervailing Measures (China)* (WT/DS437/AB/R) para 4.76.
[108] Panel Report, *United States — Countervailing Measures (Article 21.5 — China)* (WT/DS437/RW) paras 7.164, 7.168.
[109] Appellate Body Report, *United States – Certain Products from China*, WT/DS437/AB/R.

the steel slab industry in China, which was requested of the GOC. As noted at Chapter D4.4, the commission explains it was unable to source Chinese steel slab cost or price information from sources that were not SOEs, so was unable to compare the government price to private operator prices.

Additionally, the commission considers that the particular market situation assessment in Appendix A contains relevant information that illustrates the degree of government involvement within the Chinese steel sector and the prevailing market conditions. Appendix A establishes that GOC involved in the Chinese sector is manifold.

Although the commission did not have access to private company prices for steel slab in China, the Brazilian based steel slab benchmark developed in chapter C9 of Appendix C provides a reasonable alternative for calculating a benefit conferred under Program 688-14. This benchmark is presumed to reflect private company sales in Brazil, adapted to reflect conditions in China and is unaffected by the presence of state owned enterprises in Brazil.

An indicator of GOC influence on pricing is observed in the calculations described at chapter C8 in Appendix C. This found that the Brazilian market index price of steel slab was on average 35% higher than the Chinese index price in the investigation period.

The evidence outlined above demonstrates that prevailing market conditions in China reflect circumstances where the GOC has a material influence on pricing within China, particularly in relation to the supply steel slab by SOE producers.

In addition to criticism of the Brazilian base steel slab price benchmark, Baoshan also contend that the benefit conferred through a comparison to the benchmark should be adjusted to the extent it relates to iron ore imported from international unrelated suppliers. The commission considers Baoshan's point on iron ore is identical to matter it outlined in relation to the treatment of iron ore costs relevant to its normal value and the suitability of the Brazilian based benchmark. This is addressed in chapter 6.5.4 at *'Treatment of iron ore costs'* and '*Brazilian benchmark and data reliability'.*

Double count under programs Program 688-14 and 658-178

Baoshan considers that amounts countervailed under Program 688-14 in relation to purchases of slab steel and Program 658-178 in relation to coal constitute a double count. Baoshan requests that the subsidy margins determined under Program 688-14 and Program 658-178 should be excluded in their entirety.[110]

In Baoshan's opinion, the alterations to the exporters production costs for the purpose of a normal value under section 269TAC(2)(c) already accounts for amounts countervailed in relation to steel slab and coal.

The commission has considered Baoshan's submission by reviewing the methodology relied on for SEF 688 and testing this against other available information. In summary, the commission does not find there has been a double count across the dumping and subsidy margins. The following discussion outlines the commission's assessment.

[110] EPR 688, Item no. 027, section 3.4, pp. 8-9.

The Brazilian benchmark for slab steel was applied to the exporter's records to determine a cost of production under section 269TAC(2)(c). The resulting change in the exporter's production costs represented the difference between a Brazilian and Chinese benchmark for steel slab (chapter C9 of Appendix C refers).

The approach under section 269TAC(2)(c) is distinct from the approach used to calculate a subsidy margin. In altering the exporter's production costs for the purpose of section 269TAC(2)(c), the circumstances relevant to those costs may not result in a countervailable benefit if the relevant circumstances do not meet the definition of a subsidy under section 269T(1), e.g. benefit should be conferred by a public body.

As outlined in chapter C6.1, the commission's approach to assessing production records under section 269TAC(2)(c) observed the cost of steel slab. This is because steel slab, as a semi-finished good using the production of the goods, captures the aggregate of costs covering a range of individual raw materials such as iron ore, coal, manufactured inputs such as coke, energy inputs and other direct production costs that collectively reflect all upstream manufacturing costs and processes that occur immediately prior to the production of plate steel.

Reflecting on the commission's approach under section 269TAC(2)(c) and the comparison of Brazilian and Chinese benchmarks, it is reasonable to conclude that the differences observed at the aggregate level for steel slab also capture differences that arise in relation to the specific cost of raw materials such as coal, or certain other purchased semi-finished goods such as slab.

The commission found that Baoshan's reported slab production costs, which formed the basis for the adjustment to its production cost for the goods, predominately comprised of self-produced slab, but did include a very low proportion of purchased slab. It is therefore possible that a countervailable benefit received in respect of specific input costs may sit alongside a broader adjustment of steel slab costs at the aggregate level under section 269TAC(2)(c).

The benefit conferred under Program 688-14 and Program 658-178 has been allocated across Baoshan's sales of all steel products. This resulted in a subsidy margin of 0.9% for Program 688-14 and 0.0% (0.03% at two decimal places) for Program 658-178.

The commission reviewed Baoshan's CTMS calculations and compared these to its subsidy calculations. The total benefit conferred under Program 688-14 and Program 658-178 was alternatively allocated across all production volume of slab steel to calculate a unit amount of benefit per tonne of slab produced. This amount was then deducted from the CTMS for the goods determined under section 269TAC(2)(c). The reduction in cost was comparable to the combined subsidy margin of 0.9% for Program 688-14 and Program 658-178.[111]

As CTMS is the basis of the normal value under section 269TAC(2)(c), every unit of cost that is either added or deducted directly translates to a change in the dumping margin. Having tested the double count methodology and observing it has not resulted in an overstated subsidy or dumping margin, the commission concludes the exporter's concerns are not supported. The removal of a double count in the dumping margin

[111] See worksheet *'Double count study'* in REP 688 Confidential Attachment 4.

appropriately offsets amounts countervailed under Program 688-14 and Program 658-178, i.e. 0.9%.

Program 688-51 Preferential tax rates for HNTE

For the purpose of SEF 688, the commission calculated the benefit for Baoshan based on the figures in its 2024 financial year income tax assessment. This involved reversing certain tax adjustments that resulted in Baoshan reporting zero taxable income. Having reversed these adjustments, the commission determined Baoshan would have realised a taxable profit. This formed the basis for determining the amount of tax payable at the general rate of 25% compared to the rate of 15% for eligible HNTEs. This difference being the amount of countervailable subsidy (chapter D5.4 refers).

Baoshan's submission outlines that the commission should not have relied on the following amounts to work out a taxable profit as they were either eligible non-taxable income or related to income that had already been subject to taxation under Chinese tax law.

- Gains from dividends on equity investment
- Non-taxable income – including non-taxable fiscal funds for special purposes
- Exemption of enterprise income tax on dividend, bonus and other equity investment income between eligible resident enterprises

The commission considered the matters raised by Baoshan and concluded its claim to be reasonable. The taxable profit for Baoshan has therefore been recalculated in line with the approach outlined in Baoshan's submission. The subsidy margin relation to Program 688-51 reduced from 1.0% to 0.3%.

Program 658-177 Preferential Loans

Baoshan submitted that the commission's preliminary findings concerning preferential loans were incorrect, because the subsidy calculation was based on consolidated balances reported in its 2024 financial year audited financial statements, rather than Baoshan's standalone borrowing records. Baoshan raised that it provided information about its loans in Exhibit E-1.2 and Exhibit S1 H-5.2 to its exporter questionnaire response.

The commission notes that Exhibit E-1.2 was provided in relation to question E-1.2 that sought information about interest rates for short terms borrowings rather than a listing of the loan themselves. The commission further notes that Exhibit S1 H-5.2 was provided in relation to question H-5.2 that sought information about interest rates on debt instruments.

Whilst Baoshan has directed the commission to the relevant loan data in its questionnaire, it is relevant to highlight that Baoshan did not address questions on loans from policy banks at I-5 of the questionnaire which sought information on other subsidy programs.

The commission has reconsidered its preliminary findings regarding program 658-177 by having regard to the information Baoshan refers to in its submission to SEF 688, i.e. Exhibit E-1.2 and Exhibit S1 H-5.2. The information in these exhibits confirmed Baoshan had undertaken loans provided by banking institutions that were state owned enterprises and the interest rate relevant to the loans was lower than market rates. The market rate benchmark used by the commission is based on the Loan Prime Rates (LPR) calculated by the National Interbank Funding Centre (NIFC). According to the NIFC website, it is a sub-institution affiliated to the People's Bank of China.[112] The LPR was relied on by the commission for the same program in Investigation 658 into HRC from China.

The amount of benefit conferred in relation to Program 658-177 is based on Baoshan's outstanding loan balances as of 30 June 2024 and the difference in interest payable at the actual rate charged by the lender and the LPR rate. The commission then allocated the amount of benefit received within the investigation period as some loans had a contract date that went beyond 30 June 2025. The resulting subsidy margin of 0.4% is relatively unchanged compared to the margin determined for SEF 688.

The information provided by Baoshan also disclosed short term loans for Baosteel Zhanjiang. This has not been countervailed as the loan commenced the day after the end of the investigation period.

Program 658-170 VAT deduction for advanced manufacturing enterprises

Baoshan provided additional information in response to commission's questions on accounting records that appeared relevant to subsidies about additional deductions for VAT expense. Baoshan's response of 27 July 2026 disclosed that its REQ at I-4 understated the amount of benefit conferred under Program 658-170. Baoshan put this down to a preparation error that did not select all accounting records relevant the investigation period and in particular the period covering 2025. The commission has accepted Baoshan's revised figures after having regard to the information Baoshan provided to demonstrate the nature of the error and the required corrective action. The subsidy margin for Program 658-170 increased from 0.3% to 0.5%.

7.7 Baoshan

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

Program No.	Program category	Program name	Countervailable subsidy for the goods?
688-14	LTAR	Steel slab provided by government at less than adequate remuneration	0.9%
658-178	LTAR	Raw materials and utilities provided at LTAR	
684-12	Tax	Individual income tax handling fee refund	1.2%
658-170	Tax	Value Added Tax (VAT) deduction for advanced manufacturing	
658-171	Tax	Value Added Tax (VAT) additional deductions	
658-176	Tax	Corporate income tax benefit	
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.2%
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	0.1%

112 https://www.chinamoney.com.cn/english/bmklpr/, viewed 24 July 2026.

Program No.	Program category	Program name	Countervailable subsidy for the goods?
658-177	Preferential loans	Loans at preferential rates of interest	0.4%
Total			**2.7%**

Table 22:Baoshan subsidies

Based on the information available, the commission has calculated a subsidy margin for Baoshan of **2.7%**.

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

7.8 Baosteel Zhanjiang

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

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

Table 23:Baosteel Zhanjiang subsidies

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

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

7.9 Hunan Valin

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

<table>
<tr><th>Program No.</th><th>Program category</th><th>Program name</th><th>Countervailable subsidy for the goods?</th></tr>
<tr><td>658-178</td><td>LTAR</td><td>Raw materials and utilities provided at LTAR</td><td>0.1%</td></tr>
<tr><td>684-12</td><td>Tax</td><td>Individual income tax handling fee refund</td><td rowspan="4">1.2%</td></tr>
<tr><td>658-171</td><td>Tax</td><td>Value Added Tax (VAT) additional deductions</td></tr>
<tr><td>658-176</td><td>Tax</td><td>Corporate income tax benefit</td></tr>
<tr><td>688-51</td><td>Tax</td><td>Preferential Treatment for High and New Technology Enterprises</td></tr>
<tr><td>688-82</td><td>Grants (enterprise specific)</td><td>Grants limited to specific enterprises</td><td>0.5%</td></tr>
<tr><td>658-177</td><td>Preferential loans</td><td>Loans at preferential rates of interest</td><td>0.1%</td></tr>
<tr><td colspan="3">Total</td><td>1.8%</td></tr>
</table>

Table 24:Hunan Valin subsidies

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

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

7.10 Non-cooperative entities

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

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

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

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

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

<table>
<tr><th>Program No.</th><th>Program category</th><th>Program name</th><th>Countervailable subsidy for the goods?</th></tr>
<tr><td>658-178</td><td>LTAR</td><td>Raw materials and utilities provided at LTAR</td><td rowspan="2">1.2%</td></tr>
<tr><td>688-14</td><td>LTAR</td><td>Steel slab provided by government at less than adequate remuneration</td></tr>
<tr><td>684-12</td><td>Tax</td><td>Individual income tax handling fee refund</td><td rowspan="4">1.6%</td></tr>
<tr><td>658-171</td><td>Tax</td><td>Value Added Tax (VAT) additional deductions</td></tr>
<tr><td>658-173</td><td>Tax</td><td>Deferred income – tax refunds – amortization</td></tr>
<tr><td>658-176</td><td>Tax</td><td>Corporate income tax benefit</td></tr>
</table>

Program No.	Program category	Program name	Countervailable subsidy for the goods?
688-51	Tax	Preferential Treatment for High and New Technology Enterprises	
688-82	Grants (enterprise specific)	Grants limited to specific enterprises	0.6%
688-83	Grants (capital)	Capital grant programs (deferred income – fixed assets)	0.1%
658-177	Preferential loans	Loans at preferential rates of interest	0.5%
Total			**3.9%**

Table 25:Non cooperative entities subsidies

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

Based on the information available, the commission has calculated a countervailable subsidy margin for non-cooperative entities of **3.9%**.

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

7.11 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%.[113]

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

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

- Baosteel Zhanjiang
- Hunan Valin

[113] Ibid.

7.12 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.[114]

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

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

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

8 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

8.1 Findings

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

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

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

8.2 Approach to injury analysis

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

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

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

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

Due to the observed variations concerning market volume, the commission has relied on an estimate of Australian market size that incorporates BlueScope's sales figures for BlueScope AIS and ABF import data. BlueScope's figures on imports have therefore been set aside in this report, but it is noted these were acceptable for the purpose of filing an application and asserting reasonable grounds existed for the publication of a dumping and subsidy notice.

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

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

8.3 Applicant's injury claims

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

- lost sales volume and market share
- price suppression
- price depression
- loss of profits
- loss of profitability
- decline in asset values
- reduced revenue
- reduced return on investment
- lower production volumes
- reduced capacity utilisation
- reduced productivity.[115]

BlueScope's application estimates injury in the form of the above factors commenced during its 2023 fiscal year, being the year ending 30 June 2023. Alternatively, BlueScope also states the injury caused by dumping and subsidisation commenced prior to its 2023 fiscal year.[116] Further in the application on a discussion on price injury, BlueScope outlines injury commenced in its 2022 fiscal year.[117]

8.4 Volume effects

8.4.1 Sales volume

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

[115] Case 688, EPR Item No. 001, Section A-9.1, p. 34.
[116] *Ibid.*
[117] Case 688, EPR Item No. 001, Section A-10.5, p. 47.

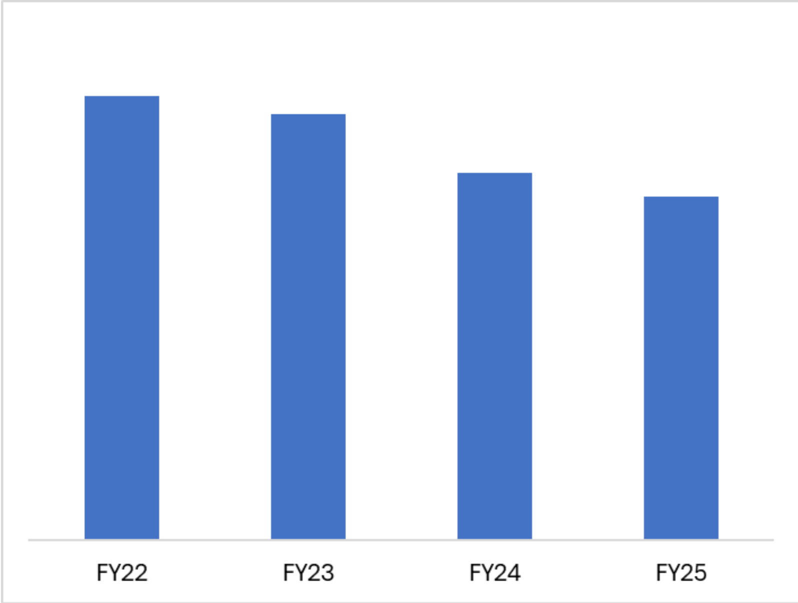

Figure 3 – BlueScope AIS sales volume (MT) injury analysis period

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

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

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

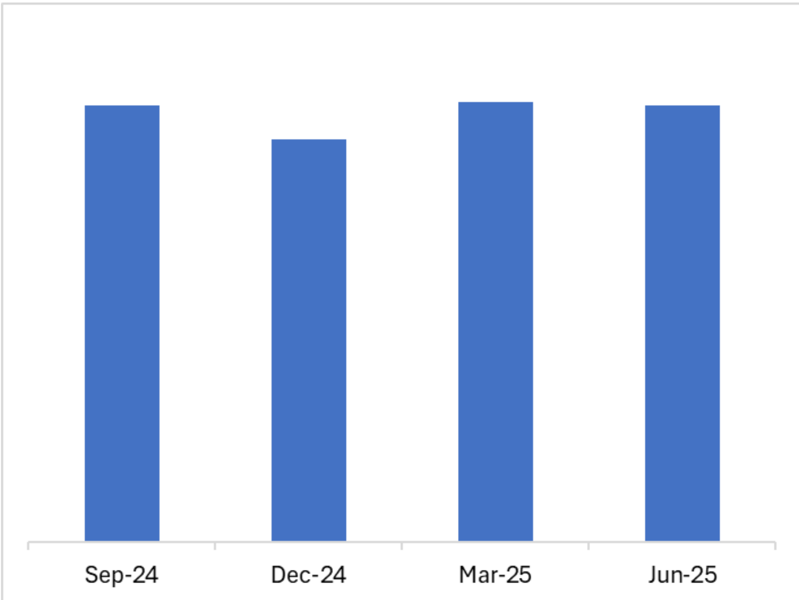

Figure 4 – BlueScope AIS sales volume (MT) investigation period

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

8.4.2 Market share

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

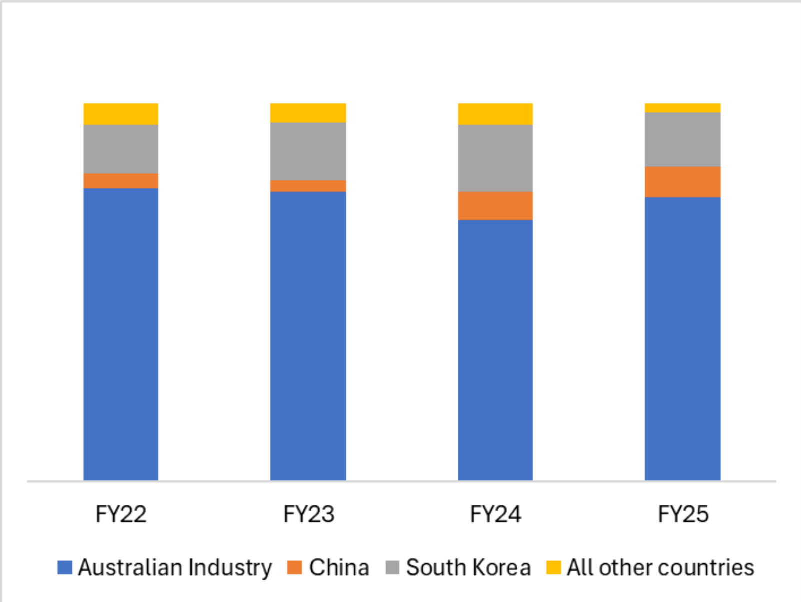

Figure 5 - Australian market share injury analysis period

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

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

In its application BlueScope estimated the change in market share for imports from China and Korea (combined) across the injury analysis period at 13%. On review by the commission the 13% presented by BlueScope reflected the change in market share of all imports as a proportion of the Australian market, not just China and Korea. Using ABF data, the commission observed the change in market share held by imports from China and Korea to be approximately 35% across the injury analysis period. In contrast, the change in market share held by BlueScope AIS over this same period declined.[118] The variance to the market share figure supplied in the application by BlueScope is owing to the commission's use of more accurate ABF import data to estimate market size.

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

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

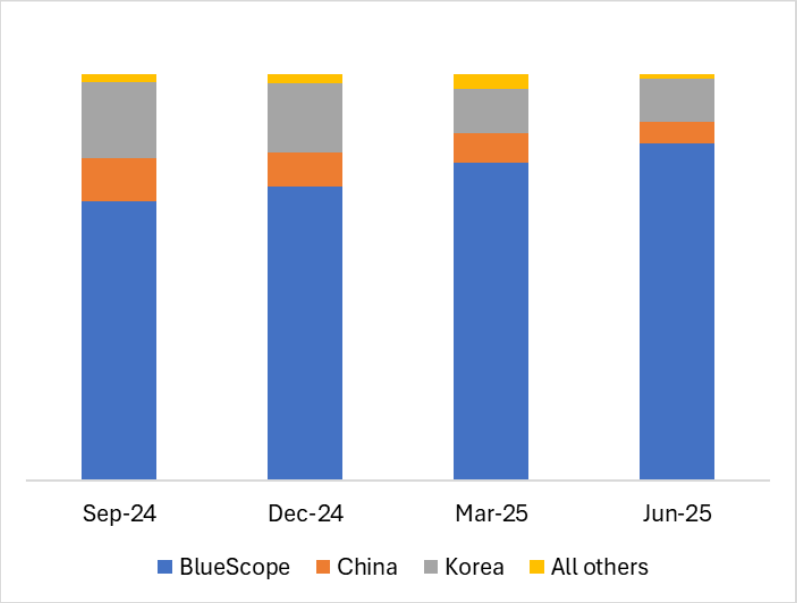

Figure 6 – Australian market share investigation period

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

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

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

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

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

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

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

In a further example of market share losses, BlueScope outlines the declining trend in sales volumes to a key customer who BlueScope claims is engaging in dual sourcing from both BlueScope AIS and exporters from either China or Korea.[119] The commission examined the data supplied by BlueScope and observed that the decline in sales to the customer pre-dates the investigation period, with the rate of decline to the customer exceeding the overall market contraction when measured against a base year of FY22.[120] However, the volume of sales to the customer during the investigation period was higher than the prior year, thereby indicating an improvement.

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

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

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

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

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

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

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

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

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

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

8.5 Price effects

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

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

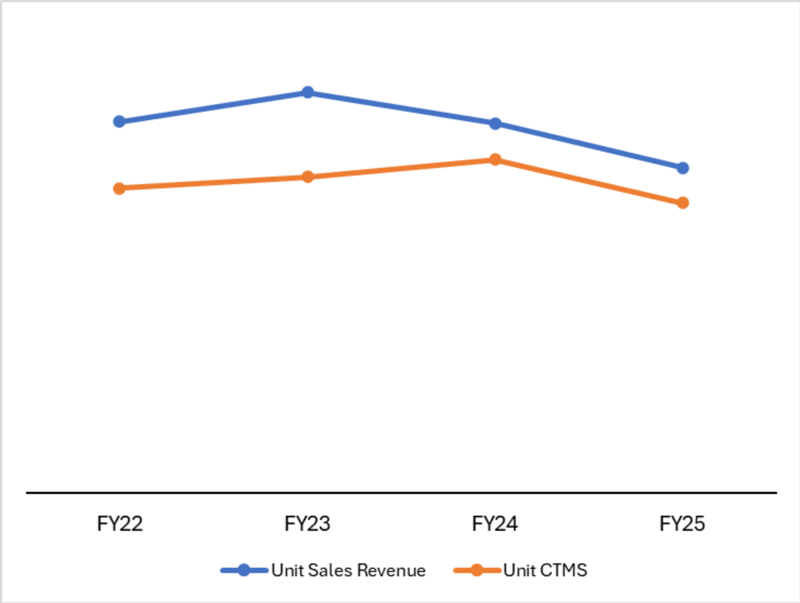

Figure 7 - Unit price compared to unit CTMS (AUD/MT) injury analysis period

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

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

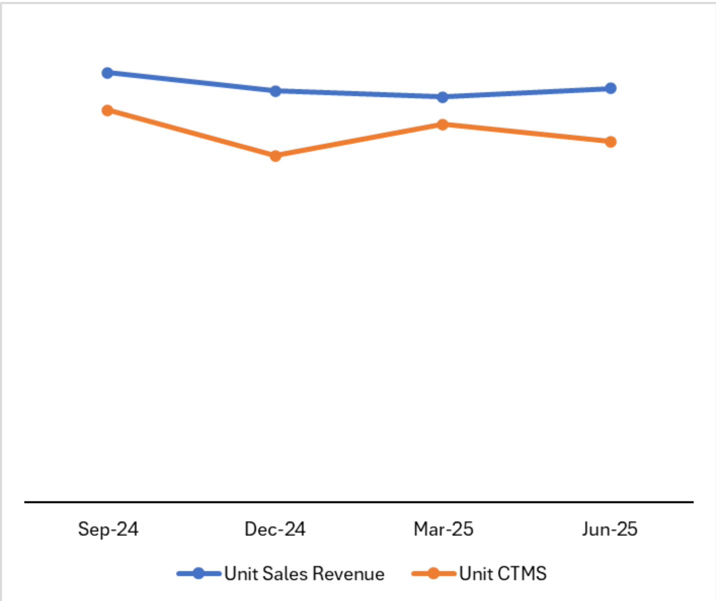

Figure 8 - Unit price compared to unit CTMS (AUD/MT) investigation period

Figure 8 shows that prices for BlueScope AIS during the investigation period broadly trend downwards however the change in prices appears to have eased compared to the changes that occurred between FY24 and FY25. Notwithstanding this, prices at the end of the investigation period were lower than prices in the opening quarter. The relationship between price and cost was observed to fluctuate but generally shows prices did not seem particularly responsive to changes in costs, indicating that pricing was more likely correlated with competitor pricing.

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

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

8.6 Profit and profitability

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

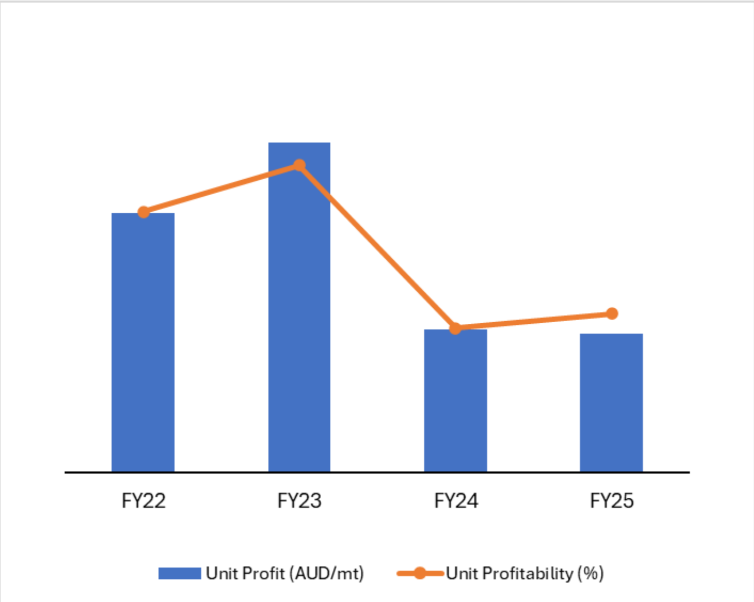

Figure 9 - Profit (AUD/MT) and profitability (%)

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

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

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

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

8.7 Other economic factors

BlueScope has also claimed injury in the form of:

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

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

Other economic factor	FY22	FY23	FY24	FY25
Asset value (like goods)[121]	100	83	89	74
Revenue (like goods) Australian market sales[122]	100	103	82	68
Return on investment (like goods)	100	153	59	64
Production volume (like goods)	100	96	83	77
Capacity utilisation (like goods)[123]	100	96	83	77
Productivity (revenue per worker) (like goods)	100	86	82	91

Table 26 - Index summary of other economic factors

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

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

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

122 Excludes revenue earned on exports.

123 As amended.

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

8.8 Conclusion

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

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

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

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

9 MATERIAL INJURY FROM DUMPING AND SUBSIDISATION

9.1 Assessment

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

The Commissioner's conclusions on material injury are informed by the following findings.

- importers purchased the goods at dumped and subsidised prices in the investigation period, which allowed the importers to be more competitive on price than otherwise would be the case.
- the Australian industry's prices were undercut in the investigation period within the range of 6% to 9%, leading Australian industry to reduce and/or suppress its prices to more effectively compete.
- purchasers of the goods from Australian industry who also sourced imported goods were observed to have favoured dumped and subsidised imports over imports that were not, reducing the relative competitiveness of Australian industry and leading to lost sales volume and market share foregone
- purchasers who imported the goods but did not source any like goods from Australian industry were also observed to predominantly source dumped and subsidised exports, restricting Australian industry's ability to access sales to these customers.
- despite an improvement in market share during the investigation period, because of the price advantage enjoyed by the dumped and subsidised exports the Australian industry was unable to recapture the market share observed prior to the investigation period in the financial years ending 30 June 2022 and 30 June 2023. resulting in material reductions in profit and profitability relative to those years
- while goods that were not dumped and subsidised have also contributed to the injury experienced by Australian industry, based on an analysis of import volumes and pricing trends, dumped and subsidised goods have been the primary cause of the material injury experienced by Australian industry.

9.2 Legislative framework

Under section 269TG and 269TJ, one of the matters that the Minister must be satisfied of in order to publish dumping and countervailing duty notices is that, because of dumping and subsidisation, the Australian industry has experienced material injury.

Section 269TAE(1) outlines the factors, to which the Commissioner has had regard, and that may be taken into account when determining whether material injury to an Australian industry has been, or is being, caused or threatened.

Section 269TAE(2A) requires that regard be had to the question as to whether any injury to an industry is being caused by a factor other than the exportation of the goods and provides examples of such factors. In assessing material injury, the Commissioner also has regard to the *Ministerial Direction on Material Injury 2012* (Material Injury Direction).

9.3 Approach to causation analysis

As outlined in chapter 8, the commission considers that the Australian industry has experienced injury in relation to a range of economic indicators and this injury has coincided with the presence of dumped and subsidised goods from China and dumped goods from uncooperative exporters in Korea.

The commission notes that Australian industry has also experienced improvements in certain economic indicators during the investigation period. In relation to these factors there is no observable coincidence between claimed injury and dumped and subsidised imports.

Where a ‘coincidence’ analysis is not possible, the commission may undertake an alternative analytical method, such as a counterfactual analysis, to examine causal effects. Using a counterfactual analysis, it is possible to compare the current state of the Australian industry to the state that the Australian industry would likely have been in, if there had been no dumping and/or subsidisation.

The Commission has conducted a counterfactual analysis in relation to certain economic indicators to determine what the economic condition of the Australian industry would have been if the goods were not exported at dumped and subsidised prices (for example, in terms of volumes, prices and profits).

A counterfactual analysis seeks to determine if the dumping is responsible for the material injury having regard for other potential causes of injury. The counterfactual analysis used by the Commission is explained in greater detail in the Material Injury Direction which, amongst other things, sets out that the Commissioner is directed to be mindful that a decline in the Australian industry’s rate of growth may be just as relevant as the movement of an industry from growth to decline. This consideration is a corrective to the simple conclusion that the Australian industry would necessarily have been more prosperous, but for the presence of the dumped goods.

This chapter will analyse whether injury to the Australian industry was caused by dumped and subsidised goods and whether that injury is material.

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

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

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

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

The Commissioner has not attributed injury to the Australian industry in relation to exports of the goods from the subject countries that were not dumped and/or subsidised or had dumping and/or subsidy margins that were negligible during the investigation period. The charts shown throughout this chapter depict exports and imports in categories based the findings of dumping and subsidisation during the investigation period. Exports and imports grouped into the same categories throughout the injury analysis period is for trend analysis purpose only, the commission has not made a finding that presumed exports and imports prior to the investigation period were dumped and/or subsidised.

In its submission in response to SEF 688 Baoshan and Baosteel challenged the commission's approach to causation.[124] Baoshan and Baosteel cited WTO jurisprudence that it asserted requires that dumped and subsidised imports must provide explanatory force for the injurious outcomes claimed by Australian industry. Both exporters submitted that where the data for the investigation period show that the industry's market share improved in every quarter and did so because imports from all sources were declining, the dumped and subsidised imports do not have explanatory force for the outcomes complained of, and a counterfactual does not supply the causal link the Act requires.

The commission has explained the application of its causation approach as it relates to each economic factor throughout this chapter.

9.4 Size of dumping and subsidy margins

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

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

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

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

- Baoshan: 2.7%
- Non cooperative entities from China: 3.9%

[124] EPR 688 Item no. 025, page 11.

The Commissioner considers that the magnitude of dumping and subsidisation by the exporters above, whose margins were not negligible, provided them with the ability to offer the goods to importers in Australia at prices that were lower than would otherwise have been the case.

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

- POSCO: negative 5.0%

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

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

9.5 Cumulative effect of injury

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

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

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

9.5.1 Margin of dumping

Chapter 6 outlines that the commission found dumping at above negligible margins in relation to all exports from China and in relation to exports from uncooperative exporters in Korea. The range of dumping that was not negligible was between 9.4% and 52.4%.

Exports from Korea by POSCO were not dumped.

9.5.2 Volume of dumped imports

Chapter 6.12 outlines that the volume of dumped imports from China and from uncooperative exporters in Korea is not negligible.

9.5.3 Margin of subsidisation

Chapter 7 outlines that the commission found subsidisation at above negligible margins in relation to certain exports from China. The range of subsidisation that was not negligible was between 2.7% and 3.9%.

9.5.4 Volume of subsidised imports

Chapter 7.12 outlines that the volume of subsidised imports from China is not negligible.

9.5.5 Conditions of competition

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

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

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

9.6 Price effects

As discussed in chapter 8.5, the Australian industry has experienced injury in the form of price depression and price suppression during the investigation period. The deterioration of the Australian industry's economic condition with respect to these factors coincides with the presence of imports from the subject countries that were dumped and subsidised during the investigation period.[125]

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

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

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

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

9.6.1 Export price changes

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

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

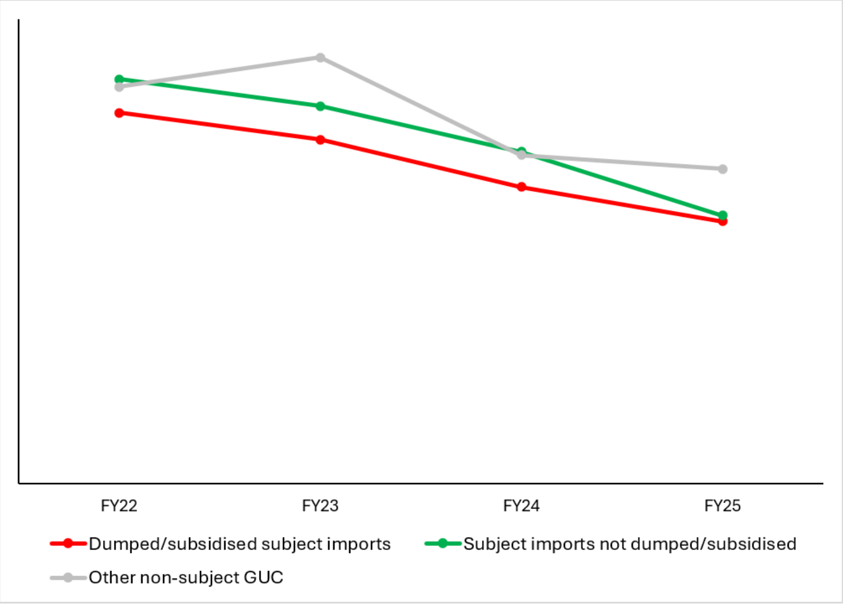

Figure 10 - Movement in FOB price (injury period)[126]

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

The commission's analysis of volume trends discussed in chapter 9.7.1 found that the volume of goods that were dumped and subsidised during the investigation period has increased from a low of around 50% in FY23 to 70% during the investigation period, while exports from all other sources declined from a high of around 50% to 30% during the investigation period. On a quarterly basis during the investigation period, dumped and subsidised exports accounted for up to 80% of all exports arriving in Australia.

Given the growing predominance of dumped and subsidised exports and taking into account price sensitivity within the Australian plate steel market, the commission considers that the price of subject exports that were not dumped and subsidised have likely reduced during the investigation period to provide greater price competitiveness in response to the more prevalent volumes of dumped and subsidised exports.

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[126] See worksheet 'Change in FOB price' in Confidential Attachment 28.

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

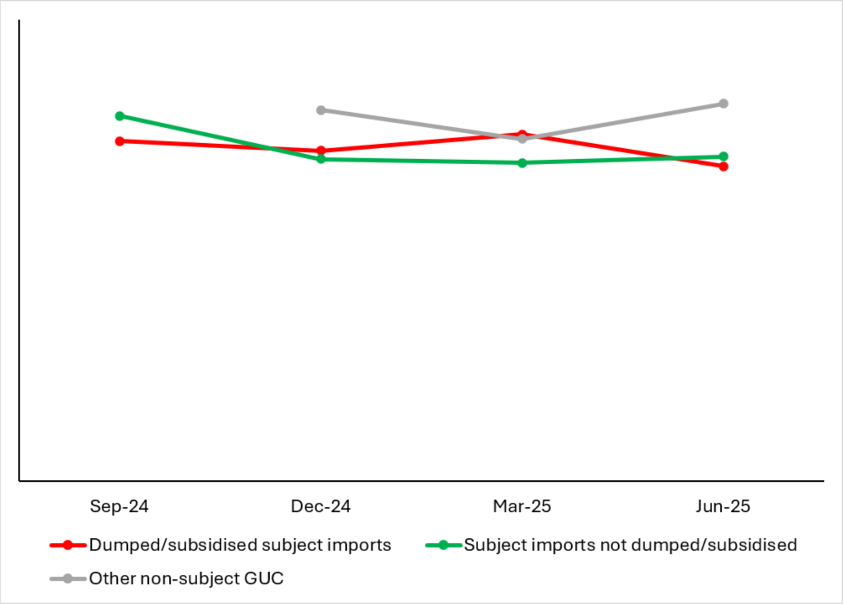

Figure 11 - Movement in FOB price (investigation period)[127]

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

The commission considers the decline in export pricing of subject goods that were not dumped and subsidised was in response to the competitive pressures exerted those subject goods that were dumped and subsidised. The same trend is observed in the analysis at Figure 8 in chapter 8.5 which shows Australian industry's prices across the investigation period exhibit a broad decline.

9.6.2 Price undercutting

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

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

[127] See worksheet 'Change in FOB price' in Confidential Attachment 28.

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

Figure 12 below shows prices for sales of all models sold during the investigation period. Prices reflect Australian industry sales and sales by importers of the goods who sourced their inventory from the subject countries and on-sold those goods into the Australian market in the condition in which they were sold. Prices for importers and Australian industry reflect the quarterly weighted average unit price for sales to Australian customers on delivered terms.

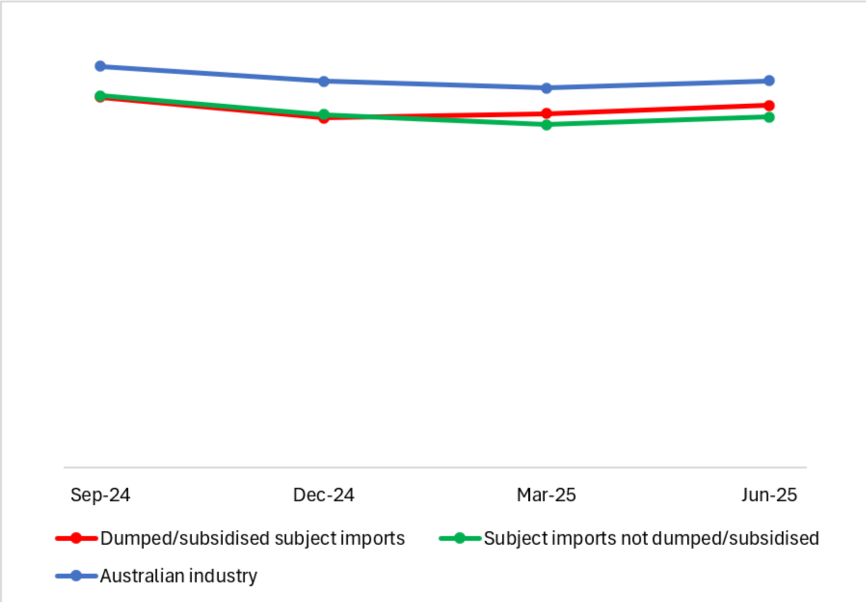

Figure 12 - Australian market selling prices (investigation period) [128]

The trends depicted in Figure 12 confirm that quarterly weighted average prices of dumped and subsidised subject goods as sold by Australian importers involved in trading of steel products undercut the Australian industry prices in all quarters of the investigation period. The margin of undercutting was in the range of between 6% and 9%, expressed as a percentage of the Australian industry's price.

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

Further to the analysis of quarterly prices, and the undercutting findings in relation to the subject goods, the commission undertook a daily price analysis to assess the relative impact of pricing for dumped and subsidised subject goods and subject goods that were not dumped and subsidised. Figure 13 below plots the daily weighted average selling prices across the investigation period.

[128] See worksheet 'Trader PU Analysis' in Confidential Attachment 28.

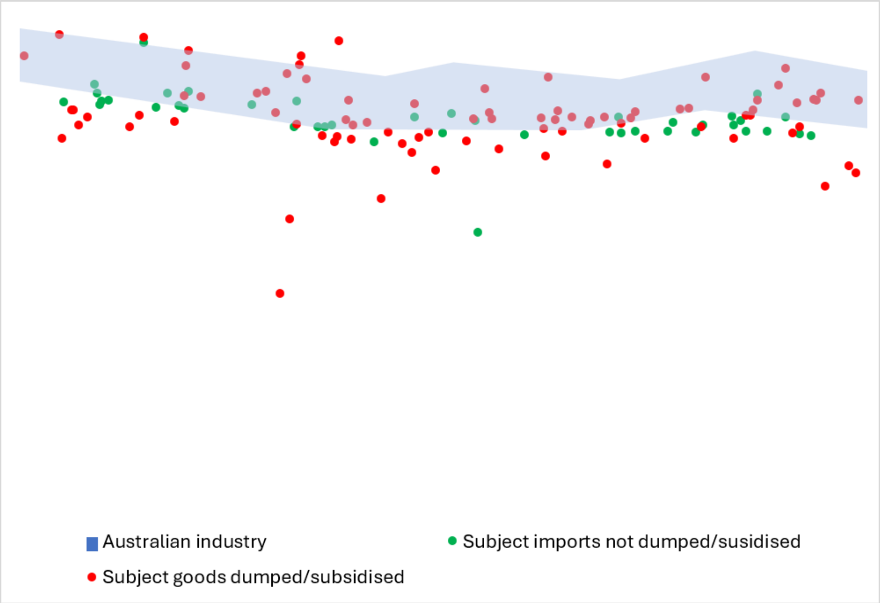

Figure 13 - Australian market selling prices (investigation period) [129]

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

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

The commission also found in the analysis of daily prices, that Australian industry made numerous sales at the same price point as dumped and subsidised imports and imports that were not dumped and subsidised . The commission considers this indicates the influence that lower priced imports have had on Australian industry's selling price.

The commission has also observed that where price matching was evident, the sale was profitable for Australian industry, indicating that the Australian industry is in many instances able to compete on price and still generate a profit. However, it remains that numerous export transactions occurring at lower price points would have been unprofitable for the Australian industry had the Australian industry sought to match those prices.[130] Evidently, rather than lower its price and incur a loss, Australian industry did not record a sale, forgoing sales volume and revenue in the process.

[129] See worksheet 'Daily PU Analysis' in Confidential Attachment 28.
[130] See worksheet 'Daily PU Analysis' in Confidential Attachment 28.

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

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

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

Baoshan and Baosteel submitted that the commission's price effects reasoning is inconsistent with the conclusions drawn from it.[131] They argue that the commission's findings in relation to the trend in prices observed between dumped and subsidised goods and those that were not dumped or subsidised, and aspects of the commission's price undercutting analysis do not establish that dumped exports have explanatory force for the price effects relied upon. Baoshan and Baosteel further submit that the commission's finding that the predominance of dumped goods placed downward pressure on all market participants is expressed in terms of likelihood and is therefore not a finding based on facts.

The commission's analysis of export price changes and price undercutting seeks to differentiate the impact on the economic performance of Australian injury of dumped and subsidised imports and those that were not. The commission disagrees with the contention that the findings on price effects are not fact based.

Figures 10 clearly shows that throughout the injury analysis period the export price of exports from sources that were not dumped and subsidised during the investigation period have gradually tracked toward the lower priced exports from sources that were found to have been dumped and subsidised during the investigation period. The commission considers it is reasonable to attribute these changes to the presence of lower priced dumped and subsidies imports.

Figure 11 further confirms that during the investigation period the observed trend across the injury analysis period culminated in exports that were not dumped or subsidised coming into alignment with those that were dumped and subsidised. While the prices of exports that were not dumped or subsidised reduced at a greater rate during the investigation period than the dumped and subsidised exports, these goods were coming

[131] EPR 688 Item no. 025, page 12.

off a higher base price, and as detailed the faster reduction in price merely brought these goods into alignment rather than to a level where they were the cheapest in the market.

The commission considers it to be a reasonable inference that in a price sensitive market, prices will move toward the lowest priced offering, and the lowest priced offering across the duration of the injury analysis period were dumped and subsidised goods. The commission is satisfied that the pricing analysis undertaken supports that inference.

The commission's price undercutting analysis, as presented in Figure 13 provides further support by examining daily prices rather than the weighted average prices compared in Figure 11. The analysis of daily prices depicted in Figure 13 shows that there is a considerably larger volume of transactions relating to dumped and subsidised exports than those that were not, and at a broader range of prices. When analysed at a daily interval, dumped and subsidised exports are almost invariably the cheapest.

The commission considers that while the analysis of prices at a quarterly internal depicted in Figure 11 indicates an alignment in weighted average export pricing, the analysis of daily prices depicted in Figure 13 demonstrates that at a transactional level dumped and subsidised goods are the price leaders in the Australian market and are therefore the primary cause of the price injury experienced by Australian industry.

The commission notes that at various points during the investigation period goods that were not dumped or subsidised had the highest level of price undercutting and therefore were a likely cause of injury to Australian industry from time to time. The volume and regularity of undercutting by dumped and subsidised goods as demonstrated in Figure 13 satisfies the commission that it is these dumped and subsidised goods which have been the primary cause of the injury experienced by Australian industry.

9.7 Volume effects

As discussed in chapter 8.4, the Australian industry has experienced in injury in the form of loss of sales volume and foregone market share. The deterioration of the Australian industry economic condition with respect to these factors coincides with the presence of imports from the subject countries that were dumped and subsidised during the investigation period.[132]

The commission concludes that dumping and subsidisation was a cause of the volume injury experienced by the Australian industry during the investigation period. The commission's reasons are further detailed throughout this chapter.

Section 269TAE(1)(b) provides that regard may be given to any increase or likely increase, in the quantity of the 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:

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

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

- the quantity of goods produced and sold in Australia to the total of goods or like goods sold in Australia.

9.7.1 Sales volume

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

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

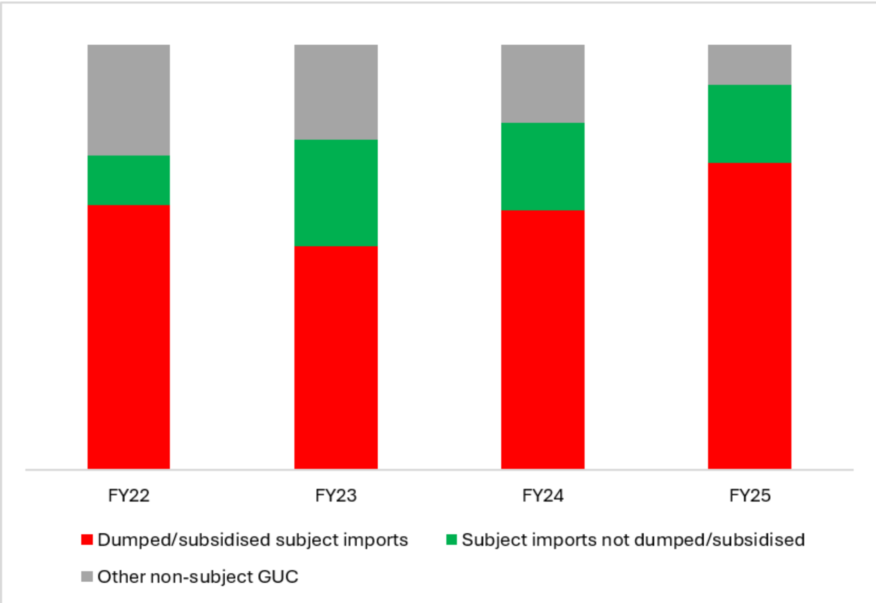

Figure 14 - Change in composition of export volumes (injury period)[133]

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

Within this context, the commission has examined evidence that shows Australian industry's customers engage in dual sourcing of the goods from exporters who are dumping, as well as other export sources. This occurs direct via imports from overseas steel mills or via Australian based steel traders. The commission observed that for those customers sourcing from both BlueScope AIS and sourcing imported goods, import volumes were skewed toward dumped and subsidised goods, and the volumes of dumped and subsidised goods as a proportion of total purchases by those customers ranged from 1% to 19% per customer.[134]

The commission considers the overall volumes are material with respect to Australian industry's total sales to customers who dual source. The commission considers that the

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[133] See worksheet 'Source of supply' in Confidential Attachment 28.
[134] See worksheet 'Dual sourcing' in Confidential Attachment 28.

Australian industry has experienced reduced sales activity to those customers on account of the availability of lower price dumped and subsidised goods.

The commission also identified from questionnaires provided by importers a range of customers who did not purchase from Australian industry during the investigation period. The commission observed that purchases by these customers were similarly skewed toward the purchase of dumped and subsidised goods which undercut the prices achieved by Australian industry in relation to its customer base. The commission considers that the volume of goods associated with this cohort of purchasers is material in comparison to Australian industry’s total sales.

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

9.7.2 Market share

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

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

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

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

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

Baoshan and Baosteel submit that the commission’s volume analysis does not support its finding.[135] They assert that re-characterising Australian industry’s improving position as market share foregone does not convert it into volume injury caused by dumped and subsidised goods, and that the assessment must be based on the actual movement in the volume of imports over the period.

Baoshan and Baosteel also submit that where the applicant's central injury metrics required correction, and the import data showed that imports were declining and the industry's share improving during the investigation period, the positive evidence supporting a causal link to the dumped and subsidised goods is limited.[136]

As detailed throughout section 9.7 the commission has assessed the volume of imports during the investigation period as well as across the injury analysis period. It has also made this assessment within the context of the observed price differences between Australian industry and imported goods and whether they were dumped and subsidised or not.

The commission’s analysis supports a finding that dumped and subsidised imports were consistently the lowest priced in the Australian market, with material levels of price undercutting evident. The commission accepts that Australian industry experienced an improvement in market share during the investigation period, however the analysis of volume trends across the injury analysis period indicates that Australian industry nonetheless captures a materially lower market share than the levels it has previously achieved in FY 22 and FY23.

The commission considers that its analysis, including the volume analysis conducted in relation to customers who dual source from Australian industry and imports as well as customers who choose to source solely imported goods, supports a finding that Australian industry would have achieved higher sales volume and market share but for the price advantage conveyed by dumping and subsidisation. Accordingly, the commission concludes that exports of dumped and subsidised goods from China and Korea caused the Australian industry to experience injury in the form of market share foregone.

9.8 Profit effects

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

The commission has established in chapters 9.6 and 9.7 that Australian industry has experienced injury caused by dumped and subsidised exports in the form of price depression, price suppression and lost sales volume. The magnitude of price undercutting observed has been facilitated by the price advantage afforded by dumping and subsidisation, leading the downward price pressure on Australian industry where it has sought to compete with dumped and subsidised exports on price, or loss of sales where it

[135] EPR 688 Item no. 025, page 13.
[136] Ibid.

has been unable to compete on price. The commission observed that a significant volume of Australian industry's sales occurred at prices that were comparable to the price of dumped and subsidised imports. At the lower price point in particular, the Australian industry's margin over cost were observed to be minimal. Australian industry would have achieved higher prices and therefore greater profitability in relation to these sales in the absence of the price advantage afforded by dumping and subsidisation.

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

In relation to the commission's findings on profit, Baoshan and Baosteel submitted that where the economic indicators trend positively over the period examined, an objective examination based on positive evidence requires the Commission to explain why material injury is nonetheless found. Their submission asserts that no such explanation is given.[137]

The Manual states that where no coincidence has been found (as contemplated where economic indicators such as profitability improve coincident with the presence of dumped and subsidised imports) a counterfactual analysis may be undertaken to compare the current state of the Australian industry to the state it would likely have been in if there had been no dumping and subsidisation.

In that context the commission does not agree with the contention that no explanation has been given to explain why material injury has been found in relation to Australian industry's profit and profitability. The commission has found that Australian industry experienced injury in the form of price depression, price suppression and lost sales volumes because of dumped and subsidised exports. Had Australian industry achieved higher prices, improved margins and increased sales in the absence of dumped and subsidised material improvements in profit and profitability would have resulted, as profit and profitability are a direct function of sales volume and the margin between selling prices and the costs of manufacture and sale.

9.9 Factors other than dumping and subsidisation causing injury

In determining whether material injury is being caused or threatened to an Australian industry producing like goods, the Minister must consider whether any injury is being caused or threatened by a factor other than the exportation of the dumped and subsidised goods.[138] While injury caused by other factors should not be attributed to dumping and subsidisation, dumping and subsidisation need not be the sole cause of injury to the industry.

The commission notes that not all the goods imported from the subject exporters during the investigation period were dumped and subsidised with margins above negligible levels, or above negligible volumes. As detailed in chapter 6.9, the commission has found that goods exported from Korea by POSCO were not dumped. The commission has also found in chapters 7.8 and 7.9 the goods exported by Baosteel Zhanjiang and Hunan Valin

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[137] EPR 688 Item no. 025, page 13.
[138] Section 269TAE(2A).

were subsidised although the subsidy margin was negligible. In addition, the Australian market was also supplied by imports of the goods from other sources.

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

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

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

The commission considers that there was an increased prevalence of dumped and subsidised goods during the investigation period, and that, as demonstrated in Figure 13 these goods have consistently been the lowest priced in the market is indicative of dumped and subsidised goods being the primary cause of injury to Australian industry despite the presence of other subject goods, that were not dumped or subsidised, also undercutting Australian industry's prices.

Hunan Valin submitted in response to SEF 688 that the commission had not conducted a sufficiently rigorous non-attribution analysis to effectively separate the effects of dumped imports from other known causal factors.[139] Hunan Valin submitted that, in addition to imports that are not dumped, other causal factors to consider should include cyclical fluctuations in domestic demand and the operational efficiencies of the applicant.

In relation to domestic demand, the commission identified in section 5.6 that the Australian market for the goods has been in decline across the injury analysis period, with the greatest decline observed during the investigation period. The commission considers that the observed decline in market size is driven by a combination of factors, including a contraction in demand from the construction and mining sectors, as well as an increasing reliance on imports of fabricated steel products. The commission accepts that the economic condition of the Australian industry will be impacted by a contracting market.

Similarly, at section 9.6 the commission identified that export prices for the goods from all sources have declined across the injury analysis period, a trend reflected in the price achieved by Australian industry as presented at section 8.5. The commission accepts that the Australian industry will not be immune to movements in global prices for the goods, noting that the goods are a commodity product. These global price movements will inevitably contribute to the price depression experienced by Australian industry.

In relation to BlueScope's operational efficiency, the commission found in chapter 8.5 that BlueScope had experienced rising production costs throughout FY22 to FY24 but was

[139] EPR 688 Item no. 024

able to reverse this trend during the investigation period. The commission 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 to the lower cost of goods exported to Australia, and hence impact the competitiveness of Australian industry, those goods exported at dumped and subsidised prices gain an additional competitive price advantage that would otherwise not be available if they were not dumped and subsidised. The commission considers that the levels of price undercutting detailed in section 9.6.2 have been leveraged due to dumping and subsidisation, materially contributing to the price injury experienced by Australian industry.

The commission is therefore satisfied that in an environment where domestic demand is contracting coincident with a softening in global prices for the goods, the price advantage that dumping and subsidisation affords has caused material injury to the Australian industry. Dumping and subsidisation have allowed importers to purchase goods in the Australian market at lower prices than would be the case had the goods not been dumped and subsidised.

For the reasons set out in this chapter, dumping and subsidisation of the goods from China and Korea has allowed the exporters of those goods to maintain sales volumes and levels of market share at the expense of Australian industry, as well as placing downward pricing pressure on Australian industry. Regardless of the contraction in the size of the Australian market and the observed softening in global prices, dumping and subsidisation have allowed importers of the goods to undercut Australia industry's prices leading to the material injury described in this chapter.

9.10 Materiality of injury caused by dumping and subsidisation

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

The term 'material' in the context of determining whether material injury has been or is being caused is not defined in the Act. However, the Material Injury Direction[140] directs the commission to consider 'material injury' to be injury that is not 'immaterial, insubstantial or insignificant'. There is no threshold amount that is capable of general application and identifying material injury will depend on the circumstances of each case and will differ from industry to industry and from time to time. A material injury assessment involves a range of factors that are considered together, and no one or several of these factors can necessarily give decisive guidance.

The Material Injury Direction also directs that, where some uncertainty arises over establishing the requirements for material injury where other factors (i.e. other than dumping) may be contributing to injury suffered by the industry, dumping need not be the sole cause of injury to the Australian industry.

[140] *Ministerial Direction on Material Injury 2012*, available at www.adcommission.gov.au.

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

- the size of the dumping and subsidy margins
- the magnitude of price undercutting by dumped and subsidised imports, and the perceived importance of price in purchasing decisions
- the change in Australian industry's prices relative to the prices of other imports
- the change in the volume and market share of imports and of the Australian industry
- the impact that dumped exports had on the broader economic condition of the Australian industry, including its profit and profitability.

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

The commission considers that the Australian industry reduced and suppressed its prices in response to competition from dumped and subsidised goods in the investigation period, which in turn led to a material loss of profit and profitability compared to the earlier years of the injury analysis period. The commission further considers that despite the Australian industry reducing its prices in response to dumped and subsidised imports in the investigation period, the findings in chapter 9.6.2 established that Australian industry's prices were still undercut by those imports often to levels below Australian industry's cost to make and sell the goods.

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

When considered in totality, the commission is satisfied that the injury experienced by the Australian industry caused by dumped and subsidised goods is not immaterial, insubstantial or insignificant. Therefore, the Commissioner is satisfied that exports of the dumped and subsidised goods from China and dumped goods from Korea caused material injury to the Australian industry producing like goods.

9.11 Submissions on material injury

<u>POSCO</u>

POSCO's submission of 25 February 2026 queries the material injury claims outlined in BlueScope's application and whether the claimed material injury can be linked to dumped imports.[141] POSCO's submission generally relates to circumstances connected with its involvement in the Australian steel market, but it also mentioned the following other factors relevant to an assessment of material injury.

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

BlueScope

In response to POSCO's submission of 25 February 2026, BlueScope submitted the representations outlined by POSCO are incorrect and require correction by way of BlueScope's submission.[142]

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

BlueScope states the following

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

Baoshan and Baosteel

In their submission in response to the SEF, Baoshan and Baosteel reference the issues raised by POSCO and submits that the SEF did not separate and distinguish the injurious effects of the matters raised from those of the dumped and subsidised goods, and that defect precludes an affirmative causation finding.[143]

Commission's assessment

The commission has considered the broader economic environment in which the Australian industry has operated over the injury analysis period.

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[141] EPR 688 Item no. 008
[142] EPR 688 Item no. 013
[143] EPR 688 Item no. 025, page 12.

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

The commission's assessment of the economic condition of Australian industry as it relates to the goods the subject of the investigation is detailed in chapter 8. As detailed in that chapter the commission is satisfied that Australian industry has experienced injury in relation to the production and sale of like goods.

In relation to POSCO's causation claims, the commission identified in section 5.6 that the Australian market for the goods has been in decline across the injury analysis period, with the greatest decline observed during the investigation period. The commission considers that the observed decline in market size is driven by a combination of factors, including a contraction in demand from the construction and mining sectors, as well as an increasing reliance on imports of fabricated steel products. The commission accepts that the economic condition of the Australian industry will be impacted by a contracting market.

Similarly, at section 9.6 the commission identified that export prices for the goods from all sources have declined across the injury analysis period, a trend reflected in the price achieved by Australian industry as presented at section 8.5. The commission accepts that the Australian industry will not be immune to movements in global prices for the goods, noting that the goods are a commodity product. These global price movements will inevitably contribute to the price depression experienced by Australian industry.

The commission is satisfied, however, that in an environment where domestic demand is contracting coincident with a softening in global prices for the goods, the price advantage that dumping and subsidisation affords has caused material injury to the Australian industry. Dumping and subsidisation have allowed importers to purchase goods in the Australian market at lower prices than would be the case had the goods not been dumped and subsidised. For the reasons set out in this chapter this has allowed dumped and subsided goods to maintain sales volumes and levels of market share at the expense of Australian industry, as well as placing downward pricing pressure on Australian industry. Regardless of the contraction in the size of the Australian market and the observed softening in global prices, dumping and subsidisation have allowed importers of the goods to undercut Australia industry's prices leading to the material injury described in this chapter.

10 WHETHER DUMPING AND/OR SUBSIDISATION MAY CONTINUE

10.1 Findings

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

10.2 Introduction

To publish a notice under sections 269TG(2) and/or 269TJ(2) the Minister must be satisfied that, among other things, dumping and subsidisation may continue. In assessing whether dumping and subsidisation may continue, the Commissioner considers the term ‘may’ to mean ‘possible’.

10.3 Whether dumping may continue

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

In relation to exports with dumping margins and volumes that are not negligible, the commission has calculated dumping margins ranging between 9.4% and 52.4% in relation to exports from China and Korea during the investigation period and subsidy margins ranging between 2.7% and 3.9% with respect to exports from China.

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

10.4 Commissioner’s assessment

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

11 NON-INJURIOUS PRICE

11.1 Assessment of NIP

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

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

11.2 Legislative framework

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

Where the Minister is required to determine the IDD, section 8(5B) of the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act) applies. Where the Minister is required to determine the ICD, section 10(3C) applies. Where the Minister is required to determine both ICD and IDD, sections 8(5BA) and 10(3D) of the Dumping Duty Act apply.

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

- In relation to a dumping duty notice, the lesser duty rule requires consideration of whether the NIP is less than the normal value of the goods.
- In respect of a countervailing duty notice, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price and the ICD do not exceed the NIP.
- In respect of concurrent dumping and countervailing notices, the lesser duty rule requires the Minister to consider the desirability of fixing a lesser amount of duty such that the sum of the export price (of the goods ascertained for the purposes of the notices), the ICD and the IDD, do not exceed the NIP.

However, pursuant to sections 8(5BAA), 8(5BAAA), 10(3CA) and 10(3DA) of the Dumping Duty Act, the Minister is not required to have regard to the lesser duty rule in the following circumstances:[144]

- In respect of a dumping duty notice, or concurrent dumping and countervailing duty notices – the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii)
- In respect of a dumping duty notice, a countervailing duty notice, or concurrent dumping and countervailing duty notices – there is an Australian industry in respect

[144] 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.

of like goods that consists of at least 2 small-medium enterprises, whether or not that industry consists of other enterprises.[145]

- In respect of a countervailing duty notice, or concurrent dumping and countervailing duty notices – if an exporter of the goods has received a countervailing subsidy in respect of the goods – the exporter's country has not complied with Article 25 of the WTO Agreement on Subsidies and Countervailing for the compliance period.

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

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

11.3 Findings and consideration of the lesser duty rule

11.3.1 China

In accordance with sections 8(5BAAA) and 10(3DA) of the Dumping Duty Act, the Commissioner finds that the Minister is not required to have regard the application of the lesser duty rule in relation to the exports of the goods by all exporters from China. This is because the commission did not ascertain the normal values of all exporters under section 269TAC(1) due to the operation of section 269TAC(2)(a)(ii).[146]

The Commissioner considers that in relation to all exporters from China, it is not desirable for the Minister to specify a method of calculating ICD and IDD such that the sum of the ascertained export price, the ICD and the IDD payable does not exceed the NIP.

The Commissioner notes that, notwithstanding the Commissioner's consideration noted in the preceding paragraph, the Minister retains the discretion to apply a lesser amount of duty. Therefore, the commission has calculated a NIP in this investigation.

11.3.2 Korea

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

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

On the basis that no exceptions apply, the Minister must consider the desirability of applying the lesser duty rule for all exporters from Korea subject to the anti-dumping and countervailing measures. In the case of Korea, as POSCO was the only cooperating exporter, and its goods were not dumped, the consideration of the lesser duty rule only applied to exporters in the category of 'uncooperative and all other exporters'. The Commissioner compared the NIP with the normal value of the exporters in the category of

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[145] As defined in the *Customs (Definition of 'small-medium enterprise') Determination 2013*.
[146] Chapter 6 of this report refers.

'uncooperative and all other exporters' and determined that the NIP was not less than the normal value.

Accordingly, the NIP should not be the operative measure for exports from Korea. The Commissioner recommends that measures be imposed in relation to the goods exported to Australia from Korea at the full dumping.

11.4 Unsuppressed selling price

The legislation does not prescribe a method of calculating a NIP, but there are several methods outlined in the Manual.[147] The Commissioner generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. The Commissioner refers to this price as the 'unsuppressed selling price' (USP).

The Manual provides that the Commissioner normally uses one of the following approaches, in order of preference, for establishing a USP, subject to the facts of the case:

- Australian industry's weighted average selling prices in a period unaffected by dumping and subsidisation
- a constructed USP approach, constructing the USP using the Australian industry's CTMS and adding a reasonable amount for profit
- selling prices of undumped and unsubsidised imports in the Australian market.

The commission examined the options for establishing a USP based NIP set out in the Manual and concluded that the most suitable approach in this case is the constructed USP.

USP Option 1 – Australian industry prices unaffected by dumping

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

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

For example, in the year ending June 2023, Australian industry's prices increased whereas the price of imports decreased. Australian industry's prices in the year ending June 2023 were the highest across the injury analysis period, notwithstanding its application contends that price injury commenced prior in its 2022 fiscal year (i.e. the period ending 30 June 2022).[148]

The commission has also had regard to the findings for Investigation 658 that found exporters of HRC from China were dumping and some of those exporters are the subject

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[147] Chapter 24.3, The Manual, pp. 106–100.
[148] Case 688, EPR Item No. 001, Section A-10.5, p. 47.

of this investigation. Investigation 658 also covered the first quarter of Investigation 688. The commission also found the level of dumping for those exporters examined by Investigation 658 was significantly higher than the level of dumping found for exports of late steel by those same exporters.

On the basis that there is limited evidence to support dumping of plate steel from China and Korea has been sustained across the whole injury period, the Commissioner recommends a USP using the weighted average of Australian industry's selling price in the 36 month period covering 1 July 2021 to 30 June 2024.

11.5 Non-injurious price

The Commissioner has calculated a NIP by deducting from the USP the costs incurred in transporting the goods at free on board export terms to the relevant level of trade in Australia for each exporter from China and Korea that is relevant to the Commissioner's recommendation to impose anti-dumping measures. The deductions include overseas freight, insurance, into-store costs and amounts for importer expenses.

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

12 FORM OF MEASURES

12.1 Recommendation

The Commissioner recommends that the Minister impose the following anti-dumping measures:

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

12.2 Forms of dumping duty available

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the forms of duty available to the Minister when imposing anti-dumping measures. They include:

- fixed duty method ($X per tonne)
- floor price duty method
- combination duty method
- *ad valorem* duty method (i.e. a percentage of the export price).[149]

The various forms of duty all have the purpose of removing the injurious effects of dumping. In achieving this purpose, certain forms of duty will better suit particular circumstances. When considering which form of duty to recommend to the Minister, the Commissioner will have regard to the published *Guidelines on the Application of Forms of Dumping Duty November 2013* (the Guidelines) and relevant factors in the market for the goods.[150]

12.2.1 Fixed duty method

A fixed duty method operates to collect a fixed amount of duty – regardless of the actual export price of the goods. The fixed duty is determined when the Minister exercises their powers to ascertain an amount for the export price and the normal value.

12.2.2 Floor price duty method

The floor price duty method sets a ‘floor’ – for example, a normal value of $100 per tonne – and duty is collected when the actual export price is less than that normal value of $100 per tonne. The floor price is either the normal value or the NIP, whichever becomes applicable under the duty collection system.

12.2.3 Combination duty method

The combination duty method comprises 2 elements: the ‘fixed’ element and the ‘variable’ duty element. The fixed element is determined when the Minister exercises powers to ‘ascertain’ an amount (i.e. set a value) for the export price and the normal value. Either

[149] Section 5 of the *Customs Tariff (Anti- Dumping) Regulation 2013*.
[150] The Guidelines are available on the ADC website here.

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

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

12.2.4 *Ad valorem* duty method

The *ad valorem* duty method applies a proportion of the actual export price of the goods. An *ad valorem* duty is determined for the product as a whole. This means that a single ascertained export price is required when determining the dumping and/or subsidy margin. The *ad valorem* duty method is the simplest and easiest form of duty to administer when delivering the intended protective effect.

12.2.5 Commission assessment – form of dumping duty

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

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

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

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

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

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

Variation in production specification and price

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

Company structures

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

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

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

12.3 Forms of countervailing duty

The Dumping Duty Act specifies that ICD can be ascertained:

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

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

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

13 EXEMPTIONS

13.1 Findings

As part of the investigation, the Commissioner has examined the status of 5 exemptions that were still in force at the time of initiating the investigation and new 5 exemptions (regarding which there were 3 submissions).

The commission's assessment has resulted in finding it is appropriate to revoke one existing exemption and make 3 new exemptions.

The Commissioner is satisfied after having regard to the findings outlined in chapter 13.6.1 it is appropriate to revoke *Ministerial Exemption Instrument No.1 of 2015* as the circumstances upon which this exemption was made no longer apply. In relation to all other exemptions listed in chapter that were in force at the time of this investigation being initiated (as listed in chapter 13.2) as no new information on these exemptions has been provided, the Commissioner considers it reasonable to conclude that the findings that lead to these exemptions being made remain applicable and the exemptions should remain in force.

The Commissioner is also satisfied after having regard to the submissions received from interested parties and other relevant information, as detailed in chapter 13.6.2, that the conditions for granting an exemption under paragraphs 8(7)(a) and10(8)(a) of the Dumping Duty Act have been met. The Commissioner recommends the exemption take effect on and from 24 June 2026, being the date that the Commissioner published a PAD to collect securities on imports of the goods.

In relation to an exemption sought by Dongkuk, the Commissioner finds in chapter 13.6.3 that the available information is not sufficient to satisfy the conditions for an exemption set out in paragraphs 8(7)(a) of the Dumping Duty Act "that like or directly competitive goods are not offered for sale in Australia". The Commissioner therefore considers it is appropriate to conduct an exemption inquiry separate to this investigation. Once the Commissioner commences an inquiry, the commission will inform all interested parties and seek the relevant information

In relation to an exemption sought by Baosteel, the Commissioner finds in chapter 13.6.4 the exemption goods the subject of Baosteel's request is covered by an exemption that is already in force in relation to the goods, *Ministerial Exemption Instrument No.7 of 2017*. The Commission is satisfied that the grounds related to this exemption are still relevant and no decision on Baosteel's request is necessary.

13.2 Existing exemptions

Chapter 3.7 in SEF 688 detailed five exemption notices that are currently in force in relation to the goods. These are also listed below. SEF 688 indicated that one of these exemptions, *Ministerial Exemption Instrument No.1 of 2015*, concerns TC 1413674. The commission established that this TC 1413674 is no longer active, and as a result, the

Commissioner proposed that this exemption should be revoked, subject to any submissions received in response to SEF 688.[151]

- Ministerial Exemption Instrument No.4 of 2018
- Ministerial Exemption Instrument No.7 of 2017
- Ministerial Exemption Instrument No.1 of 2015
- Ministerial Exemption Instrument No.9 of 2014
- Ministerial Exemption Instrument No.8 of 2014

13.3 New exemptions

Following the publication of SEF 688, the commission received 3 submissions regarding 5 exemption requests and one submission from BlueScope in response. The commission's assessment of these submissions and the Commissioner's recommendations is summarised as follows.

- Adsteel filed a request seeking three exemptions in relation to imports concerning plate steel in a variety of specifications.[152] BlueScope confirmed through its submission dated 30 June 2026 that it does not oppose granting the exemptions requested by Adsteel.[153]
- Dongkuk filed a request seeking an exemption on imports of plate steel exceeding 3,200 mm in width.[154]
- Baosteel and Baoshan sought an exemption in relation to imports of high tensile steel in grade BS700MCK2 and BS700MCK4.[155]

Further details on each exemption request are outlined below.

13.3.1 Adsteel

In their submission of 23 June 2026 following the publication of SEF 688, Adsteel filed a request seeking three exemptions in relation to imports concerning a variety of plate steel specifications.[156] BlueScope confirmed through its submission dated 30 June 2026 that it does not oppose granting the exemptions requested by Adsteel.[157]

Adsteel sought the exemptions under section 8(7)(a) and section 10(8)(a) of the Dumping Duty Act. Under these provisions, the Minister may exempt the goods from dumping and countervailing duties where they are satisfied that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

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[151] Full details about the goods covered by TC 1413674 are contained in the exemption instrument that resulted from the findings of Exemption Inquiry EX0022.
[152] EPR 688, Item no. 022.
[153] EPR 688, Item no. 023.
[154] EPR 688, Item no. 026.
[155] EPR 688, Item no. 031.
[156] EPR 688, Item no. 022.
[157] EPR 688, Item no. 023.

The particulars of the exemption goods relevant to each exemption requested by Adsteel are detailed as follows.

Exemption goods description 1

Steel, hot rolled plates, either cast made or ingot made:

- *of a thickness over 150 mm specifically conforming to AS/NZS 3678 – 2016 Grade 250*.

Exemption goods description 2

Steel, hot rolled plates, either cast made or ingot made:

- *of a thickness of more than 115 mm,*

Specifically conforming to the following standards and grade designations:

- *AS/NZS3678 – 2016 Grade 350, or*
- *EN10025-2:2019 Grade S355JR*.

Exemption goods description 3

Steel, hot rolled plates, either cast made or ingot made, impact tested:

- *AS/NZS3678 – 2016 Grade 350 or EN 10025-2:2019 S355 of a thickness of more than 100 mm*
- *AS/NZS3678 – 2016 Grade 250 or EN 10025-2:2019 S235 of a thickness of more than 150mm*

Impact tested Australian standard AS/NZS 3678 plate temperature suffixes LO, L15, L20, L40.

Impact tested European standard EN 10025-2:2019 plate temperature suffixes JR, JO, J2, K2.

13.3.2 Dongkuk

In a submission dated 13 July 2026 received after SEF 688, Dongkuk filed a request seeking an exemption on imports of plate steel exceeding 3,200 mm in width.[158] The dimension for plate width is the only product attribute cited in the request.

Dongkuk sought the exemption under section 8(7)(a) of the Dumping Duty Act. Under the provision, the Minister may exempt the goods from dumping duties where they are satisfied that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

Dongkuk claimed that BlueScope does not, and were not able to, produce plate steel with a width greater than 3,200 mm. They provided supporting evidence of BlueScope's product range, showing that no products with a width above 3,200 mm were offered and outlined information on BlueScope's website suggesting that the 3,200 mm width was a mill limitation. Dongkuk also claimed that narrower plate is not a like or directly

[158] EPR 688, Item no. 026.

competitive good as the requirement to weld plates together to create the wider plate would result in losses of efficiency and integrity.

Responding to Dongkuk's request, BlueScope submits the request did not provide a sufficient evidentiary basis for granting the exemption as the grounds outlined by Dongkuk concern manufacturing preferences, fabrication efficiencies and cost savings rather than demonstrating whether plate below a width of 3,200mm is incapable of satisfying the relevant end-use requirements.[159] BlueScope contends that the relevant consideration is whether domestically produced plate constitutes like or directly competitive goods. BlueScope also address its concerns that the exemption creates a risk that it could be used to circumvent anti-dumping measures by way of post importation processing of the plate into forms that would complete directly with Australian produced plate.

Dongkuk provided a further response on its exemption to address the submission from BlueScope.[160] Dongkuk provided more details concerning the how its plate exports in a with greater than 3,200mm are used by Australian importers engaged in the steel fabrication sector and why in its opinion steel plate of up to 3,200mm wide is not a viable option for those importers.

13.3.3 Baosteel

In their submission of 3 August 2026 following the publication of SEF 688, Baosteel filed a request seeking an exemption in relation to imports of high tensile steel in grade BS700MCK2 and BS700MCK4.[161]

Baosteel described the exemption goods as follows.

The exemption goods are high tensile hot rolled micro-alloyed non-heat treated steel sheet with the following characteristics:

> *conforming to steel grades BS700MCK2 and BS700MCK4, complying with standard Q/BQB 316-2018 or later versions; with a yield strength not less than 680 MPa; of a thickness not less than 2.5 mm and not greater than 16 mm; and with a Carbon Equivalent Value (CEQ) of less than or equal to 0.50.*

13.4 Legislative framework

Section 8(7)(a) of the Dumping Duty Act provides that the Minister may, by notice in writing, exempt goods from interim dumping duty and dumping duty if he or she is satisfied that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

Section 10(8)(a) of the Dumping Duty Act provides that the Minister may, by notice in writing, exempt goods from interim countervailing duty or countervailing duty if he or she is satisfied that like or directly competitive goods are not offered for sale in Australia to all

[159] EPR 688, Item no. 032.
[160] EPR 688, Item no. 033.
[161] EPR 688, Item no. 031.

purchasers on equal terms under like conditions having regard to the custom and usage of trade.

13.5 Effective date of exemption

The Minister has discretion over the date of effect of the exemption, if granted. If the exemption is given because of an application for exemption, the Dumping Duty Act limits the Minister's discretion to a date not earlier than the date of application for an exemption.[162] The commission's policy is to recommend to the Minister that the date of the effect of the exemption is the date of the application.

13.6 Commissioner's assessment of exemptions

13.6.1 Existing exemptions

Ministerial Exemption Instrument No.1 of 2015

Ministerial Exemption Instrument No.1 of 2015 was made under paragraphs 8(7)(b) and 10(8)(aa) of the *Customs Tariff (Anti-Dumping) Act 1975* as the then Minister was satisfied that a TCO under Part XVA of the Act in respect of the goods was in force at the time, that TCO being TC 1413674.

A review of the Commonwealth of Australia Tariff Concessions Gazette (the Gazette) TC/18/29 dated 1 August 2018 gave notice of the intention of the Comptroller-General of Customs to revoke the TCO 1413674 effective on and from 30 August 2018.[163] This was on the basis that the TCO had not being used in the two years prior to this date.[164] The decision announcing revocation of the TCO was published in Gazette no TC/18/35 dated 12 September 2018.[165]. As TC 1413674 is no longer in force, the circumstances relevant to the then Minister's decision to make the exemption no longer exist.

The exemption made under *Customs Tariff (Anti-Dumping) Act 1975* outlines that it is subject to review and may be revoked.

SEF 688 proposed to revoke *Ministerial Exemption Instrument No.1 of 2015,* subject to submissions received in response to this proposal. The commission did not receive any submissions objecting the proposed revocation of *Ministerial exemption instrument No.1 of 2015.*

Having regard to the findings outlined above with respect to TC 1413674 no longer being in force, the Commissioner recommends they revoke *Ministerial Exemption Instrument No.1 of 2015* in accordance with sections 8(7) and 10(8) of the *Customs Tariff (Anti-Dumping) Act 1975* and section 33(3) of the *Acts Interpretation Act 1901*.

All other current exemptions

In addition to *Ministerial Exemption Instrument No.1 of 2015,* SEF 688 invited submissions on whether any of the other exemption notices (of which there are four) that were in force at the time this investigation was initiated should be reviewed and revoked

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[162] Sections 8(8A) and 10(9A) of the Dumping Duty Act.
[163] Gazette TC/18/29, p. 10 refers.
[164] Section 269SD of the Act refers.
[165] Gazette TC/18/35, p. 14 refers.

in light of this investigation and the preliminary recommendations made in SEF 688. The commission notes that SEF 688 did not propose that any other existing exemption should be revoked.

For the avoidance of doubt, the relevant other exemptions are:

- Ministerial Exemption Instrument No.4 of 2018
- Ministerial Exemption Instrument No.7 of 2017
- Ministerial Exemption Instrument No.9 of 2014
- Ministerial Exemption Instrument No.8 of 2014

The exemptions listed above were granted in accordance with section 8(7)(a) and section 10(8)(a) of the Dumping Duty Act on the basis that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

Unlike a TCO based exemption, where the TCO can be revoked by the Comptroller-General of Customs due to non-usage, exemptions granted in accordance with section 8(7)(a) and section 10(8)(a) are only revoked via a further Ministerial decision, as is the case for *Ministerial Exemption Instrument No.1 of 2015*. There is no similar non-usage consideration.

Chapter 3.7 to this report outlines that the commission did not receive any submissions concerning the current exemptions listed above in so far that they would cause the Commissioner to reconsider whether the grounds upon which those exemptions were first granted may still apply. Having reviewed the basis on which the exemptions were made, the Commissioner considers it reasonable to conclude that the findings that lead to these exemptions being made remain applicable and the exemptions should remain in force.

13.6.2 Adsteel

In response to Adsteel's submission seeking the exemptions detailed above in chapter 13.3.1, BlueScope confirmed through its submission dated 30 June 2026 that it does not oppose granting the exemptions requested by Adsteel.[166]

Having regard to BlueScope's submission expressing that it does not oppose the exemption's sought by Adsteel, the Commissioner concludes that, in respect of the goods within the scope of exemption goods descriptions 1, 2 and 3, there are no like or directly competitive goods offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

With respect to the effective date of the exemption sought by Adsteel, the commission notes that prior to the commencement of this investigation, there were no anti-dumping measures applying to the goods. However, as outlined in chapter 1.3 and 2.5, at the time of publishing SEF 688, the Commissioner was satisfied there were sufficient grounds to

[166] EPR 688, Item no. 023.

make a PAD. Securities were accordingly applied to imports of like goods from China and Korea (except for POSCO) entered for home consumption on or after **24 June 2026**.

In recognition of the finding that in respect of the goods, there are no like or directly competitive goods offered for sale in Australia, as established by the submission from BlueScope, the Commissioner considers it appropriate to recommend the effective date of exemption to be the same day that securities were applied on or after 24 June 2026.

Accordingly, the Commissioner recommends that the Minister exempt the following exemption goods from IDD and dumping duty in accordance with section 8(7)(a), and ICD and countervailing duty in accordance with section 10(8)(a) of the Dumping Duty Act, with effect on and from 24 June 2026.

<u>Exemption goods description 1</u>

Steel, hot rolled plates, either cast made or ingot made:

- *of a thickness over 150 mm specifically conforming to AS/NZS 3678 – 2016 Grade 250*.

<u>Exemption goods description 2</u>

Steel, hot rolled plates, either cast made or ingot made:

- *of a thickness of more than 115 mm,*

Specifically conforming to the following standards and grade designations:

- *AS/NZS3678 – 2016 Grade 350, or*
- *EN10025-2:2019 Grade S355JR*.

<u>Exemption goods description 3</u>

Steel, hot rolled plates, either cast made or ingot made, impact tested:

- *AS/NZS3678 – 2016 Grade 350 or EN 10025-2:2019 S355 of a thickness of more than 100 mm*
- *AS/NZS3678 – 2016 Grade 250 or EN 10025-2:2019 S235 of a thickness of more than 150mm*

Impact tested Australian standard AS/NZS 3678 plate temperature suffixes LO, L15, L20, L40.

Impact tested European standard EN 10025-2:2019 plate temperature suffixes JR, JO, J2, K2.

13.6.3 Dongkuk

Following further enquiries from the commission, Dongkuk provided details concerning their sales of plate steel exported to Australia. This revealed the products covered by the exemption are specific to certain mining infrastructure projects which require extra wide plate.

Dongkuk's exemption request appears related to matters concerning end user preferences and fabrication methods where it is advantageous to use plate of a larger width rather than achieve the same outcome using more plates that are narrower in width.

Dongkuk's sales data was in a highly summarised format that simply reported sales of plate either less than or exceeding 3,200 mm. References to 'extra wide' plate in Dongkuk's further response to the commission are somewhat ambiguous within the context of its claim that BlueScope is unable to provide plate exceeding a width of 3,200mm due to the physical limitation of BlueScope's steel mill.

The commission does not consider Dongkuk's request has provided evidence that details in more precise terms, the actual width of its plate exported to Australia or why its customers are unable to achieve the same outcome by using plate sourced from BlueScope. On the available information, the commission considers Dongkuk's claim may relate to plate that is only marginally wider than BlueScope's offering.

Dongkuk's request appears to rest on the key dimensional characteristic of plate width which when viewed in isolation of any other factor, may not satisfy the terms in paragraph 8(7)(a) of the Dumping Duty Act, "that like or directly competitive goods are not offered for sale in Australia". This aspect of Dongkuk's request was also raised in a submission from BlueScope, although in that submission, BlueScope has not addressed the mill limitations outlined by Dongkuk.

Whilst BlueScope has not addressed the mill limitations claimed by Dongkuk, the evidence before the Commissioner at the time of preparing this report does not rule out that imports of plate in a width of greater than 3,200mm could not be substituted for a plate that is available from Australian producers, notwithstanding that the plate produced in Australia may be of a narrower width, as highlighted by BlueScope. Dongkuk's submission in response to BlueScope provided more detail around how its plate exports are used by Australian steel fabricators. However, it did not specify the actual width of plate and how this compared to BlueScope's offering.

Due to the issues outlined above, the Commissioner considers the available information is insufficient to properly assess Dongkuk's exemption request and it is appropriate to conduct an inquiry separate to this investigation. Once the Commissioner commences an inquiry, the commission will inform all interested parties and seek the relevant information.

13.6.4 Baosteel

The commission's examination of the available concludes Baosteel requested exemption is unnecessary as it duplicates existing exemptions on plate steel imports. As a result, no recommendation by the Commissioner has been made.

The commission has examined the exemption goods covered by the current exemptions outlined in chapter 3.7 and compared these to the description outlined in Baosteel's submission.

Except for a reference to '*standard Q/BQB 316-2018 or later versions',* the commission considers the exemption goods described by Baosteel are within the scope of exemption goods relevant to Ministerial exemption instrument no.7 of 2017. This exemption resulted from Exemption Inquiry EX0050 finalised in July 2017.[167] The relevant exemption goods are described as follows.

Steel, Hot Rolled micro alloyed non-heat treated steel sheet:

> *conforming to steel grades BS700MCK2 and BS700MCK4 with a yield strength NOT less than 680 MPa, and of a thickness NOT less than 2.5mm and NOT greater than 16mm, and a Carbon Equivalent Value (CEQ) of less than or equal to 0.50.*

An examination of publicly available information by the commission found that standard *Q/BQB 316-2018* is a corporate technical standard issued by Baosteel and has been superseded by *Q/BQB 316-2023.*[168]

[167] Exemption Inquiry EX0050 refers.

[168] https://www.baohuisteel.com/steel-products/bs-700mc-k2-k4, viewed 6 August 2026.

14 RECOMMENDATIONS TO THE MINISTER

14.1 Findings

14.1.1 Dumping and subsidy investigation

The Commissioner is satisfied that dumping of the goods exported to Australia from exported to Australia from China and Korea (except by POSCO), and subsidisation of the goods exported from China (except by Baosteel Zhanjiang and Hunan Valin) has caused material injury to the Australian industry producing like goods. The Commissioner's recommendations to the Minister are set out in chapter 14.2

14.1.2 Anti-dumping exemptions

The Commissioner satisfied that it is appropriate to revoke *Ministerial Exemption Instrument No.1 of 2015* as the circumstances upon which this exemption was made no longer apply.

The Commissioner is further satisfied that the conditions for granting an exemption section 8(7)(a) and section 10(8)(a) of the Dumping Duty Act have been met with respect to the exemption goods relevant to that assessment and the exemption should take effect on and from 24 June 2026.

The Commissioner's recommendations to the Minister are set out below in chapter 14.3.

14.2 Recommendations – dumping and subsidy investigation

The Commissioner recommends that the Minister **publish**:

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

The Commissioner recommends the Minister **declare:**

- in accordance with subsection 269TG(1), by public notice, that section 8 of the Dumping Duty Act applies to (subject to section 269TN):
  a) the goods exported to Australia from China and Korea (except by POSCO); and
  b) like goods that were exported to Australia from China and Korea (except by POSCO) after the Commissioner made a PAD under section 269TD on 24 June 2026 but before publication of the notice.
- in accordance with subsection 269TG(2), by public notice, that section 8 of the Dumping Duty Act applies to like goods that are exported to Australia China and Korea (except by POSCO), after the date of publication of the notice.

- in accordance with subsection 269TJ(1), by public notice, that section 10 of the Dumping Duty Act applies to (subject to section 269TN) goods that are exported to Australia China (except by Baosteel Zhanjiang and Hunan Valin)

- in accordance with subsection 269TJ(2), by public notice, that section 10 of the Dumping Duty Act applies to like goods that are exported to Australia China (except by Baosteel Zhanjiang and Hunan Valin), after the date of publication of the notice.

The Commissioner recommends the Minister **be satisfied that**:

- in accordance with subsection 269TAB(3), sufficient information has not been furnished or is available to enable the export price of the goods exported to Australia by exporters in the category of ‘uncooperative and all other exporters’ from China and Korea to be ascertained under subsection 269TAB(1).

- in accordance with subsection 269TAC(2)(a)(ii), the normal value of the goods exported to Australia from China by Baoshan, Baosteel Zhanjiang and Hunan Valin cannot be ascertained under subsection 269TAC(1) because the situation in the market of China is such that sales in that market are not suitable for use in determining a price under subsection 269TAC(1);

- in accordance with subsection 269TAC(6), sufficient information has not been furnished or is available to enable the normal value of the goods exported to Australia by exporters in the category of ‘uncooperative and all other exporters’ from China and Korea to be ascertained under the preceding subsections of section 269TAC (other than subsection 269TAC(5D)).

- in accordance with subsection 269TACD(1), countervailable subsidies have been received in respect of the goods exported to Australia from China (except by Baosteel Zhanjiang and Hunan Valin);

- in accordance with subsection 269TAE(2C), the cumulative effect of exportations of the goods from China (except for Baosteel Zhanjiang and Hunan Valin in relation to subsidies) and Korea (except for POSCO) can be considered because:

    - each of those exports is subject of an investigation which resulted from application(s) lodged on the same day or with significantly overlapping investigation periods.

    - the margin of dumping and subsidisation established for each relevant exporter is not negligible.

    - the volume of dumped and subsidised imports from each country is not negligible.

    - a cumulative assessment is appropriate in light of the conditions of competition between the imported goods, and between all of the imported goods and the like domestic goods.

- in accordance with subsection 269TG(1), the amount of the export price of the goods that have been exported to Australia from China and from Korea (except for POSCO) is less than the amount of the normal value of those goods and because of that, material injury to the Australian industry producing like goods might have been caused if the security had not been taken.

- in accordance with subsection 269TG(2), the amount of the export price of the goods that have been exported to Australia from China and from Korea (except for POSCO) is less than the amount of the normal value of those goods that may be exported to Australia from China and Korea in the future may be less than the normal value of the goods and because of that, material injury to the Australian industry producing like goods has been or is being caused.

- in accordance with subsection 269TJ(1), countervailable subsidies have been received in respect of the goods that have been exported to Australia from China (except for Baosteel Zhanjiang and Hunan Valin) and because of that, material injury to the Australian industry producing like goods might have been caused if security had not been taken.

- in accordance with subsection 269TJ(2), a countervailable subsidy has been received in respect of the goods already exported to Australia from China (except for Baosteel Zhanjiang and Hunan Valin), and that a countervailable subsidy may be received in respect of like goods that may be exported to Australia in the future; and because of that, material injury to the Australian industry producing like goods has been caused.

- in accordance with subsection 269TJA(1), that as to the goods that have been exported to Australia from China (except by Baosteel Zhanjiang and Hunan Valin):

  a) the export price of the goods is less than the normal value of those goods; and

  b) countervailable subsidies have been received in respect of the goods; and

  c) because of the combined effect of the difference in paragraph (a) and of the subsidy referred to in paragraph (b), material injury to the Australian industry producing like goods has been caused;

- in accordance with subsection 269TJA(2):

  a) the export price of like goods that have already been exported to Australia from China (except by Baosteel Zhanjiang and Hunan Valin) is less than 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 in respect of the goods that have already been exported to Australia from China and may be received in respect of like goods that may be exported to Australia in the future; and

  c) because of the combined effect of the difference referred to in paragraph (a) and of the subsidy referred to in paragraph (b), material injury to the Australian industry producing like goods has been caused.

The Commissioner recommends the Minister **determine**:

- having had regard to subsections 269TAAC(2) and (3), and in accordance with subsections 269TAAC(4) and (5), that the subsidy programs listed at Table 21 in chapter 7.4 and assessed in Appendix D, are specific in that the subsidies in respect of the goods exported to Australia where the exporter has received a financial contribution by the government of the country of origin of the goods that involves

  - o a direct transfer of funds
  - o the forgoing, or non-collection, of revenue, due to that government body
  - o the provision of goods provided for less than adequate remuneration

  which has conferred a benefit in relation to the goods exported to Australia

- in accordance with subsection 269TAAD(4), and for the purpose of working out the cost of goods and determining whether the price paid for like goods sold in the country of export in sales that are arms length transactions are taken to have been in the ordinary course of trade, the amounts set out in Confidential Attachments 13, 21, 25, 29 and 37 to be the cost of production or manufacture of goods in the country of export and the administrative, selling and general costs associated with the sale of those goods.

- in accordance with subsection 269TAB(1)(c), having regard to all the circumstances of the exportation of the goods from the subject countries to Australia, where appropriate for Baoshan, Baosteel Zhanjiang and Hunan Valin that the export prices are as set out in Confidential Attachments 20, 34 and 36.

- in accordance with subsection 269TAB(3), having regard to all relevant information, that the export prices for exporters in the category of 'uncooperative and all other exporters' from China and Korea are as set out in Confidential Attachment 40.

- in accordance with subsection 269TAC(2)(c), that the normal value of the goods exported to Australia from China by Baoshan, Baosteel and Hunan Valin is the sum of:

  - the cost of production or manufacture of the goods in China as set out in Confidential Attachments 9, 4 and 13.

  - on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in China, the administrative, selling and general costs associated with the sale and the profit on that sale as set out in Confidential Attachments 9, 4 and 13,

  as adjusted in accordance with subsection 269TAC(9), as set out in Confidential Attachments 5, 10 and 14, to ensure that the normal value of the goods so ascertained is properly comparable to with the export price of the goods;

- in accordance with subsection 269TAC(6), having regard to all relevant information, that the normal values for exporters in the category of 'uncooperative and all other exporters' from China and Korea are as set out in Confidential Attachments 40 to 44.

- having applied subsection 269TACB(2)(a) and in accordance with sections 269TACB(1) and (4), that the goods exported to Australia from China and Korea (except for POSCO) are taken to have been dumped, and the dumping margins for all 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 Attachments 15, 23, 27,31 39 and 40.

- in accordance with subsection 269TACC(1), that, having regard to all relevant information and subsections 269TACC(2) and (3), the subsidy programs listed at Table 21 in chapter 7.4 and as set out in Confidential Attachments [x] and [x] involve a financial contribution that confers a benefit to Baoshan and non-cooperating entities;

- in accordance with subsection 269TACD(1), that the amount of countervailable subsidy received in respect of the goods exported to Australia by Baoshan and non-cooperative entities from China, expressed as a percentage of the ascertained export price, is;

    - 2.7 per cent in relation to Baoshan and;

    - 3.9 per cent in relation to non-cooperative entities from China.

- in accordance with subsection 8(5) of the Dumping Duty Act, that the interim dumping duty payable in respect of the goods exported to Australia from China and Korea is an amount which will be worked out in accordance with the combination of fixed and variable duty method pursuant to subsection 5(2) and 5(3) of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

- in accordance with subsection 10(3B) of the Dumping Duty Act, that the interim countervailing duty payable in respect of the goods exported to Australia from China by Baoshan and non-cooperative entities form China is to be ascertained a proportion of the export price pursuant to subsection 10(3B)(a).

14.3 Recommendations – exemptions

The Commissioner recommends the Minister **be satisfied that**:

- in accordance with sections 8(7) and 10(8) of the Dumping Duty Act and section 33(3) of the *Acts Interpretation Act 1901*, *Ministerial Exemption Instrument No.1 of 2015* should be revoked as the circumstances upon which this exemption was made no longer apply. *Ministerial Exemption Instrument No.2 of 2026* gives effect to the Minister’s revocation decision.

- the exemption goods detailed below be exempt from IDD and dumping duty and ICD and countervailing duty in accordance with section 8(7)(a) and section 10(8)(a) of the Dumping Duty Act, with effect on and from 24 June 2026. The following exemption instruments give effect to the Minister’s decision.

    <u>Ministerial Exemption Instrument No.3 of 2026</u>

    Exemption goods description

    Steel, hot rolled plates, either cast made or ingot made:

    - *of a thickness over 150 mm specifically conforming to AS/NZS 3678 – 2016 Grade 250.*

Ministerial Exemption Instrument No.4 of 2026

Exemption goods description

Steel, hot rolled plates, either cast made or ingot made:

- *of a thickness of more than 115 mm,*

Specifically conforming to the following standards and grade designations:

- *AS/NZS3678 – 2016 Grade 350, or*
- *EN10025-2:2019 Grade S355JR.*

Ministerial Exemption Instrument No.5 of 2026

Exemption goods description

Steel, hot rolled plates, either cast made or ingot made, impact tested:

- *AS/NZS3678 – 2016 Grade 350 or EN 10025-2:2019 S355 of a thickness of more than 100 mm*
- *AS/NZS3678 – 2016 Grade 250 or EN 10025-2:2019 S235 of a thickness of more than 150mm*

  Impact tested Australian standard AS/NZS 3678 plate temperature suffixes LO, L15, L20, L40.

  Impact tested European standard EN 10025-2:2019 plate temperature suffixes JR, JO, J2, K2.

15 APPENDICES AND ATTACHMENTS

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

Confidential Attachment 30	Chinese Import Data
Confidential Attachment 31	CTMS Comparison
Confidential Attachment 32	Benchmark Data
Confidential Attachment 33	Baoshan slab production cost adjustment
Confidential Attachment 34	Baosteel Zhanjiang slab production cost adjustment
Confidential Attachment 35	Hunan Valin slab production cost adjustment
Confidential Attachment 36	LTAR programs assessment
Confidential Attachment 37	Korean market assessment

APPENDIX A PARTICULAR MARKET SITUATION ASSESSMENT

A1 Findings

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

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

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

A2 Introduction

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

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

In this appendix:

- the GOC refers to all levels of government in China, unless otherwise specified
- SOE refers to a Chinese state-owned or state-invested enterprise.

A3 Australian legislation, policy, and practice

Australia treats China as a market economy for anti-dumping purposes. The commission has conducted this investigation in the same manner for China as it does for other market economy members of the WTO.

Irrespective of the country whose goods are the subject of the investigation, Australia's anti-dumping framework may result in the commission not using domestic selling prices as the basis for normal values where there is a particular market situation. This is only applicable if the particular market situation renders sales in the domestic market unsuitable for use.

In determining whether sales are unsuitable, the commission will have regard to whether, because of the particular market situation, domestic prices of the goods cannot be properly compared with export prices in determining the margin of dumping.

A3.1 Legislation

Section 269TAC(2)(a)(ii) implements, in part, Article 2.2 of the WTO *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade* 1994 (the Anti-Dumping Agreement). Article 2.2 of the Anti-Dumping Agreement provides:

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

Where a particular market situation is found to exist in the domestic market of the exporting country,[169] 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.[170] **APPENDIX B** sets out the commission's consideration of whether sales in the Chinese domestic market are suitable to permit a proper comparison to export prices.

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

A3.2 Policy and practice

The Act does not define or prescribe what is required to reach a finding of a particular market situation. A particular market situation may arise when there are factors affecting the relevant market in the country of export generally. The commission considers certain factors when assessing whether a particular market situation renders sales unsuitable for use in determining a normal value under section 269TAC(1). These factors include:

- whether government intervention in the industry and/or market of the exporting country results in prices that are lower or not substantially the same as they would otherwise be
- whether there are other conditions in the market that render sales in that market unsuitable for use in determining normal values under section 269TAC(1).

[169] Pursuant to section 269TAC(2)(a)(ii).

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

A4 Assessing the particular market situation in this investigation

A4.1 Questionnaire sent to the Government of China

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

A4.2 Evidence and information before the commission

The commission's assessment of a particular market situation in the domestic Chinese plate market concerns an assessment of whether the government involvement in the Chinese domestic market for plate steel has materially altered market conditions. If government influence has materially altered market conditions, then domestic prices may be lower or not substantially the same as they would be in a market free of, or not materially affected by, the government intervention.

Prices for plate steel may also be lower or not substantially the same as they would otherwise be due to the influence of the particular market situation on the costs of inputs. The commission has assessed the effect of any such influence on market conditions and the extent to which domestic prices prevail (or not) in a competitive market

, that is, a market unaffected by the particular market situation.

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

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

- other publicly available information, including credible industry publications, media reports and desktop research.[171]

The Manual provides further guidance on the circumstances in which the commission will find that a particular market situation exists.[172] In particular, with respect to prices of inputs in the manufacture of like goods, the Manual states:

> *Prices may also be artificially low or lower than they would otherwise be in a competitive market due to government influence and distortion of the costs of inputs. The mere existence of any government influence on the cost of inputs would not be enough to make sales unsuitable. The commission looks at the effect of this influence on market conditions and the extent to which domestic prices can no longer be said to prevail in a normal competitive market.*

Further, according to the Manual, '*market conditions will no longer be said to prevail when …government owned enterprises, together with any unprofitable sales by those same enterprises, has caused significant distortion to the prices received by private enterprises*.'

A5 Overview of the Chinese steel industry

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

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

The following has been adapted from REP 658 and *Statement of Essential Facts 690* (SEF 690).[173]

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.[174] This accounted for 53% of the world's crude steel production. China also remains the top exporter of steel, with 117 million tonnes exported in 2024 (26% of steel exports in 2024).

Currently, the Chinese steel industry is characterised by excess capacity, largely caused by high capacity and decreasing demand.

Historically, the Chinese steel industry has been heavily influenced by the GOC which has led to China's position as the largest steel producer in the world. This influence remains, with SOEs playing a significant role in the Chinese steel industry, as well as numerous GOC plans involving the steel industry.

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[171] 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.

[172] The Manual, p 29.

[173] See REP 658 Chapter A5, p.119 and SEF 690 Chapter A5, p. 107.

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

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

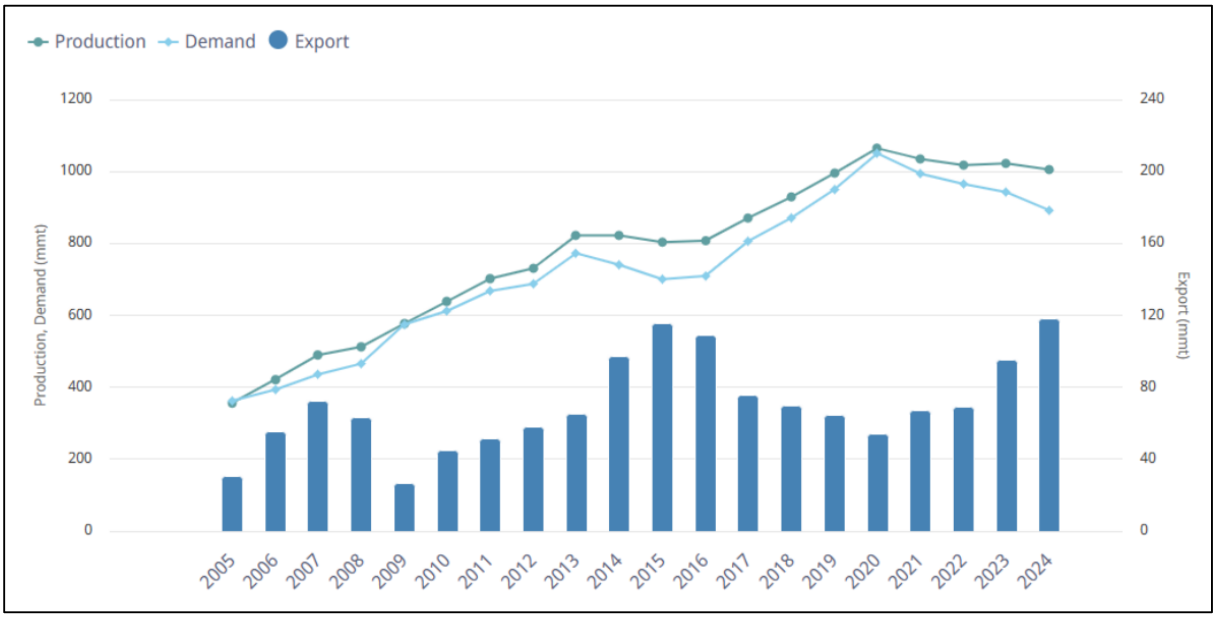

Figure 15 - China's steel production, demand and exports[175]

Chinese steel production has experienced a sustained period of growth followed by a slow contraction coinciding with a decrease in demand since 2019. However, exports have conversely increased since 2020. Figure 15 indicates that exports increase when production and demand diverge.

A6 GOC involvement and influence in the Chinese steel market

The commission's most recent published assessment of GOC involvement in the Chinese steel market was undertaken for Investigation 659, Investigation 690 and Investigation 658. These investigations concluded that the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel market and the market for hot rolled coil and freight railway wheels.[176]

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

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

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

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[175] OECD (2025), *OECD Steel Outlook 2025*, OECD Publishing, Paris, https://doi.org/10.1787/28b61a5e-en.
[176] See REP 658 Chapter A6, p.120 and SEF 690 Chapter A6, p. 108.

- 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 following discussion and analysis relied on for the above findings has been adapted from REP 658 and SEF 690.[177] The commission considers the results of the analysis in both investigations are relevant for the assessment of the Chinese market for plate steel.

A6.1 Excess capacity

The commission finds that the Chinese steel market continues to maintain excess capacity.[178] This excess capacity has caused distorted market conditions by creating an oversupply of steel resulting in reduced prices and profitability of steelmakers.

While China's National Bureau of Statistics reported that crude steel output fell 4.4% to 961 million tonnes in 2025, analysts estimate as much as 60 million tonnes of crude steel production may have gone unreported. These analysts have pointed to China's record 1.26 billion tonnes of iron ore imports in 2025 as evidence that underlying steelmaking activity remained stronger than official figures suggest.[179] This discrepancy indicates that official data may understate true production conditions that excess capacity and oversupply remain structural and persistent features of the Chinese steel sector.

The available information shows that the excess capacity in China is largely influenced by the GOC's involvement in the Chinese steel industry. OECD data shows Chinese excess capacity represented approximately 87.2% of global excess capacity.[180] Figure 16 shows the commission's calculation of excess steel capacity in China from 2020 to 2024, based on OECD data.

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[177] See REP 658 Chapter A6.1 to A6.7, pp.120-151 and SEF 690 Chapter A6.1 to A6.6, pp. 108-136.
[178] The Global Forum on Steel Excess Capacity (GFSEC) defines excess capacity as the 'gap between demand for steel and the capacity to produce steel.'
[179] Bloomberg, 'China's Lower Steel Data Scrutinized as Analysts Flag Output Gap', *Bloomberg*, 23 February 2026, accessed 12 May 2026.
[180] 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.

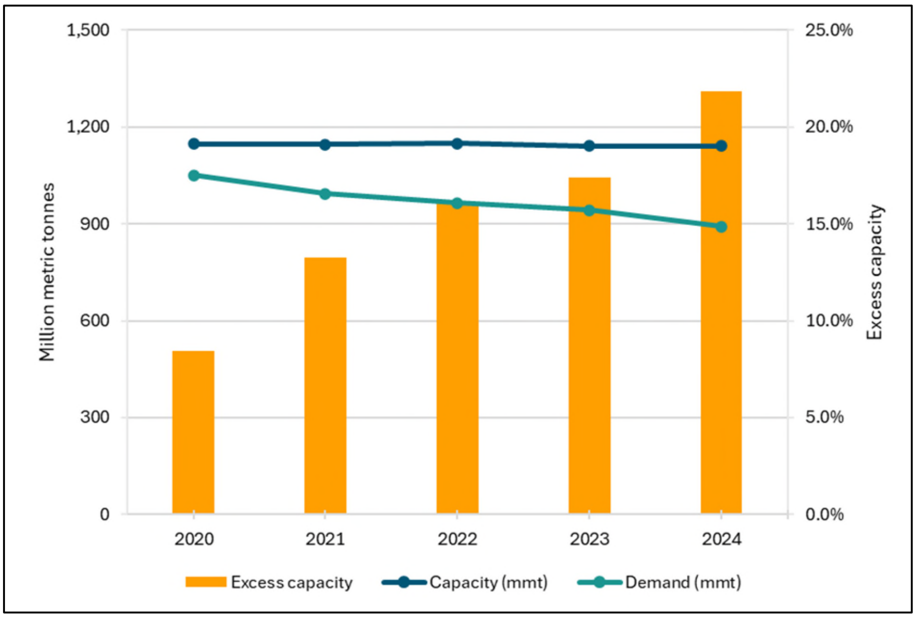

Figure 16 - Chinese steel excess capacity[181]

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

A.6.1.1 Distortive effects of excess capacity

The commission finds that excess capacity results in several distortive effects to the steel market in China. The GFSEC notes that where excess capacity exists, it results in a situation where *'steel is oversupplied and prices and profitability are lower than what normal market conditions would dictate'*. In other words, the excess capacity is market distorting.[182]

In Figure 17 below, the CREA estimates that profitability of the Chinese steel market has slumped since 2021. This change has occurred within the context that oversupply continues to be a feature of the Chinese steel market. The oversupply conditions emerging from a decrease in steel use with no corresponding change in crude steel production.[183]

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[181] See SEF 690 Confidential Attachment 16 – Chinese excess capacity.
[182] GFSEC, 'Steel exports, trade remedy actions and sources of excess capacity', *GFSEC*, 2024, p 6.
[183] The difference between crude steel production and apparent steel use.

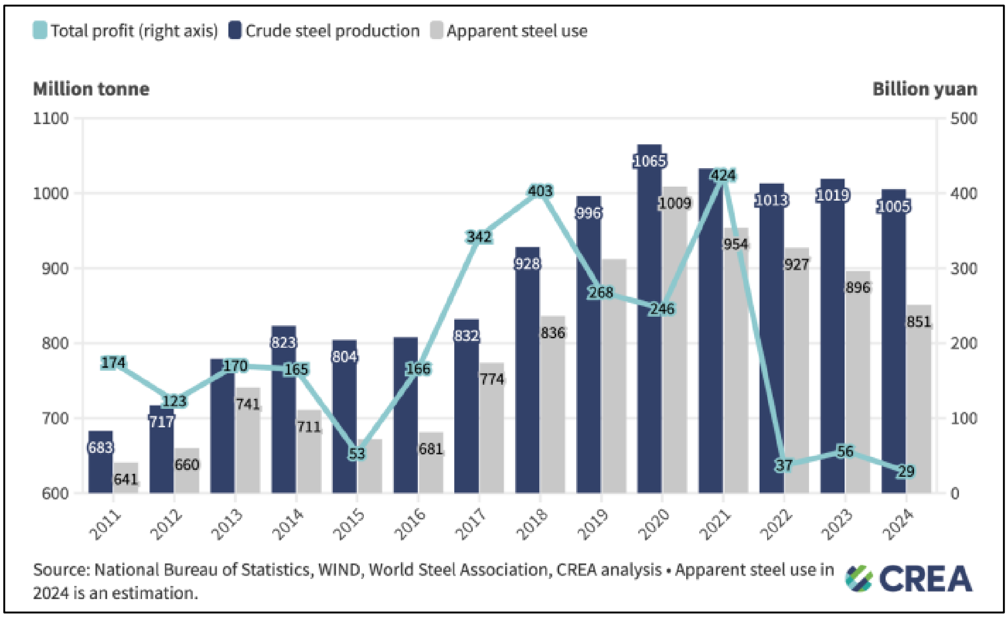

Figure 17 - China's crude steel production, apparent steel use and sector profits, 2011-2024[184]

The commission considers that excess capacity has contributed to steel oversupply in China, resulting in depressed prices. This oversupply and depressed pricing would not be as prevalent if excess capacity was not at existing levels.

A.6.1.2 Factors contributing to excess capacity

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

Factors contributing to capacity

The commission considers that the high proportion of blast furnace and basic oxygen furnace (BF-BOF) for steel production in China are a contributing factor to excess capacity. Blast furnaces need to operate continuously and have long operational lifespans, contributing to over-production and excess capacity.

BF-BOF accounts for approximately 90% of crude steel production in China.[185] The commission understands that this method of steel making requires these facilities to be operated continuously. This is highlighted by recent reporting from Shanghai Metal Market (SMM) that the blast furnace operating rate was 86%, with capacity utilisation of 88%.[186] Reductions in blast furnace operations were attributed to maintenance, which is one of only a few reasons why BF-BOF facilities are forced to go offline.

The high utilisation rates reported by SMM are likely to incentive the steel industry to continue producing in circumstances where it may not be financially or commercially

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[184] B Schäpe and X Shen, 'China - Steel industry decarbonisation biannual review - H2 2024', *CREA*, 2025.
[185] 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.
[186] Shanghai Metal Market (SMM), 'Increased Blast Furnace Maintenance, Hot Metal Output Growth Falls Short of Expectations', SMM, 17 September 2025, accessed 23 September 2025.

justified. The reduction in profits outlined in the CREA data at Figure 17 is perhaps illustrative of this circumstance. As examined later in this report, support provided by the GOC allows steel firms to continue operating on non-commercial terms (see appendices A6.2 and A6.3)

An additional factor relevant to the excess capacity of the Chinese steel making section concerns the lifespan of steel mills in China. Data from the Global Energy Monitor indicates that the average age of blast furnaces in China is about 12 years.[187] Coupled with operating lifespans of over 40 years. This information suggests it is unlikely that China's steel making capacity in relation to blast furnace technology will reduce in the near future.[188]

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

The OECD finds:[189]

> *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:[190]

> *The review process of the GFSEC clearly indicated that China's excess capacity was grounded in market-distorting government interventions and other non-market factors.*

The commission has further examined the GOC influence on the Chinese steel market with respect to planning and ownership arrangements at appendices A6.2 and A6.3.

Decreasing domestic demand for steel

Research shows that demand for steel in China's building and construction industry has decreased since its peak in 2020.[191] Although demand has shifted to other sectors, the downturn in the building and construction industries has resulted in a net decrease in steel demand since 2020 (Figure 15). Over the same period, China's steel capacity has remained consistent (Figure 16).

The OECD forecasts that steel demand in China will fall by -0.6% on average per year from 2025 to 2030.[192] Any decrease in demand without a matching decrease in capacity indicates that excess capacity is likely to continue.

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

[188] GEM reports that the average age of blast furnaces outside of China is 42 years.

[189] OECD Steel Outlook 2025.

[190] GFSEC, 'Steel exports, trade remedy actions and sources of excess capacity', GFSEC, 2024, p 6.

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

[192] OECD Steel Outlook 2025, Table 4.3.

A.6.1.3 GOC measures aimed at reducing excess capacity

The commission recognises that the GOC has made commitments to reduce excess capacity. However, while there have been numerous initiatives to address excess capacity, it remains an ongoing issue which results in distortive effects on the Chinese steel market.

One of the major initiatives for reducing capacity is through the transition from BF-BOF steel production to the use of electric arc furnaces (EAF). This transition also achieves the GOC's goal of reducing carbon emissions associated with steel making. However, the effectiveness of the transition appears to have been limited.

CREA reporting states that EAF steelmaking has remained at 10%, below the 2025 goal of 15%.[193] The reasons behind the stagnation in EAF share includes low recycling rates and lack of economic incentives. In contrast, data from the CREA shows that from 2017 to 2023, blast furnaces accounted for 99% of new ironmaking capacity and BOF accounted for 70% of new steelmaking capacity.[194]

The replacement of BF-BOF with EAF also appears to have been hindered by limitations in steel scrap supply, and the generally higher prices for steel produced by way of EAF technology, limiting its competitiveness compared to BF-BOF.[195] This is also affected by the real estate downturn in China, a major sector of demand for steel produced with EAF technology. If China is to meet its planned goals for EAF transition, the commission considers that further investment and other policy support will be required. This would increase the risk of market distorting effects due to increased GOC involvement in the Chinese steel industry.

In response to the slow transition in steelmaking capacity, the GOC suspended approvals for steel capacity replacement in August 2024 in order to revise its plans.[196] This move was made to address issues with the implementation and changing requirements of the steel industry in relation to steel capacity replacement.[197] 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'.[198]

In addition to the limited effectiveness of China's transition in steel capacity, these measures can also have the opposite effect. A report by Wiley Law identified instances that resulted in an increase in capacity through investment in EAF facilities.[199]

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193 X Shen and B Schäpe, Urge for reform: blast furnace glut in China erodes profitability and hinders green steel transition, CREA website, 2025.
194 China's steel sector invests USD 100 billion in coal-based steel plants, despite low profitability, overcapacity and carbon commitments, Table 1.
195 CREA, China – Steel industry biannual review – H2 2024, p 9.
196 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.
197 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.
198 J Zhang, 'China's latest steel capacity swap move not enough to curb industry expansion', accessed 3 October 2025.
199 A Price, R DeFrancesco, III and A Teslik, 'Shell Game: Case Studies in Chinese Steel Subsidies', Wiley Rein LLP, 2024, accessed 26 June 2025, 'Scrap support' pp 26-27.

The commission also observed that the absence of specific targets in the GOC's plans for reducing capacity may hinder their effectiveness. Outside of a general target for yearly growth (4%), there are limited or no targets for how the reduction in capacity will be achieved – for example, the most recent *Work Plan for Stabilising Growth in the Steel Industry* only states that the GOC will implement precise control of production capacity and output and increase capacity reduction and replacement efforts.[200]

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

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

The planning system in China appears complex and involves many levels of government, each with their own planning documents. The various plans cover almost all areas of the Chinese economy, and many have a direct or indirect effect on the Chinese steel market.

Through the creation of the Five-Year Plans to the subsequent guiding opinions and supporting plans, the GOC exercises direct control of areas of the Chinese economy, including the steel market. The GOC's plans therefore seem to represent more than a high-level guide for the direction of the relevant sectors.

The commission notes there is difficulty in sourcing the exact planning documentation due to the fragmented nature of the planning system in China and unavailability of certain websites outside of China. As plans are managed by various authorities, publication of planning documents may be limited to summaries, or not available at all on the relevant authority's website. The commission has used the available information directly from the relevant authority's websites to summarise such plans.

The authorities which manage and implement the various plans, include, but are not limited to:

- The State Council of the People's Republic of China (State Council)
- National Development and Reform Commission (NDRC)
- State-owned Assets Supervision and Administration Commission of the State Council (SASAC of the state council)
- Ministry of Industry and Information Technology (MIIT)
- Ministry of Ecology and Environment (MOEE)
- Ministry of Natural Resources
- Ministry of Commerce
- State Administration for Market Regulation
- National Energy Administration
- other provincial or local government bodies.

A.6.2.1 Distortive effects of the GOC planning system

Through its various plans, the GOC can influence specific and broader trends in the steel industry, particularly around capacity and production. The GOC can ensure that these plans are followed through enforcement mechanisms. Accordingly, the commission considers that the GOC's plans have caused distortive effects on the Chinese steel industry. This includes:

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[200] 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 GOC appears to enforce GOC plans include the presence and role of SOEs within the broader steel industry, the role of the NDRC, and explicit enforcement mechanisms.

The GOC, where it is also the majority owner of a company, such as those with SOE and SIE status, can exert its influence through the appointment of board directors and chief executives.[201] As discussed in appendix A6.3, companies with SOE and SIE status hold a significant share of total Chinese steel production and propensity to follow government guidance and directives ensures that the GOC can influence broader trends in steel industry's capacity and production. Similarly, the NDRC, through its dual role of developing planning guidelines and approving large-scale investment projects, has the capacity to ensure that the central government's objectives are implemented at the industry level.

Examples of enforcement mechanisms are reflected in the *Notice of the State Council on Further Strengthening the Elimination of Backward Production Capabilities and Guidelines*.[202] 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.[203]

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

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[201] 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.

[202] 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.

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

capacity or environmental stress (such as Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Fenwei Plain).[204] 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.[205]

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.[206] 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.[207] 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*.[208] 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

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[204] Cheng Yu, *'*China unveils draft rules to curb new steel capacity, tighten green standards*',* China Daily, 27 October 2025
[205] Ibid.
[206] *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.
[207] 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.'*
[208] *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.

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.

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

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

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

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

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

The 14th Five-Year Plan (FYP) for national economic and social development was released on 12 March 2021, in force until very recently. The GOC provided a copy of the 14th FYP as part of RGQ 658.[209]

This plan outlines the GOC's goals, principles and targets for infrastructure, the environment, financial services, health and social, and economic development for the 5 years to 2025. It has a strong emphasis on the modernisation and decarbonisation of the manufacturing industry through promoting green developments and a focus on capping energy utilisation. Notably, this plan includes mention of 'transforming and upgrading traditional industries', including the iron and steel industries.

The commission considers that the 14th FYP affects the Chinese steel market in several ways, including:

- a push to transition away from blast-furnace based steel production to EAF
- financial support for areas of focus, including in the manufacturing sector
- a focus on building supply chains which are not subject to outside interference
- continuing reform of the state-owned sector.

Various ongoing efforts in SOE reform

Since at least 1978, the GOC has pursued reform of the state-owned sector. These reforms have progressed in several stages, with the most recent stage beginning in 2012.[210] 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

[209] EPR 658, no 8.
[210] 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.

state council) in 2008.[211] 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 (Baowu Group), of which Masteel is a subsidiary.[212] 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.[213]

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*.[214] 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.[215] This resolution further reinforces the support to strengthen SOEs, stating reforms will help 'state capital and SOEs get stronger, do better, and grow bigger, with their core functions and core competitiveness enhanced.'

The commission considers that the strong focus on SOE reform in China supports that SOEs continue to be a key lever for the GOC to exert control over the Chinese economy, and by extension, the Chinese steel market.

The commission has further examined the effect of SOEs on the Chinese steel industry in appendix A6.3.

15th Five-Year Plan (2026-2030)

China's 15th FYP for national economic and social development was officially approved in March 2026 by the National People's Congress.[216] The plan builds upon the 14th FYP

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[211] State-owned Assets Supervision and Administration Commission of the State Council (SASAC), 'What We Do', SASAC website, 17 July 2018, accessed 12 December 2025.
[212] China Baowu Steel Group Corporation Limited (Baowu Group), Company Profile, Baowu Group website, n.d., accessed 6 October 2025.
[213] WorldSteel Association (WSA), 'World steel in Figures 2025', WSA website, n.d., accessed 20 June 2025.
[214] 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.
[215] 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.
[216] Global Times, 'Chinese lawmakers approve outline of 15th Five-Year Plan,' March 2026.

and continues to prioritise environmental sustainability, technological self-reliance, and high-quality development. The commission considers that the 15th FYP affects the Chinese steel market in several ways, including:

- Continued enforcement of crude steel output controls, with the NDRC reaffirming its mandate to regulate production levels and maintain output below peak levels[217]
- Strengthened restrictions on the addition of new steelmaking capacity, including a stricter capacity swap policy and a ban on capacity transfers in key regions[218]
- Promotion of green and low-carbon development, including the expansion of EAF steelmaking and hydrogen metallurgy[219]
- Enhanced environmental and carbon emissions regulations, including the implementation of dual control targets for total carbon emissions and intensity[220]
- Introduction of an export licensing system for steel-related products, enabling the GOC to manage export volumes and mitigate global trade tensions[221]
- Continued consolidation and strengthening of SOEs, with SASAC tasked with enhancing the competitiveness and strategic alignment of state-owned steel producers.[222]

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

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

A.6.2.3 Overview of GOC plans relevant to the Chinese steel market

The following is a summary of the key themes and objectives of major GOC planning guidance and directives that affect the Chinese steel market specifically. Many of these plans are focused on curbing excess capacity in the steel industry, as well as managing the transition towards a green economy.

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

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

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[217] Amy Lv & Ryan Woo, '[China pledges to control steel output during 2026–2030 period](),' Reuters, 26 Dec 2025.
[218] Cheng Yu, '[China unveils draft rules to curb new steel capacity, tighten green standards]()', China Daily, 27 October 2025
[219] Ibid.
[220] Ministry of Commerce & General Administration of Customs (PRC), *Announcement No. 79 [2025]* (issued 12 December 2025, effective 1 January 2026).
[221] Ibid.
[222] *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.

- 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 [223]
- 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 [224]
- 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. [225] 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 [226]
- 14th Five-Year Plan for the Development of Raw Materials Industries (2021-2025).[227]

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)

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[223] 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.
[224] 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.
[225] 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.
[226] 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.
[227] 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.

- 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.

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

- *Circular Economy Development Plan for the 14th Five-Year Plan (2021-2025)*[228]
- *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)*[229]

These plans and policy instruments echo many of the GOC's overarching goals for the steel industry. Common focus areas relevant to the steel industry include development of green steel production, promotion of the circular economy (minimising waste and maximising reuse, with an emphasis on steel scrap recycling), development of urban recycling systems, and the use of tax incentives and other financial support to encourage compliance and implementation.

The central role of the GOC in the Chinese steel industry is evident through all these planning documents and directives. By using its plans as blueprints for policy and enforcement, the GOC has materially influenced the historical and current conditions in the Chinese steel industry and its raw material markets.

A.6.2.4 Effects of the GOC's plans on the Chinese steel market

The commission considers that the GOC's plans have resulted in real effects on the Chinese steel market. This is most evident through the significant excess capacity within the Chinese steel industry. Excess capacity due to GOC's policies have resulted in the following ways:

- Restriction of free-market forces in industry development: The direction of the GOC's plans, and the extensive involvement of the state in the steel sector, have restricted the ability of free-market forces to shape the industry's development. The substantial level of GOC intervention – through planning targets, administrative guidance, and support measures – has led to a situation in which the Chinese steel industry is dominated by SOEs (see Table 27 below). SOEs are more likely to adhere to GOC plans and directives, and their dominance (due to their size and government backing) leaves little room for market-driven decisions by non-SOEs to influence outcomes independently of state influence

228 NDRC, 'Notice on Issuing the 14th Five-Year Plan for Circular Economy Development', NDRC website (Google translate), 7 July 2021, accessed 6 October 2025.
229 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 blast furnace-basic oxygen furnace (BF-BOF) capacity and replacing it with EAF capacity). However, the actual effect of these plans to date has fallen short of those aims. As evidenced by industry data (see Figure 16), there has been limited success in reducing total capacity. In practice, China's crude steel production has remained at very high levels. For instance, crude steel output in 2025 was slightly lower than its peak but still on the order of 1 billion tonnes (a volume consistent with persistent oversupply) and China's steel exports reached record highs in that year.[230] 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.[231]

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.[232] 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).[233] 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.[234] Without this assistance, many SOEs would experience substantially reduced performance or commercial viability.[235] 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).[236] 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.

[230] Reuters, 'China's crude steel output hits seven-year low in 2025 despite record exports,' Economic Times Manufacturing, 19 January 2026.
[231] Transition Asia, 'China's pause on steel policies marks an opportunity on low carbon production,' September 2024.
[232] J Ling, 'Pause on steel projects shows challenges of China's green transition', Dialogue Earth website, 12 November 2024, accessed 9 October 2025.
[233] China Daily, 'China unveils draft rules to curb new steel capacity, tighten green standards,' 27 October 2025.
[234] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 2.
[235] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.
[236] 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.[237] This consolidation has not reduced China's total steel capacity; instead, it has concentrated capacity under state-controlled firms. The strong focus on strengthening and expanding SOEs, as reaffirmed in recent policy statements and the 15th FYP, indicates that this pattern (state-led consolidation rather than widespread capacity liquidation) will continue.

In summary, the GOC's plans and the way they are enforced have materially influenced conditions in the Chinese steel market. These plans have encouraged high levels of production capacity (often more than what purely market-driven demand would dictate) by shielding the industry from some market pressures and by actively directing its development. The result has been a steel industry characterised by chronic excess capacity and state-supported supply, which in turn has influenced steel prices domestically and internationally. This is evident in the need for administrative measures to curb output and the continued presence of surplus production seeking outlets (such as export markets). The commission considers that the intersection of GOC policy aims and their implementation, including the paradox between capacity reduction goals and growth/support measures, has significantly contributed to the sustained excess capacity and associated market distortions in the Chinese steel industry.

A6.3 State ownership in the Chinese steel industry

The commission considers that SOEs make up a significant part of the Chinese steel industry. The commission identified that, for the largest 10 Chinese steel firms by production volume, 70% of production output in 2024 originated from SOE entities. Crude steel production by these entities alone accounted for 30% of total crude steel production in China in 2024.

[237] 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 27 outlines the 10 largest steel producing companies in China as well as whether they are state-owned.

Company or group	State-owned	Crude steel production (MMT)
China Baowu Group	Yes	130.09
Ansteel Group	Yes	59.55
HBIS Group	Yes	42.28
Shagang Group	No	40.22
Jianlong Group	No	39.37
Shougang Group	Yes	31.57
Delong Steel	No	29.33
Hunan Steel Group	Yes	24.90
Jingye Group	No	22.72
Shandong Steel Group	Yes	19.45
Total SOEs in Chinese top 10		**307.84**
Total Chinese top 10		**439.48**
Total China		**1,005.10**

Table 27: Largest 10 Chinese steel firms by production in 2024[238]

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.[239]

The OECD has also found that '*despite benefitting from these advantages, data indicate that SEs [state enterprises] tend to underperform financially, as assessed by their returns on assets and equity, which often decline with the proportion of company shares held by state entities.*'

A.6.3.1 Distortive effects of state ownership

In addition to the effects of the various GOC policies described in section A6.2, the commission considers that SOEs can distort conditions in the Chinese steel market in the following ways:

- GOC support allows SOEs to develop production capacity
- SOEs can operate on non-commercial terms for extended periods, contributing to excess capacity
- SOEs are insulated from free-market price and profit signals

[238] 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.
[239] 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.

A.6.3.2 Support provided to SOEs

The commission has previously found that the support provided to SOEs by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese steel market.[240]

The commission considers that this support is both financial and in other forms.

Financial support

A large degree of the support provided to SOEs is in the form of financial support.

The various ways the GOC financially supports SOEs acts to 'reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations'.[241]

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.[242] 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.[243]

The OECD had found that SOEs in China are larger recipients of subsidies than other China-based firms.[244] These subsidies were broadly categorised into grants, income-tax concessions, and below-market borrowings.

The cooperating exporters in this investigation are either SOE or SIE. As outlined in chapter 7, the commission has found all cooperating exporters 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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[240] 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*).
[241] DIIS, Commissioner's steel report, p 59.
[242] Liu and Song, 'Issues and prospects for the restructuring of China's steel industry', p 348.
[243] Fitch Ratings, Rating report - China Baowu Steel Group Corporation, Fitch Ratings website, 24 February 2025, accessed 25 September 2025.
[244] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, Figure 5.

In relation to loans, the OECD has found that SOEs have better access to borrowing relative to private firms.[245] 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.[246] The lack of enforcement of bankruptcy law is also an indirect form of financial support. The EC found that many instances of defaults or near-defaults of SOEs have been handled in ways which result in restructuring or eventual recover, resulting in a maintenance of capacity.[247] 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.[248]

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.[249] This is contrasted to 3 prohibited mergers and 59 approved subject to remedies involving private enterprises.[250] 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'.[251]

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.[252] This had the effect of 'bailing out' the struggling firm though acquiring it, characterised by frequent use of revised loan terms and debt/equity exchanges.

Outcomes of support

The commission considers that the support provided to SOEs in the Chinese steel industry has, and continues to, contribute to excess capacity. GOC support allows SOEs to operate in non-commercial ways, which results in SOEs continuing when they may otherwise have been shuttered in a more competitive market. This results in the non-commercial capacity remaining, despite the GOC's plans to reduce capacity.

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[245] OECD Economic Surveys: China 2022, p 78.

[246] 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).

[247] EC Report 2024, p 178.

[248] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, p15, p 78, and Figure 3.

[249] 'Central SOE' refers to enterprises in China that are owned and administered by the SASAC at the national level.

[250] OECD (2024), Quantifying the role of state enterprises in industrial subsidies, pp 18-19.

[251] EC Report 2024, p 400.

[252] 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[253]
- SOEs are less profitable per capacity than private enterprises and have higher levels of debt.[254]

A.6.3.3 Role of the GOC in private firms

The commission found in Continuation Inquiry 632 that, while not expressly compulsory under law, private firms engage with the policies and objectives of the GOC by aligning their commercial interests with industry directives. Private firms also appointed party members on supervisory boards where relevant. An example of a private firm engaging in GOC policies is from Shagang Group, stating 'In the future, Shagang Group will conscientiously implement the State policy concerning the steel industry development.'[255]

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.[256] The 3 main forms of subsidisation are below-market borrowings, income-tax concessions, and grants.

The commission has found that all cooperating exporters from China received subsidies in the form of grants, tax concessions, preferential loans and goods provided at less than adequate remuneration. Chapter 7 discusses these in detail.

A.6.4.1 Distortive effects of subsidies

The primary effect of subsidisation of the Chinese steel industry is the continuation of excess capacity. Subsidisation allows for steelmakers to invest in capacity or to remain operational even under non-commercial terms. The OECD found that subsidisation may generate a misleading view of firm performance, for example, it can lead to profit levels which would not occur without subsidisation.[257]

A.6.4.2 Subsidies received by exporters

As outlined in chapter 7, the commission has found that Chinese exporters received subsidies at margins ranging from 0.9% to 3.9%. Countervailable subsidy programs included grants, tax concessions and loans with preferential rates of interest. The

[253] Quantifying the Role of State Enterprises in Industrial Subsidies, Figure 8.
[254] Quantifying the Role of State Enterprises in Industrial Subsidies, Figures 6 and 7.
[255] Shagang Group, Group Brief Introduction, Shagang Group website, n.d., accessed 26 June 2025.
[256] OECD, Steel Outlook 2025, Figure 3.4.
[257] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 8.

commission's assessment of subsidies for the purposes of assessing whether a particular market situation exists is not limited to the specific countervailable subsidies received by exporters.

Subsidisation within the Chinese steel market is not limited to producers of plate steel. The commission considers that subsidisation extends to other companies within the Chinese steel market, including companies who sell raw materials and utilities to manufacturers. Accordingly, the effects of subsidisation on the Chinese steel market are broader than the exporter-specific subsidisation that may be the subject of countervailing duties.

Below-market finance

According to OECD research, below-market borrowings are the largest form of subsidisation as a percentage of revenue in China.[258]

Below-market finance can take the form of either below-market borrowings where a government provides support through debt financing, or below-market equity where a government provides equity finance on terms that are inconsistent with market principles.

Below-market borrowing enables companies to obtain debt financing on terms that are more favourable than available on the market – for example, preferential interest rates or government loan guarantees.

Below-market equity returns is the provision of equity on non-market terms – for example, government equity infusions or below-market equity returns.[259] 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.[260] OECD has found examples of financing on non-market terms have been provided to firms that have high debt-to-asset ratios.[261] This has the effect of 'propping up' firms that may otherwise be underperforming, leading to those firms' capacities remaining when they may otherwise have been reduced. Due to the pervasiveness of below-market borrowings throughout China, this has the observable effect of perpetuating the issue of excess capacity.

In relation to the Chinese steel industry, below-market borrowings is the more relevant factor, as steelmakers typically rely more on debt finance as opposed to equity finance. However, the OECD has found that steel firms had benefited from below-market equity.[262]

Grants

As grants are often specific in their focus, the overall effects on firms can be limited.[263] However, the commission considers that grants are a clear indicator of the GOC's

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[258] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 5.
[259] OECD, Measuring distortions in international markets: below market finance, p 5.
[260] OECD, Measuring distortions in international markets: below market finance, Figure 21.
[261] OECD, Measuring distortions in international markets: below market finance, p 36.
[262] OECD, Measuring distortions in international markets: below market finance, Figure 17.
[263] OECD, The market implications of industrial subsidies, para 54.

incentives to implement the GOC's plans, for example, grants may be provided to reduce emissions.

Income-tax concessions

The OECD found that income-tax concessions appear to benefit SOEs and private firms equally.[264] Income-tax concessions are also the lowest form of subsidisation as a percentage of revenue in China, compared to below-market finance and grants.[265] Further, tax concessions are limited in respect of the Chinese steel industry due to the nature of the steel industry. The steel industry is a heavy industry, characterised by being energy intensive and reliant upon debt financing which generally leads to receiving high amounts of below-market borrowings.[266]

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.[267]

A6.5 GOC involvement in raw material markets

Based on the information provided by the cooperating exporters, the commission considers that the main raw material involved in the production of plate steel is steel slab. Steel slab is the semi-finished material that is consumed in the production of steel plate. Steel slab can be produced as part of a fully integrated production process or purchased. The following key raw materials are used in the production of steel slab.

- iron ore
- coal (thermal and coking)
- steel scrap
- electricity.[268]

The GOC's involvement in the markets for the raw materials used in steel production primarily has the effect of distorting prices for those raw materials. This has the cumulative effect of reducing input costs, thereby reducing the cost of steel production. The commission considers that the resulting raw material prices are below what would have prevailed under normal competitive market conditions.

This is supported by findings by the EC, which considers that 'overall, consistent government intervention in the steelmaking raw materials market exists for the benefit of the steel industry and it has market-distortive effects.'[269] 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.'[270] The commission's analysis supports this conclusion.

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[264] OECD, Quantifying the role of state enterprises in industrial subsidies, p 6.
[265] OECD, Quantifying the role of state enterprises in industrial subsidies, Figure 5.
[266] OECD, How governments back the largest manufacturing firms, p 12 and Figure 1.
[267] EPR 322, no 55, Anti-Dumping Commission Report 322, Table 1.
[268] These are the primary raw materials used in BF-BOF steel production. EAF steel production does not use iron ore or coal.
[269] EC Report 2024, p 408.
[270] EC Report 2024, p 407.

A.6.5.1 Iron ore

The commission considers that the GOC's influence over the domestic iron ore market was limited in the period **preceding** the investigation period. Historically, iron ore pricing into China was largely determined through direct commercial negotiations between global mining companies and domestic steel producers. Under this market structure, steel producers were exposed to fluctuations in iron ore spot prices, particularly during periods of increased steel demand.

More recent developments, however, indicate a shift in procurement arrangements affecting iron ore supply into China. The commission considers that the GOC has taken steps to increase its involvement in iron ore procurement through the establishment of state-directed coordination mechanisms.

The most notable of these is the establishment of China Mineral Resources Group Limited (CMRG) in 2022. CMRG is a SOE described as being 'dedicated to delivering secure, sustainable raw material supply services and tailored solutions for industries like steel.'[271]

The commission considers that CMRG was established, in part, to address China's strategic vulnerability in iron ore sourcing, particularly its reliance on imports from global mining companies and traders. In this context, the establishment of CMRG reflects the GOC's intention to exercise greater influence over iron ore procurement through a more centralised coordination framework.[272]

CMRG's influence in the Chinese iron ore market was not immediate.[273] 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.[274]

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.[275] The commission considers that this reporting is consistent with the broader pattern of centralised procurement and coordination, rather than isolated or ad hoc commercial conduct.

Bloomberg has also reported that CMRG has a greater tolerance for losses due to its state ownership and that, as its presence has expanded, established private trading houses have retreated from the market.[276] Bloomberg further reported in June 2025 that

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[271] China Minerals, www.cmr-co.com, China Minerals website (Google translate), n.d., accessed 15 October 2025.
[272] Baidu, China Mineral Resources Group Co., Ltd, Baidu website (Google translate), n.d., accessed 30 July 2025.
[273] T Parker, 'China iron ore buyer yet to deliver lower prices', *Australian Resources & Investment*, 29 May 2023, accessed 30 July 2025.
[274] 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.
[275] See, for example, East Asia Forum, *China moves to regain iron ore market power*, 12 December 2025.
[276] Bloomberg (via Mining.com), 'Xi's giant iron ore trader is shaking up a $130 billion market,' 19 June 2025.

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.[277] That reporting also noted that CMRG has engaged in spot market transactions involving iron ore sourced from Brazilian miner Vale. More recently, CMRG has reportedly suspended shipments of iron ore from BHP in the context of stalled negotiations relating to currency arrangements and long-term supply contracts.[278][279]

The commission notes that the relevance of these matters lies in their contribution to the broader market structure affecting steel input procurement, rather than in any individual commercial transaction or negotiated outcome.

Taken together, these matters reinforce the commission's view that iron ore procurement in China is shaped by state direction and centralised purchasing mechanisms that can influence raw material cost formation and contributed to conditions that depart from normal market operation.[280]

A.6.5.2 Coal

The commission considers that the price of coal within China is influenced by the GOC. This influence has resulted in a situation of oversupply of coal within China leading to decreased pricing.[281]

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'.[282] The GOC exercises control over the Chinese coal industry in the following ways:

- Requirements for export licencing for coke and coking coal.
- Limits on the production volume of coal.
- Various forms of subsidisation.
- Significant presence of SOEs.

The commission considers that export licence requirements for coke and coking coal have the effect of limiting exports of those products. By limiting the export of coal, the GOC can ensure that more is available for domestic use, decreasing domestic prices.

The GOC has taken steps to try to reduce the oversupply of coal in the Chinese market, including production caps and closing of mines. Despite these efforts, there have been times where the GOC has reversed its policy and instead moved to increase production.

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[277] K Gemmell, A Cang, 'China's giant iron ore trader expands clout selling Vale cargoes', *MINING.COM,* 5 September 2025, accessed 15 October 2025.
[278] J Pao, 'China's cargo ban gives new meaning to BHP's 'Broken Hill' origin', *Asia Times,* 1 October 2025, accessed 15 October 2025.
[279] This reporting is cited for context only and is not determinative of the commission's findings.
[280] 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.
[281] H Yermolenko, 'Coking coal prices in China fall amid oversupply', *GMK Centre,* 29 May 2025, accessed 16 June 2025.
[282] EC Report 2024, p 210.

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.[283] There are also reports that mines have been exceeding production caps, with the National Energy Administration carrying out inspections to address overmining.[284]

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.[285] 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%.[286]

The EC found that SOEs represent 88% of assets in the mining and washing of coal industry.[287] As detailed in appendix A6.3, SOEs receive more support from the GOC, and are more likely to implement the GOC's plans and targets. The commission considers this has the effect of perpetuating the situation of overcapacity.

A.6.5.3 Steel scrap

The commission considers that the domestic steel scrap market has been distorted by the influence of the GOC. The commission has found that the GOC has distorted the steel scrap market in China in the following ways:

- Plans and directives from the GOC to encourage steel scrap utilisation.
- Duties on the export of steel scrap.
- Control over which entities can process steel scrap.
- Participation of SOEs in the steel scrap industry.

Many of the plans and directives discussed in appendix A6.2 serve to increase and improve steel scrap resource utilisation. As discussed in that section, as part of the move to green steel, the GOC aims to replace BF-BOF steel production with EAF. As EAF production requires steel scrap as the main raw material, this necessitates high scrap utilisation.

As part of its efforts to support the amounts of scrap steel required, the GOC has implemented a 40% export duty on scrap steel.[288] The high level of duty serves to discourage exports of steel scrap and instead serve to increase domestic supply. The GOC has also set targets for the amount of scrap steel utilised.[289]

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[283] EC Report 2024, p 290.
[284] 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.
[285] EC Report 2024, p 293.
[286] S McFarlane, 'Explainer: Global fossil fuel subsidies on the rise despite calls for phase-out', *Reuters,* 23 November 2023, accessed 10 November 2025.
[287] EC Report 2024, p 354.
[288] 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.
[289] 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.[290] 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.[291] Baowu Group holds a 20% share in the group, with other SOEs holding the remaining shares. Although the group has only been recently established, the commission considers that this demonstrates the GOC's ability to influence the steel scrap market in China through centralising control.

A.6.5.4 Electricity

The commission considers that the Chinese electricity market was distorted during the investigation period.

The electricity market in China is characterised by strong involvement of SOEs in various stages of the supply chain.[292]

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.[293] 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.[294]

A6.6 Export control measures

The GOC has a number of ways that it exerts control over exports, including duties or refunds for exporting products. The commission considers that the GOC's export control measures have the dual effect of:

- limiting the export of raw materials, thus increasing domestic supply
- reducing incentives to export finished steel products, also increasing domestic supply.

The result of increased domestic supply is that prices for raw materials are decreased, and the prices of finished steel products are also decreased.

[290] A Shi, 'China's MIIT announces 13th bath of qualified ferrous scrap suppliers', *MySteel,* 5 November 2025, accessed 10 November 2025.
[291] 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.
[292] EC Report 2024, p 265.
[293] Ibid.
[294] M Walker, 'Electricity Transmission and Distribution in China – Market Research Report (2015-2030)', *IBISWorld,* July 2025, accessed 3 November 2025.

Restrictions on raw material exports

The GOC maintains export duties on a number of raw materials used in steel production, including pig iron (20%) and steel scrap (40%).[295] The commission considers that the high level of these export duties serves to discourage export of these raw materials. In turn, this increases the supply of raw materials domestically, which can reduce prices. This has the overall effect of reducing production costs for steel within China.

The commission also considers that this is an example of how the GOC promotes compliance with its plans – for example, by discouraging exports of steel scrap and therefore promoting use within China, the GOC incentivises compliance with its plans to promote green steel, as described in section A6.2.

Removal of VAT refunds for exported finished steel products

In 2025, the GOC announced it would be tightening the rules around steel exports with an aim of strengthening export management and tax compliance.[296] Key to the new regulations is the requirement for a tax registration check on customs declarations for exports and imposing the same VAT and consumption tax as if goods were sold domestically.

This update was stated to assist with combatting tax evasion and prevent Chinese exporters from exporting steel at low prices. However, the commission considers that by discouraging steel exports, domestic prices within China will decrease due to the increased supply.

A7 Conclusion

The Commissioner has found in the preceding section that the GOC exerts significant influence over the Chinese steel market. Steel mills in China, regardless of whether they are SOEs or privately owned, are subject to the directives, plans and guidelines of the GOC central government. For SOEs, the commission considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

The commission considers that many of the distortions discussed above also directly influence plate steel producers as members of the Chinese steel market.

Having considered all the information before it, the Commissioner finds that a particular market situation existed in respect of the domestic market for plate steel in China for the investigation period.

The commission recognises the impact of these GOC influences on supply are extensive, complex, and multifarious, and their impact on the price of plate steel is difficult to quantify. However, based on the commission's extensive analysis of the available information before it, the commission is satisfied that the GOC's influence on the market for like goods in this investigation is not insignificant.

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[295] MOFC, *Announcement of the State Council Tariff Commission on the Tariff Adjustment Plan for 2025*, Attachment 3: Export Tariff Rate Table.
[296] A Pan, 'China tightens tax regulations on steel exports', *MySteel,* 1 April 2025, accessed 23 June 2025.

Whether the particular market situation in respect of the domestic market for plate steel in China has resulted in Chinese domestic sales being not suitable for determining normal value under section 269TAC(1) is discussed in APPENDIX B**.**

APPENDIX B PROPER COMPARISON ASSESSMENT

B1 Findings

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

B2 Introduction

For section 269TAC(2)(a)(ii) to apply, the Commissioner must be satisfied that:

1. there is a particular market situation in the country of export, and
2. because of that situation domestic sales of like goods in that market are not suitable for use in determining a price under section 269TAC(1).

The Commissioner has found at APPENDIX A that a particular market situation exists in respect of the domestic market for plate steel in China for the investigation period. In this appendix the commission has examined whether domestic sales of like goods in China are suitable for determining the normal value of cooperating Chinese exporter under section 269TAC(1).

B3 Proper comparison of domestic and export price

The commission's assessment of whether sales are 'suitable' for the purposes of section 269TAC(1) considers the relative effect of the particular market situation on both the domestic sales and export sales. If domestic sales and export sales are not equally affected by the particular market situation, such a finding may render domestic sales not suitable for the purposes of section 269TAC(1).

The relative effect of the particular market situation on domestic and export prices requires an assessment of the relationship between price and cost of plate steel sold in the respective domestic and export markets. In relation to the domestic sales price, the relevant market is the domestic market of the exporting country (for this investigation, China). For the export price, the relevant market is that in the country into which the goods are being sold (Australia). In assessing the comparability of sales in each market, it is important to note that those sales are defined by the prevailing conditions of competition in each market. It is also important that the relevant factual circumstance of each price is considered within the proper context of the relevant market.

B4 Prevailing conditions of competition are different

The commission considers that the prevailing conditions of competition are different between Australia and China. These differences mean that, while the particular identified market situation affects both domestic and export prices for plate steel, the way in which that market situation operates, and its effects on prices, differs between each market.

In making this finding, the commission has considered a range of information in assessing the prevailing conditions of competition in China and Australia. Sources of information include:

- information provided by the Australian industry

- information provided by cooperating exporters from China
- relevant findings from previous steel cases conducted by the commission
- other publicly available sources referenced throughout this section.

In making the findings in this section, the Commissioner has had regard to the structure of each market, prevailing market conditions, access to raw materials, the level of import penetration, and the nature of any competitive advantage arising from the particular market situation.

B4.1 Market structure

The commission considers that the Australian and Chinese markets for plate steel share some broad structural similarities, in that plate steel is sold to comparable categories of customers, including end users and distributors.

However, there are significant differences in market concentration, scale and competition. In Australia, there is a single domestic producer of plate steel (BlueScope), whereas in China there are several producers manufacturing the goods. Supply in China is also limited to the local or regional area of each producer, while BlueScope sells throughout Australia.

B.4.1.1 Australia

The Australian market is supplied by BlueScope and imports from a range of countries, including China. Plate steel is sold to several key market segments in Australia, including:

- residential construction
- non-residential construction
- engineering construction
- manufacturing industry (producing non-construction related products)

BlueScope is the sole producer of plate steel in Australia and sells to customers throughout Australia.

Plate steel in Australia is supplied through distributors and direct sales to large end users. Plate steel serves as a base material for various fabricated products.

B.4.1.2 China

The commission did not receive a response to the GOC questionnaire, including details of the Chinese plate steel market. In the alternative, reliance has been placed on the information provided in BlueScope’s application, cooperating exporter questionnaire responses, publicly available information and relevant information examined by Investigation 658 into HRC from China.

The cooperating exporters noted in their respective questionnaire responses that the Chinese plate steel market included manufacturers, trading companies, distributors and end users.[297]

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[297] Refer to J-1 EPR 688, document numbers 10, 11 and 12.

In relation to identifying domestic suppliers of plate steel in China, Baoshan and Baosteel Zhanjiang claimed that there are *'too many market participants to list'*, where Hunan Valin claimed *'it had no awareness'* and each participant has a different degree of relevance in their local or regional market'.[298]

The commission's analysis of entities that may produce plate steel in China is also informed by those entities responsible for exports to Australia. This is limited to those exporters that have cooperated with the investigation, the available information contained questionnaire responses provided by importers and exporters and the ABF import database. This kind of information was sought in questionnaire sent to the GOC however it did not respond.

On the available information, known producers of plate steel from China include exporters cooperating with the investigation, e.g. Baoshan, Baosteel Zhanjiang and Hunan Valin.

Price tracking website, MySteel, listed at least 20 domestic producers of plate steel in its June 2026 update for major city locations. [299]

The commission considers that the Chinese plate steel market is characterised by a large volume of producers with a local-area focus.

B4.2 Raw materials

The commission considers that there are differences between the Australian and Chinese plate steel markets in respect of the raw materials used and the prices for those materials. These differences affect the nature of competition in each market.

The commission considers that Chinese exporters of the goods to Australia can take advantage of lower raw material costs to compete with both the Australian industry and exporters from other countries which do not benefit from lower priced raw materials. This benefit does not extend to the domestic Chinese market, where producers benefit relatively equally from the distorted raw material prices.

B.4.2.1 Australia

BlueScope produces plate steel from steel slabs produced using the BF-BOF process. The major raw materials used in BF-BOF steel production are iron ore, coal, and steel scrap. BlueScope sources these raw materials from unrelated suppliers. The commission verified BlueScope's cost of production and was satisfied that the recorded costs were complete, relevant, and accurate.[300]

Information regarding the raw materials used in the production of plate steel in other countries that export the goods to Australia concerns records provided by POSCO from Korea and the information received in other cases involving plate steel.[301]

Cooperating exporters from China (Baoshan, Baosteel Zhanjiang and Hunan Valin) were also examined by Investigation 658 in relation to HRC. The underlying feed stock for HRC

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[298] Refer to J-1 EPR 688, document numbers 10, 11 and 12.
[299] MySteel, 'Plate prices: China's major cities', *MySteel website*, 11 June 2026, accessed 11 June 2026.
[300] EPR 688, document number 14, chapter 6.
[301] Investigation 198 (China, Indonesia, Japan, Korea and Taiwan) and Investigation 284 (Korea, Taiwan).

produced by these exporters was steel slab. Investigation 658 concluded there was a particular market situation in relation to the Chinese domestic market for HRC.

The commission notes that Investigation 198 concerning exports of plate steel from China also concluded there was a particular market situation.[302] Those findings were made in a period before the investigation period.

B.4.2.2 China

The majority of steel production in China is from BF-BOF. The major raw materials used in BF-BOF steel production are iron ore, coal, and steel scrap.

As discussed in chapter A6.5 to Appendix A, the Commissioner has found that the GOC has influenced the prices of these raw materials, which has in turn influenced the cost of production and the selling price for plate steel. The commission considers that the resulting raw material prices are lower than they would otherwise be under normal competitive market conditions.

While the distorted prices of raw materials may affect domestic Chinese plate steel producers relatively equally (notwithstanding other benefits such as state-ownership), the Commissioner considers these prices have an uneven effect on the price of plate steel exported to Australia. Chinese exporters of the goods to Australia can take advantage of lower raw material costs to compete with the Australian industry and exporters from other countries which do not benefit from lower priced raw materials.

B4.3 Import penetration

The degree of import penetration can affect how prices are set in the domestic market. A high level of import penetration may indicate that prices are influenced by reference to import prices. Alternatively, a low level of import penetration indicates that domestic prices are predominantly influenced by domestic sales.

The Commissioner is satisfied that import penetration in the Chinese plate steel market is low compared to the Australian steel market. Accordingly, the Commissioner is satisfied that the conditions of competition in respect of imports are different between China and Australia.

B.4.3.1 Australia

The commission examined the ABF import database to identify exporters and importers of plate steel during the investigation period. During the investigation period, the commission could identify at least 14 producers of plate steel, 5 of which were from China. Chinese imports made up approximately 30% of import volume in the investigation period. Most of the remaining imports were from Korea.[303]

Australian industry accounted for approximately 75% of the Australian market during the investigation period, with China supplying 8%. But as discussed in chapter 9.7 and as shown below in Table 28 below, the Australian industry sales volumes have reduced at a time when the rate of growth in volumes from China has increased substantially over the four years since the financial year ending 30 June 2022.

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[302] Refer to *Anti-Dumping Continuation Report No 198* (EPR 198, Item no. 198).
[303] Confidential Attachment 1 – Australian market.

	FY22	FY23	FY24	FY25
Australian industry	100	96	83	77
China	100	81	184	170
Korea	100	114	128	90
All other countries	100	88	90	33

Table 28 Index of change in sales volume

B.4.3.2 China

Questionnaire responses did not provide information about the overall degree of import penetration into the Chinese market including the number of exporters or importers active in the Chinese domestic market.

The commission examined import and export data from the UN Comtrade database for products classified under HS codes 720840,720851,720852,720890 and 722540. This information was limited to the period ending December 2024.

The UN Comtrade data shown in Figure 16 below illustrates the strong export focus of the Chinese plate steel industry. Based on the information before the commission, the commission considers import penetration in the Chinese plate steel market was low in the investigation period.

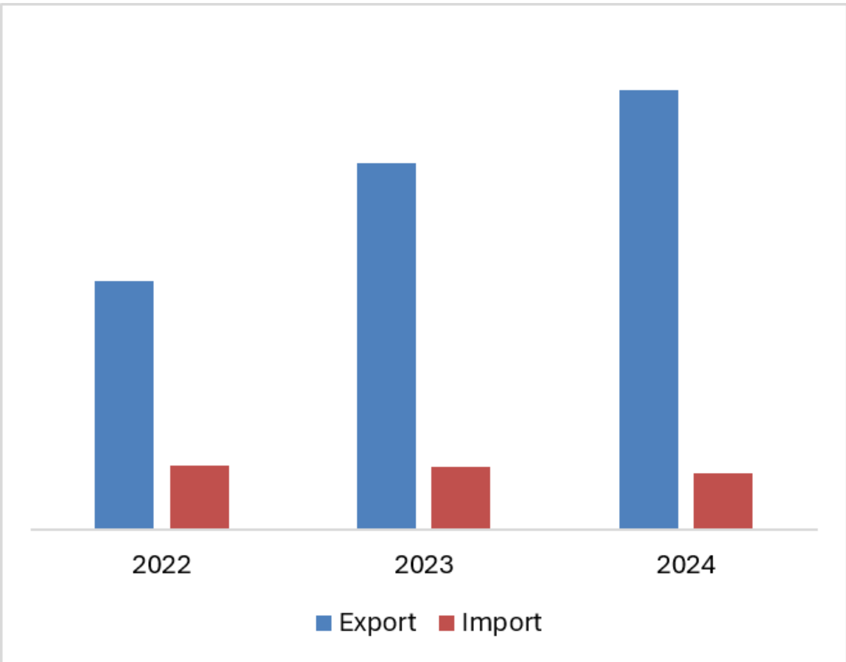

Figure 18 - Chinese plate steel import and export volumes[304]

B4.4 Relationship between price and cost

The commission considers that there is a difference in the relationship between price and cost between Chinese exporters' sales of plate steel exported to Australia and their domestic sales.

[304] Confidential Attachment 30 – Chinese import and export data

In general, Chinese exporters have been able to achieve greater profits on Australian sales compared to domestic sales, despite limited differences in the respective costs. The commission considers this indicates that the particular market situation has affected conditions in the Chinese plate steel market in a way that allows exporters to use pricing strategies for the Australian market that achieve greater margins on their Australian sales and increase their export volumes by outcompeting exports from other countries.

The commission found that the cooperating exporters profit on their export sales to Australia were greater than their margin on domestic sales.[305]

B5 The market situation affects the comparability of domestic and export prices

Taking the above into account, the Commissioner considers that the market situation identified in APPENDIX A affects the comparability of domestic and export prices for plate steel. This is because the conditions of competition are different between the two markets and are affected by the market situation differently.

The commission makes the following observations between the Chinese domestic market and Australian export market:

- Plate steel is sold to similar types of customers in China and Australia.
- The market structure differs in terms of the number of domestic producers in Australia, with BlueScope being the sole Australian producer, and China, which has several producers. The scale of the markets is also different, with the Australian market several times smaller than the Chinese market.
- The raw materials used in the production of plate steel in both Australia and China are the same (e.g. iron ore, coal and scrap steel).
- Import penetration into China is very low, compared to a higher, and growing, level of import penetration into Australia.
- Chinese exporters enjoy a cost advantage resulting in both increased margins and an increase in export volumes to Australia.

The commission considers that the above assessment indicates that the market situation in China affects all Chinese producers within China relatively equally with respect to domestic sales within China. This is characterised by competition influenced by the cost to make and demand factors. Both of these characteristics have been influenced by the market situation. The conditions of competition within China have had the effect of reducing import penetration to very low levels.

In Australia, competition is between imports and the Australian industry. This competition results in a competitive advantage for Chinese exporters, who make up the majority of import volume and who have access to cost inputs which have been materially affected 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.

[305] Confidential Attachment 30 – Profit analysis

APPENDIX C COST OF PRODUCTION IN CHINA

C1 Findings

The Commissioner recommends establishing a cost of production for the goods in China, as the country of export, under section 269TAC(2)(c)(i), based on the cooperative exporters' recorded costs with an adjustment calculated by reference to a benchmark. The benchmark is based on the difference between Chinese and Brazilian market index prices of steel slab, with necessary adjustments to reflect a cost of production in China

C2 Legislative framework

Where the Minister is satisfied that normal value cannot be determined under section 269TAC(1), section 269TAC(2)(c) provides that the normal value is:

> …the sum of:
>
> (i) such amount as the Minister determines to be the cost of production or manufacture of the goods in the country of export; and
>
> (ii) on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export—such amounts as the Minister determines would be the administrative, selling and general costs associated with the sale and the profit on that sale.

Sections 269TAC(5A) and 269TAC(5B) provide that the construction of normal values under section 269TAC(2)(c) is to be worked out in such a manner, and taking account of such factors, as the Regulations provide in respect of those purposes.

C2.1 Cost of production

Section 43(2) of the Regulations requires that the Minister must work out the cost of production or manufacture using the information set out in the exporter or producer's records if:

- section 43(2)(b)(i) of the Regulations: an exporter or producer of the goods keeps records relating to the goods that are in accordance with generally accepted accounting principles (GAAP) in the country of export, and
- section 43(2)(b)(ii) of the Regulations: those records reasonably reflect competitive market costs associated with the production or manufacture of like goods.

Section 43(2) of the Regulations imposes an obligation on the Minister to use an exporter's records, where the prescribed criteria are met. Neither the Act nor the Regulations prescribe a particular method for the Minister to determine the cost of production or manufacture under section 269TAC(2)(c)(i) in circumstances where the exporter or producer's records do not satisfy section 43(2) of the Regulations. Additionally, neither the Act nor the Regulations limit the data that the Minister may use in this regard.

In respect of the Anti-Dumping Agreement, the relevant obligations for determining normal values are set out in Article 2. The determination of whether an exporter's recorded costs are to be used in determining the cost of production in the country of origin are set out in Article 2.2.1.1.

The commission notes that the Minister's determination of the 'cost of production in the country of export' under section 269TAC(2)(c)(i) may be informed by some of the same factual findings that also informed:

- the conclusions reached as part of the commission's assessment under section 43(2) of the Regulations
- the commission's assessment of the existence of a particular market situation.

Where the commission has had regard to the same factual matters for multiple purposes it has done so mindful that the legal tests being considered are distinct.

C3 Exporter records

The commission determined that no onsite or virtual verification would be conducted for the cooperating exporters from China, i.e. Baoshan, Baosteel Zhanjiang and Hunan Valin in, due to these exporters being subject to a verification for the purpose of Investigation 658 into exports of Hot Rolled Coil (HRC). This is considered reasonable in the circumstances that HRC and the goods the subject of this investigation share a high degree of commonality with respect to key production processes and the supply chain arrangements identified in relation to the exporters sales into the domestic and Australian market.

The commission has therefore assessed each cooperating exporter by having regard to their exporter questionnaire, questionnaires received by other exporters cooperating with the investigation, and relevant findings and conclusion concerning each exporter for Investigation 658.

Having regard to the available information and the findings outlined for each cooperating exporter in Investigation 658, commission considers the CTMS data supplied for this investigation is complete, relevant, and accurate

Accordingly, the commission is satisfied that the cooperating exporters kept records relating to the cost of production of like goods, and that those costs were in accordance with GAAP in China and reasonably reflected the actual cost of production.

C4 Competitive market costs

Section 43(2)(b)(ii) of the Regulations requires the Minister to use an exporter's records where those costs reasonably reflect *competitive* market costs.

As outlined in APPENDIX A, the commission considers that the significant influence of the GOC has materially altered prices in the steel industry and plate steel market in China. The commission also considers that the GOC's influence has also materially altered the prices of production inputs including (but not limited to) raw materials used to make steel in China. In particular, the GOC's influence has resulted in artificially low prices for the key raw materials used in the production of molten steel which is key input to the production of semi-finished products in the form of steel slab, that is in and of itself, the principal raw material consumed in the production of the goods. The commission also considers the GOC's influence has also resulted in distortions for other inputs and costs associated with the production of plate steel.

The cooperating exporters' records indicated that on average, steel slab costs comprise approximately 88% of their total cost to make for plate steel.[306] The cost of steel slab represents the aggregate cost covering a range of individual raw materials such as iron ore, coal, manufactured inputs such as coke, energy inputs and other direct production costs that collectively reflect all upstream manufacturing costs that occur immediately prior to the production of plate steel.

The commission considers that direct and indirect influences of the GOC affect Chinese manufacturers' costs to produce plate steel, and the costs of upstream steel slab production, and therefore that Chinese exporters recorded costs do not reflect competitive market costs. In light of these influences, the commission considers that the records do not reflect competitive market costs because the costs are not the same as they would be if determined only by supply and demand absent government intervention.

C5 Use of exporter records

Where the criteria in section 43(2)(b) of the Regulations are not met, the commission will calculate the cost of production under section 269TAC(2)(c)(i) having regard to all relevant information. The Minister is neither required to, nor prohibited from, using an exporter's records to determine normal values under section 269TAC(2)(c)(i), however, the Minister is to exercise their discretion in section 269TAC(2)(c)(i) in accordance with the requirements of the Anti-Dumping Agreement.[307]

Article 2.2.1.1 of the Anti-Dumping Agreement provides a presumption in favour of using the information in the exporter's records where an exporter keeps information relating to the production of like goods and:

- the records are kept in accordance with GAAP of the exporting country, and
- the records reasonably reflect the costs associated with production of the like goods.

The commission finds that the exporters' records are kept in accordance with GAAP of China and reasonably reflect the costs associated with production of plate steel.

However, Article 2.2.1.1 does not mandate the use of the information in an exporter's records where those conditions are met in all circumstances. It provides that where those conditions are met costs 'shall normally' be calculated based on the exporter's records.

The commission's consideration of the domestic market for plate steel in China, including the factual findings set out in APPENDIX A, suggest the commission should examine whether circumstances are normal and ordinary such that the presumption in Article 2.2.1.1 should apply. Consequently, the commission has further considered the exporters' recorded steel slab costs (and hence plate steel production costs), to assess whether the circumstances in which its costs were formed were normal and ordinary, such that they should be used as the costs of production pursuant to section 269TAC(2)(c)(i).

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[306] Confidential attachment 31 – CTMS comparison

[307] See *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* [2018] FCAFC 20; 259 FCR 478, [108], Pagone and Bromwich JJ agreeing at [128] and [137] respectively. Cited affirmatively by Griffith J in Changshu Longte Grinding Ball Co., Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science (No 2) [2018] FCA 1135, [50].

C6 Normal and ordinary

C6.1 Approach to assessment of production costs

For the purpose of Investigation 658 concerning exports of HRC from China, the commission considered that the most appropriate point to assess of the effect of the circumstances on the cooperating exporters' records was in relation to the cost of steel slab production.

In the context of a fully integrated production system, the production of steel slab, which is considered a semi-finished product, occurs immediately before the production of HRC. Steel slab is the raw material input used in the production of HRC and covers a very high proportion of the total production cost of HRC. Steel slab can also be purchased by HRC producers in lieu of it being manufactured in the exporters' own steel mill.

Investigation 658 concluded that assessing steel slab costs in lieu of a more granular examination was the most practicable approach due to the complexities associated with analysing the production systems of fully integrated steel producers.

As noted previously in this report, steel slab is the primary input in the production of plate steel and on average reflects approximately 88% of the cooperating exporters' cost of plate steel production, as was the case for HRC. Assessment of costs at the semi-finished steel slab stage of production captures the aggregate of costs covering a range of individual raw materials such as iron ore, coal, manufactured inputs such as coke, energy inputs and other direct production costs that collectively reflect all upstream manufacturing costs and processes that occur immediately prior to the production of plate steel.

The steel slab production costs examined by Investigation 658 also involved cooperating exporters that are also the subject of this investigation, i.e. Baoshan, Baosteel Zhanjiang and Hunan Valin.

The commission considers that using cooperating exporters' cost of steel slab offers a reasonable and meaningful method for assessing the effect of the circumstances on the cooperating exporters' records. The assessment of steel slab cost also comprehensively captures any effect of the circumstances on the raw material inputs that may not otherwise be accounted for if assessing each raw material individually.

C6.2 Circumstances that are not normal and ordinary

The commission's most recent published assessment of GOC involvement in the Chinese steel market was undertaken for Investigation 659, 690 and 658. These investigations concluded that the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel market and the market for hot rolled coil and freight railway wheels.

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

The commission considers there are compelling reasons for determining that circumstances in which the exporters' costs were formed are not 'normal and ordinary' such that using its cost records to construct a normal value is not appropriate. This is despite the commission's finding that the exporters' records comply with Chinese GAAP and reasonably reflect actual costs incurred in the production of the goods.

It is the commission's view that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the cooperating exporters' recorded costs for steel slab reflecting an unreliable cost of production. This unreliability means that it is not appropriate to use the steel slab costs recorded by exporters, which the commission has established reflects upwards of approximately 88% of total production cost for the goods.

The commission's assessment of the circumstances in which steel slab raw material input costs were formed and the impact this had on the cooperating exporters' recorded costs is informed by two key factors:

- Firstly, the GOC's influence has materially altered the prices of production inputs including (but not limited to) raw materials used to make steel in China. In particular, the GOC's influence has resulted in distorted market prices for the key raw materials, as well as the other inputs associated with the production of steel slab (including all upstream production processes preceding steel slab production).
- Secondly, as these raw materials, in the form of semi-finished steel slab, represent approximately 88% of total cost to produce plate steel, the effects on raw material pricing have flowed through the cooperating exporters' recorded cost of production, noting that the Baoshan, Baosteel Zhanjiang and Hunan Valin reported purchases of raw materials from suppliers based in China. These suppliers sourced materials from a range of markets, including domestic producers in China.

The cumulative effect of these factors is that the circumstances in which the exporters' costs were incurred or formed cannot be considered normal and ordinary.

The commission's assessment of these circumstances, and their impact on the exporters' recorded costs, is supported by the following findings.

Commissioner's assessment

The Anti-Dumping Agreement does not provide any guidance as to the type of condition, circumstance or context that may underpin a 'normally' finding, save that it must be sufficient to justify a derogation from the presumption in article 2.2.1.1 that ordinarily the records will be used.

The commission considers that the circumstances or context in which an investigating authority may rely on 'normally' is not unconstrained – there must be a proper basis for doing so on the evidentiary record. Whether a particular condition, circumstance or matter is capable of permitting derogation under the term 'normally' is a facts specific exercise based on the facts and evidence before a particular investigating authority.

The commission notes that the commission's analysis accords with the guidance from the panel's findings in the DS529 *Australia — A4 Copy Paper* and DS603 *Australia — Certain Products from China*, both of which examine the term 'normally'. The commission has identified that:

- The records of Baoshan, Baosteel Zhanjiang and Hunan Valin satisfy the first and second condition of article 2.2.1.1 – see chapter C5 in Appendix C.
- Despite this, there are nonetheless compelling reasons to disregard their records, being that the circumstances in which the cost of steel slab has been formed are not normal and ordinary, resulting in the cooperating exporters' recorded costs of steel slab reflecting an unreliable cost of production of plate steel. This unreliability means that it is not appropriate to use the cooperating exporters' recorded cost of production for steel slab.

The commission notes that the panels in DS529 and DS603 found that the commission was not permitted to make findings relying on the flexibility permitted by 'normally' without having made affirmative findings that both the first and second conditions of article 2.2.1.1 were met. The panels did not make findings that the circumstances were necessarily incapable of justifying departure from the exporters' records, nor did they make express or implied findings on whether 'normally' would have been available if sequencing had been followed.

The commission has found that the cooperating exporters' records (Baoshan, Baosteel Zhanjiang and Hunan Valin) meet the first two conditions of article 2.2.1.1. This appendix explains why the recorded steel slab costs should be disregarded. The commission notes that this assessment differs from the assessment of a particular market situation in the domestic market of the exporting country.

As discussed above, some of the factual circumstances which support the conclusion that there is a particular market situation also support that the recorded steel slab costs should be disregarded despite meeting the first two conditions of article 2.2.1.1. The commission has arrived at these factual findings supporting the decision to disregard recorded steel slab costs following a consideration of all the available evidence before it in an objective and unbiased manner.

The commission has had careful regard to the distinct legal tests, both under sections 269TAC(2)(a)(ii) and 269TAC(2)(c) of the Act, and under Article 2 of the Anti-Dumping Agreement. The two conclusions reached, being that there is a situation in the market that prevents the normal value from being determined under section 269TAC(1) and determining that the cooperating exporters' raw materials cost should not be used to determine the cost of production, do rely on some common factual findings. Those factual findings are in fact relevant to both tests, and do not reflect any misunderstanding of the legal requirements for each.

C6.3 Circumstances not being normal and ordinary leading to materially altered production costs

The commission considers that the 'not normal and ordinary' circumstances (the circumstances) materially affect the cooperating exporters' cost of production of plate steel. The commission considers that the most appropriate level to undertake its assessment of the effect of the circumstances on the cooperating exporters' records is at the steel slab level, as it is the main raw material input used in the production of plate steel, making up approximately 88% of total production cost.[308]

[308] See Confidential Attachment 31 – CTMS comparison

To assess the effect of the circumstances on the cooperating exporters' records, the commission has compared its recorded cost for steel slab to an appropriate benchmark.

C6.4 Selection of an appropriate benchmark

The commission considers that an appropriate benchmark will measure of the effect of the circumstances on the cooperating exporters' costs for steel slab. An appropriate benchmark represents a cost of production in China that is free from the effects of the not normal and ordinary circumstances. As noted above, the commission relied on an assessment of steel slab costs for the purpose of Investigation 658, that involved exporters that are also the subject of this investigation and produced goods originating from steel slab.

For the purpose of Investigation 658, the commission relied on a comparison between the domestic market price indices for China and Brazil, applying this difference to the cooperative exporters' cost to make the steel slab.

In deciding on the Brazil option for Investigation 658, the commission considered whether, instead of using a benchmark, it could have directly quantified the effect of the GOC's influence on the raw material markets and steel billet cost.

The commission's review of publicly available research concluded there was no sufficiently reliable information to estimate the effect of the GOC's influence on Chinese billet costs. The commission further concluded that the broad ranging and multifactorial nature of the GOC's influence over raw material markets and resulting steel slab costs mean that such a quantification was likely to be inaccurate or not fully account for the whole of the effect.

The commissioner therefore found the use of a benchmark provides a holistic comparison of the cooperating exporters' recorded costs to a cost that is free from the effects of the not normal and ordinary circumstances. The commission has also arrived at the same conclusion in SEF 690 concerning FRW from China.

Investigation 658 involved the same exporters, the same core production costs and examined a period of investigation that overlaps with Investigation 688. SEF 690 covers the same period of investigation and was similarly confronted with the same considerations.

Having regard to the above considerations, the commission concludes the use of a benchmark for this investigation provides a holistic comparison of the cooperating exporters' recorded costs to a cost that is free from the effects of the not normal and ordinary circumstances.

For the purpose of selecting an appropriate benchmark Investigation 658, the commission considered:

- private domestic prices or costs for steel slab in China
- import prices for steel slab into China
- prices or costs for steel slab from countries other than China

In evaluating the merit of each of the above options for Investigation 658, the commission had regard to the following information relating to steel slab cost and price:

- third-party financial data, obtained from Bloomberg LP and MEPS
- Chinese government data listing steel slab export and import prices with trading partners, totalled for the 3 months of October to December 2023 and the 9 months of January to September 2024 – non-confidential attachment B-8.2 to the Chinese government's submission published 7 February 2025[309]
- information BlueScope provided in its application and during verification
- third country production cost information verified by the commission in previous cases into a slightly narrower range of hot rolled coil steel.[310]

The commission's available benchmark options for Investigation 688 are limited to the following:

- steel slab production costs reported by cooperating exporters from Korea
- Australian industry slab production costs
- Steel slab prices in countries other than China

The commission has not considered private Chinese domestic prices or import prices for steel slab as the commission was unable to obtain evidence of these prices. The commission did not receive a response to the GOC questionnaire, including details of private steel slab providers or information about steel slab prices in the Chinese domestic market. It is also relevant that none of the exporters cooperating with the investigation are private enterprises.

Further, the commission considers that any private domestic prices or import prices within China would not be reliable because the effects of the circumstances on the raw material markets, which alter the availability and pricing of raw materials (as discussed in APPENDIX A), would likely also affect private domestic prices and influence import prices.

Korean cooperating exporter costs

POSCO from Korea is a fully integrated steel producer that is also the subject of this investigation. POSCO's REQ included cost data for its production of steel slab. The commission undertook a verification visit to POSCO and concluded its production records were found to be suitable for the determination of its normal value.[311] However, POSCO was the only Korean exporter to cooperate with this investigation. Due to concerns with managing the confidentiality of its data, the commission was unable to use this information to calculate a benchmark.

Australian industry slab production costs

The available Australian industry cost data relates to BlueScope, who is also the applicant for the anti-dumping measures the subject of this investigation. The utility of BlueScope's slab cost data was tested by Investigation 658 which concluded BlueScope costs were unsuitable for calculating a benchmark. Whilst it was not raised by Investigation 658, the

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[309] EPR 658, document number 8, non-confidential attachment B-8.2.
[310] The goods covered in Investigation 188 did not include HRC made of alloy steel, or which had patterns in relief (checker plate). See also chapter 2.3.
[311] EPR 688 Item no. 016.

commission also identifies concerns managing confidentiality of BlueScope's data as it is the sole producer of slab steel in Australia.

Steel slab prices in countries other than China

Consistent with the approach adopted by the commission for Investigation 658, the Commissioner has determined that Brazilian domestic prices provide a suitable for a comparative analysis with the cost of production data. Appendix C7 sets out the Commissioner's determination of the benchmark.

C7 Benchmark examination

C7.1 Steel slab prices in countries other than China

In summary, the commission finds it is appropriate to adopt a benchmark for this investigation that involves a comparison between the domestic market steel slab price indices for China and Brazil.[312] This approach was used by the commission for Investigation 658 concerning exports of HRC from China The commission's reasons are summarised as follows:

- the same exporters that are the subject of this investigation were also examined by Investigation 658
- the exporters that are the subject of this investigation and examined by Investigation 658 are all fully integrated steel producers, so the benchmark method used by Investigation 658 is readily applicable.
- Investigation 658 examined a period that overlaps the period the subject of this investigation
- The factors considered in arriving at the Brazil/China benchmark option for Investigation 658 are considered valid for the selection process concerning this investigation.

As detailed in REP 658, the commission identified third-party financial data for:

- domestic prices in Brazil, China, India and the Islamic Republic of Pakistan (Pakistan)
- export prices from the Commonwealth of Independent States (CIS) at ports near the Black Sea, and the Russian Federation (Russia)
- import prices from Taiwan, the US and an average of Southeast Asian prices.

The commission searched for third-party steel slab market index prices in the investigation period and found only the datasets listed above. The commission noted from its research that there are fewer commercially available market index datasets for steel slab than for some other steel commodities, like steel billet.

The commission considered the most appropriate information to use was to compare the domestic market price indices for China and Brazil. The commission considered that this benchmark represented the most appropriate starting point to calculate a cost of production for steel slab in China that is free from the effects of the not normal and

[312] See worksheet '*Slab price series comparison'* in Confidential Attachment 32 – Benchmark data.

ordinary circumstances. The commission summarised its reasons for selecting Brazil below:

- Brazil and China both primarily use blast furnaces to produce steel.
- Brazil's total annual steel production is relatively high, being the 10th highest globally. This compares to China as the largest global producer of steel.
- The commission did not identify similar steel market interventions in Brazil to the interventions identified in China. The commission did not identify SOE steel manufacturers in Brazil and did not find evidence of other significant market intervention in Brazil.
- Brazil is broadly similar to China in socioeconomic metrics like GDP per person, the Human Development Index, the Human Capital Index and manufacturing sector wages.

Regarding the other countries with available data, the commission noted the following:

- Russia and CIS export prices were affected by sanctions to the extent the commission considers these prices unreliable to estimate steel slab costs absent the effects of the circumstances.[313]
- India had large steel producers that are SOEs and there was evidence of SOE ownership for suppliers of major cost inputs into steel slab production.[314, 315]
- Pakistan's steel industry was relatively small and there were state-owned suppliers of major cost inputs into steel slab production.[316]
- The Taiwanese and US market price indices were based on import prices, rather than domestic prices, meaning it would require additional adjusting to compare with the Chinese domestic price of steel slab. The commission also had no information available to estimate the proportion of imports produced from blast furnace or electric arc furnace, meaning import prices may less closely reflect typical Chinese manufacturing processes.

C7.2 Adjustments to the benchmark

Having determined that Brazilian domestic prices for steel slab are a suitable and preferable basis to calculate a benchmark in appendix C6.4, the Commissioner sourced price data from the subscription service MEPS International Ltd.[317]

The Commissioner considered whether further adjustments to the Brazilian steel slab price were necessary to reflect any claimed comparative advantage or disadvantage applicable to Chinese steel slab producers. As summarised below, the commission has only found it necessary to apply adjustments to account for differences in labour rates

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313 European Council, *EU sanctions against Russia*, European Council website, accessed 22 December 2025; *Additional duty countries*, Australian Border Force, accessed 22nd December 2025.
314 Ministry of Steel, *Annual Report 2024-25*, Government of India, accessed 22 December 2025.
315 World Steel Association, *Top steel-producing companies 2024/23*, World Steel Association website, n.d., accessed 22 December 2025.
316 Central Monitoring Unit, *Bi-Annual report on Federal State-Owned Enterprises (SOEs)*, Government of Pakistan, accessed 22 December 2025.
317 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.

between China and Brazil. This is consistent with the commission's approach outlined for Investigation 658.

Table 29 outlines the commission's consideration of the various cost items in the cooperating exporters' cost of production for steel slab and the rationale for making or not making an adjustment to the Brazilian benchmark.

Cost item in steel slab production	Adjustment required?	Rationale
Material inputs	No	The commission considers that China's input costs are affected by the situation in the Chinese market. In addition, the commission could not identify a method to compare the Chinese exporters' consumption costs or purchase prices to Chinese market indices. The commission could not find market index information on some types of material inputs and noted some general input types, like iron ore, have many subtypes.
Labour	Yes	Labour rates differ between China and Brazil. Further information has been included below in chapter C7.2.1
Economies of scale	No	A comparison of crude steel production and steel slab prices did not identify a material difference in economies of scale between China and Brazil. Further information is provided below in chapter C7.2.2
Other production costs	No	The commission does not consider that an adjustment for the various other production costs between China and Brazil would be material. Further information has been included below in chapter C7.2.3
SG&A expense, delivery expenses and profit	No	Integrated producers do not incur the same costs in the cost of production of steel slab as sellers of steel slab, such as SG&A, profit and delivery expenses. The commission's adjustment methodology adjusts steel slab costs based on the percentage difference between the Brazilian and Chinese steel slab market price indices in USD per MT. The commission applies this percentage difference to the Chinese exporters' steel slab costs, after accounting for any other adjustments in this table. Both the Chinese and Brazilian steel slab indices include SG&A and profit amounts (as a proportion of total cost to make). The steel slab prices therefore do not require an adjustment for these amounts. The commission has not identified reliable information to suggest this assumption is inaccurate or, further, information that could be used to calculate an adjustment for any difference between the countries' typical SG&A or profit for steel slab manufacturers. The commission assumes the difference between the Chinese steel slab market index and Chinese exporters' steel slab costs is caused by factors including the different amounts of SG&A, delivery expenses and profit between integrated manufacturers producing steel slab and commercial sellers of steel slab.

Table 29: Adjustments to Brazilian benchmark

C.7.2.1 Adjustment for labour

To determine an adjustment for labour, the commission has obtained information relating to Chinese SOE manufacturing sector wages and Brazilian steelmaking wages, converted to Chinese yuan.[318] The commission used Chinese SOE wages because the cooperating

[318] See worksheet *'CN BR Labour calc'* in Confidential Attachment 32 – Benchmark data.

manufacturers were all SOEs. The commission has also relied on the cooperating exporters' production cost records for steel slab.

The commission compared the equivalent labour cost in Brazil to China to work out the difference in labour costs between each country. Brazilian labour costs were between 1% and 9% higher than China, depending on the quarter.

The commission applied the difference in labour costs by first calculating the unit cost of direct labour relevant to each country's slab price. The difference in cost between each country was then used to reduce the value of Brazilian slab as reported in MEPS source data.

The unit cost of labour in the Brazilian steel slab benchmark is based on the ratio of direct labour cost and total cost realised in the slab production cost data provided by the exporters from China. The commission has no other data available to identify the actual amount of labour costs incurred in the production of steel slab in Brazil. Chinese exporters costs are therefore the best available information.

C.7.2.2 Economies of scale

The commission has not made an adjustment for economies of scale. To consider an adjustment for economies of scale, the commission compared the production volume of crude steel from the World Steel Association data for each of China and Brazil to the MEPS price of steel slab in each country for 2023 and 2024. The commission considers that an economy of scale benefit could potentially be demonstrated by a reduction in prices as production quantity increases, reflecting the efficiencies gained from increased production. This analysis showed that for each of China and Brazil, the year with higher production quantities in that country did not correspond to lower steel slab prices.

In Investigation 658 the commission considered submissions of the GOC, Baosteel Zhanjiang and Hunan Valin on economies of scale. In considering these submissions, the commission reviewed publicly available information to determine if an economies of scale adjustment was needed and if so, to identify a method for calculating such an adjustment.

The commission review of publicly available information identified some support for the view that economy of scale can be one of the determinants of manufacturer competitiveness.[319] However, no source contained a methodology to estimate an economy of scale adjustment that could be applied nor information that could be otherwise used. The commission noted it identified few primary sources of evidence dealing with economies of scale in the context of ironmaking or steelmaking.

The commission also examined the selected exporters' data and found that there was no clear correlation between higher company-wide steel production volumes and lower unit cost to produce steel slab.

The commission considers the findings detailed in Investigation 658 are also relevant to this investigation, particularly in relation to the brevity of available information and limitation on application of any reasonable method.

[319] See, for example, P Crompton and JB Lesourd, 'Economies of scale in global iron-making', Resources Policy, 2008, 33(2):74–82, doi:10.1016/j.resourpol.2007.10.005.

C.7.2.3 Other production costs

The other production costs in the cooperating exporters' records include:

- utilities (including electricity and thermal coal)
- auxiliary materials (such as alloys and fluxes)
- repair expenses (service fee & machinery replacement parts)
- service fees (paying for waste disposal, logistics, inspections)
- depreciation
- land/property expenses for the factory (such as rent and land use fees).

The commission considers that utilities costs are affected by the situation in the Chinese market. As detailed in chapter A6.5, electricity and coal prices are affected by the GOC's influence. Accordingly, the commission considers that it is not appropriate to make an adjustment for these costs.

The commission considers that any adjustment for other production costs between China and Brazil would not be material. The remaining costs individually make up a small percentage of the cooperating exporters' cost of production for steel slab. The commission also has not identified reliable estimates for these costs relating to Brazilian manufacturers, including information provided by stakeholders and from the commission's own public record research. The commission considers that it cannot find evidence to reliably estimate the difference between these costs for Chinese and Brazilian steel slab manufacturers, nor that this difference is material as a proportion of total steel slab costs.

C7.3 Conclusion

The above analysis results in a benchmark based on:

- the Brazilian steel slab price, sourced from MEPS[320]
- adjustments for the difference in the cost of labour relating to Chinese SOE manufacturing sector wages and Brazilian steelmaking wages[321]

C8 Effect of circumstances on the cooperating exporters' cost of production for steel slab

The commission has calculated that the Brazilian market index price of steel slab was on average 35% higher than the Chinese index price in the investigation period, using a simple average of the monthly market indices.[322] The commission has also had regard each exporters' steel slab production records in a comparison to the Brazilian market index.[323] The commission considers that the effect of the circumstance is significant given steel slab represents the largest portion of the cost of production for plate steel.

The commission considers that this finding reflects the persistent material effects of the GOC's influence over the investigation period, rather than normal market variation. This is because:

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[320] See worksheet '*Slab price series comparison'* in Confidential Attachment 32 – Benchmark data.
[321] See worksheet *'CN BR Labour calc'* in Confidential Attachment 32 – Benchmark data.
[322] See worksheet '*Slab price series comparison'* in Confidential Attachment 32 – Benchmark data.
[323] See worksheet *'Price series analysis'* in Confidential Attachments 33, 34 and 35.

- the GOC's influence has resulted in material alterations specific to the steel markets in China, including specifically the raw materials used in steel production (including steel slab)
- the benchmark represents a cost of production for steel slab in China not affected by the GOC's influence and resulting effects.

The commission considers that the impact of the GOC's influence over the steel markets in China results in a material decrease in the cost of production for steel slab. Accordingly, the commission considers that the difference between the Brazilian and Chinese market price indices for steel slab reflects the impact of the GOC's influence over the steel markets in the form of lower costs. The commission considers this same impact, as a proportion of the Chinese steel slab market price, applies to the cooperative exporters' recorded steel slab costs. This means that those costs are not a reliable indication of the cost of production of plate steel in China.

The commission considers that relying solely on the cooperating exporters' recorded cost of production for steel slab to construct the normal value would undermine the very basis for having recourse to a constructed normal value in the first place. That is, to utilise the cooperating exporters' recorded steel slab costs would reintroduce the very factors that warranted, in the first instance, recourse to constructing the normal value.

C9 How to determine the cost of production in China

In chapter C6, the commission explained why it considers there are compelling reasons for determining that circumstances in which the exporters' cost were formed are not 'normal and ordinary' such that using the cooperating exporters' cost records to construct a normal value is not appropriate.

More specifically, the commission considers that the cooperative exporters' production records of steel slab costs are not suitable for establishing the cost of production of plate steel in China. The commission considers that the specific facts and evidence in this case, in respect of the cooperative exporters' records, provide compelling reasons to deviate from using their recorded cost of production for steel slab.

The commission considers that the most appropriate method to determine the cost of production for steel slab in China is to use the cooperative exporters' recorded cost of production for steel slab, adjusted to remove the effects of the not normal and ordinary circumstances.

To make the adjustment the commission has used the same method as was used to estimate the effect of the circumstances on the cooperating exporters' cost of production for steel slab. That is, the commission has relied on the proportional difference between the Brazilian and Chinese steel slab market price indices in USD per MT, applied to the cooperative exporters' reported steel slab costs (expressed in CNY per MT).[324] The change in the exporters' reported slab production cost was then applied to the production volume for the goods. The commission also adjusted this amount to account for differences in the Brazilian and Chinese markets for steel slab and the countries' steel industries, as described in chapter C7.2.[325]

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[324] See worksheet *'Slab cost adjustment'* in Confidential Attachments 33, 34 and 35.
[325] See worksheet *'Labour cost adjustment'* in Confidential Attachments 33, 34 and 35.

The commission is satisfied that this methodology is a reliable means of determining the cost of production in China.

The GOC’s influence on the Chinese market involves a wide variety of measures that interact with each other, which makes precise quantification of the combined effect of that influence on a particular exporter challenging. The commission is satisfied that the method it has used is a sufficiently reliable means of approximating the combined effect of the GOC’s influence. The commission recognises the possibility that there may be other differences between China and Brazil that have not been captured in its assessment but is satisfied that these would not be material to its overall assessment.

APPENDIX D ASSESSMENT OF SUBSIDY PROGRAMS

D1 Introduction

In assessing the subsidy programs, the commission has had regard to the following information in respect of the investigation, including information relevant to cooperating exporters from China and uncooperative entities:

- information provided in the REQ by Baoshan, Baosteel Zhanjiang and Hunan Valin
- findings made in previous investigations involving similar subsidy frameworks
- the legislative tests in sections 269T, 269TAAC and 269TACD.

The commission has grouped subsidy programs by type and economic character, rather than assessing each program individually, where the programs operate under substantially similar conditions and eligibility criteria.

D2 Definition of Government, public and private bodies

In its assessment of each program, the commission has had regard to the entity responsible for providing the financial contribution (if any) under the relevant program, as part of the test under section 269T(1) for determining whether a financial contribution is a subsidy. Under section 269T(1), for a contribution to be a subsidy, the following must provide the contribution:

- a government of the country of export or country of origin of the goods
- a public body of that country or a public body of which that government is a member, or
- a private body entrusted or directed by that government or public body to carry out a governmental function.

D2.1 Government

As described in section 16.2 of the Manual, the commission considers that the term ‘government’ includes government at all different levels, including at a national and sub-national level.

D2.2 Public bodies

The Act does not define the term ‘public body.’ Determining whether an entity is a ‘public body’ requires evaluation of all available evidence of the entity’s features and its relationship with government, including the following:

1) The objectives and functions performed by the body and whether the entity in question is pursuing public policy objectives. In this regard relevant factors include:
    - legislation and other legal instruments
    - the degree of separation and independence of the entity from a government, including the appointment of directors
    - the contribution that an entity makes to the pursuit of government policies or interests, such as considering national or regional economic interests and the promotion of social objectives.

2) The body's ownership and management structure, such as whether the body is wholly or part-owned by the government or has most shares in the body. A finding that a body is a public body may be supported through:

   - the government's ability to make appointments
   - the right of government to review results and determine the body's objectives
   - the government's involvement in investment or business decisions.

The commission considers this approach is consistent with the WTO Appellate Body decision of *United States – Countervailing Measures (China)*[326] 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.[327]

D2.3 Private bodies

Where an entity is neither a government nor public body, the commission will consider it a private body, in which case, a government direction to make a financial contribution in respect of the goods must be established for the contribution to be considered a subsidy, as defined by section 269T(1).

Pursuant to section 16.3 of the Manual, in determining the character of an entity that may have provided a financial contribution, the commission will consider whether a private body has been:

- 'entrusted' to carry out a government function, which occurs when a government gives responsibility to a private body, or
- 'directed' to carry out a government function, which occurs in situations where the government exercises its authority over a private body.

Accordingly, not all government acts are entrusting or directing a private body. Encouragement or mere policy announcements by government of themselves are not sufficient to satisfy this test. However, threats and inducements may be evidence of entrustment or inducements. This test is satisfied where the private body is a proxy by government to give effect to financial contributions.

The Federal Court of Australia has also previously considered these principles.[328]

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[326] DS379 United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China.
[327] 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].
[328] See *Panasia Aluminium (China) Limited v Attorney-General of the Commonwealth* [2013] FCA 870, [27] - [70]; *Dalian Steelforce Hi Tech Co Ltd V Minister for Home Affairs* [2015] FCA 885, [50] - [73].

D3 Countervailability of subsidies

In assessing whether a subsidy is countervailable, the commission applies the criteria set out in section 269TAAC. A subsidy is countervailable if it is specific, meaning it is limited in availability to certain enterprises, industries, or regions, or is contingent on export performance or the use of domestic goods.

Section 269TAAC(2) provides that a subsidy is specific:

(a) if, subject to subsection (3), access to the subsidy is explicitly limited to particular enterprises; or
(b) if, subject to subsection (3), access is limited to particular enterprises carrying on business within a designated geographical region that is within the jurisdiction of the subsidising authority; or
(c) if the subsidy is contingent, in fact or in law, and whether solely or as one of several conditions, on export performance; or
(d) if the subsidy is contingent, whether solely or as one of several conditions, on the use of domestically produced or manufactured goods in preference to imported goods.

Section 269TAAC(3) provides that a subsidy is not specific, subject to section 269TAAC(4), if:

(a) eligibility for, and the amount of, the subsidy are established by objective criteria or conditions set out in primary or subordinate legislation or other official documents that are capable of verification; and
(b) eligibility for the subsidy is automatic; and
(c) those criteria or conditions are neutral, do not favour particular enterprises over others, are economic in nature and are horizontal in application; and
(d) those criteria or conditions are strictly adhered to in the administration of the subsidy.

Section 269TAAC(4) provides that the Minister may determine that a subsidy is specific, having regard to:

(a) the fact that the subsidy program benefits a limited number of particular enterprises; or
(b) the fact that the subsidy program predominantly benefits particular enterprises; or
(c) the fact that particular enterprises have access to disproportionately large amounts of the subsidy; or
(d) the manner in which a discretion to grant access to the subsidy has been exercised.

Section 269TAAC(5) further provides that, in making a determination under section 269TAAC(4), the Minister must take account of:

(a) the extent of diversification of economic activities within the jurisdiction of the subsidising authority; and
(b) the length of time during which the subsidy program has been in operation.

D4 Goods and services provided by government at less than adequate remuneration (LTAR)

The commission’s exporter questionnaire identified 3 programs concerning subsidies relating to LTAR.

- Program 688-10 - Coke provided by government at less than adequate remuneration
- Program 688-14 - Steel slab provided by government at less than adequate remuneration
- Program 688-50 - Hot rolled steel provided by government at less than fair market value

For investigation 658 concerning HRC from China, the commission also examined the following LTAR programs.

- Program 658-178 – Raw materials and utilities provided at LTAR
- Program 658-179 – Hot rolled steel at LTAR

The table below summarises the commission's findings in relation to the examined LTAR programs.

Program No.	Program name	Countervailable subsidy for the goods?	Beneficiary
688-10	Coke provided by government at less than adequate remuneration	No	Not applicable to any exporters
688-14	Steel slab provided by government at less than adequate remuneration	Yes	Baoshan, Baosteel Zhanjiang and non-cooperative entities
688-50	Hot rolled steel provided by government at less than fair market value	No	Not applicable to any exporters
658-178	Raw materials and utilities provided at LTAR	Yes	Baoshan, Hunan Valin and non-cooperative entities
658-179	Hot rolled steel at LTAR	No	Not applicable to any exporters

Table 30:LTAR programs countervailed by the commission

D4.1 Scope of programs

There is no single legislative authority or policy within China for providing raw material inputs at less than adequate remuneration (LTAR). Rather, the commission considers this program as a collective way to describe conditions within the Chinese steel market under which Chinese SOEs provide raw materials at a price lower than an adequate market price having regard to prevailing market conditions of competition. These market conditions are discussed in the particular market situation analysis in APPENDIX A

In determining whether a Chinese entity has received an LTAR subsidy in connection with the purchase of raw materials used in the production of the goods, the Commissioner must consider if the following elements are present:

- the provision of raw materials
- the provision of those raw materials by a public body
- the provision of those raw materials at LTAR, having regard to prevailing market conditions.[329]

D4.2 Provision of raw materials

The commission considers that LTAR programs are limited to the provision of raw material inputs such iron ore, coal, coke, steel scrap and semi-finished steel slab. Provision of other goods or services, such as electricity, gas or coking coal and the provision of goods or services by privately owned and controlled entities are not included under the programs.

Commissioner's assessment

Iron ore, coal and coke are the key raw material input for the manufacture of steel slab in the circumstance it is produced as part of a fully integrated production process. The steel

[329] The commission's consideration of this program has been conducted consistent with *Reinvestigation 550 - Precision pipe and steel tube exported from China* and Anti-Dumping Review Panel Review No 2021/143.

slab is then fed into the process for production of plate steel. These inputs make up the majority of input costs, i.e. excluding labour, manufacturing overheads, etc. The commission confirmed Baoshan, Baosteel Zhanjiang and Hunan Valin produced their own steel slabs through a fully integrated production process and also purchased non-material volumes of slab from third party suppliers during the investigation period.

D4.3 Provision by a public body

The commission considers that this program is limited to the provision of raw material inputs by public bodies. Purchases from private manufacturers are not considered to have conferred a benefit under this program.

As outlined below, the commission has found that all three cooperating exporters purchased raw materials from entities that the commission considers to be a public body for the purpose of defining a subsidy under section 269T(1) of the Act.

D.4.3.1 Baoshan and Baosteel Zhanjiang

Baoshan

The commission jointly assessed Baoshan and Baosteel Zhanjiang owning to the circumstance they are related parties and because Baosteel Zhanjiang is fully owned subsidiary of Baoshan. Data concerning their purchases of raw materials was also presented on the same exhibit filed with their questionnaire responses.

Baoshan's response to G-7.4 of its REQ reported purchases iron ore, coal, coke and steel slab from entities that it identified as SOEs. Iron ore and steel slab was sourced almost exclusively from related party SOEs with a non-material volume from unrelated SOEs.

Baoshan reported a high proportion of its coal was sourced from SOEs. Within the SOE supply chain for coal, the share provided by related SOE suppliers was about half the amount from unrelated SOE suppliers.

A material volume of Baoshan's coke purchases was from SOE suppliers with the remainder from unrelated non-SOE suppliers. All of Baoshan's purchases of steel slab were from related SOE suppliers who also manufactured the steel.

Baosteel Zhanjiang

Baosteel Zhanjiang's response to G-7.4 of its REQ reported purchases iron ore, coal and steel slab from entities that it identified as SOEs. Iron ore and steel slab was sourced exclusively from related party SOEs, whilst a high proportion of its coal was also sourced from SOEs.

Within the SOE supply chain for coal, the share provided by related SOE suppliers was slightly lower than the amount from unrelated SOE suppliers. Baosteel Zhanjiang did not purchase any coke during the investigation period.

In the case of both Baoshan and Baosteel Zhanjiang, the commission identified evidence that in the case of some supply chain arrangements, such as for iron ore and coal, both companies imported a portion of these goods from overseas suppliers who were not SOEs.

For the specific assessment of whether their supplier is a public body, the commission has observed the supplier who is the last entity in the supply chain to transfer ownership of the materials to the exporters, irrespective of whether the original vendor was an SOE. This reflects the information both exporters provided in the raw material purchase listings. Whether this arrangement resulted in a transfer of goods at prices that are LTAR is the subject of the findings outlined below in chapter D4.4

Based on the information in the REQ from Baoshan and Baosteel Zhanjiang, their related SOE suppliers were in the most part subsidiaries of either Baoshan or Baowu Resources Co., Ltd. (Baowu Resources). Baoshan and Baosteel Zhanjiang confirmed they are ultimately controlled by SASAC with Chinse Communist Party representation on the board of directors.[330] Their ultimate parent company is China Baowu Steel Group Corporation Limited which is 100% owned by the SASAC.

The Commissioner considers that the SASAC is mandated to ensure their assets, which includes Baowu Steel Group and its subsidiaries, operate in a way consistent with government policies and interests. These GOC objectives are not only enforced by the GOC ownership of Baowu Steel Group, but also through the Communist Party of China committee member appointed to the board of companies within the group, e.g. Baoshan.

The commission notes that similar findings concerning Baowu Steel Group have been made in relation to Investigation 690 into freight railway wheels. This investigation examined Maanshan Iron and Steel Company Limited, of which Baowu Steel Group retains a majority interest.[331]

Other than their REQ identifying a range of its other unrelated suppliers as SOEs, the commission could not access the information Baoshan and Baosteel Zhanjiang refer to at I-2.1 of their REQ. The was a Chinese based web resource concerning the shareholdings of SOE companies.[332] As a result, no further information regarding the ownership structure, or further involvement of the GOC in these other suppliers' operations has been examined. In the absence of contrary information, the Commissioner considers it reasonable that these other suppliers have a similar level of GOC involvement to Baowu Steel Group.

The Commissioner considers that the GOC's ultimate ownership of Baowu Steel Group, along with the other SOE suppliers of iron ore, coal, coke and steel slab, gives it meaningful control over the entities, including influence over appointments, business objectives, investment and business decisions. As discussed in appendices A5 and A6, steel mills in China, regardless of ownership, are already subject to the directives, plans and guidelines of the GOC central government, the commission considers that the role of the GOC as owner serves to strengthen compliance with, and serve the direction of, the central government.

In light of all available information, the Commissioner concludes that the SOE suppliers to Baoshan and Baosteel Zhanjiang possess, exercise and are vested with governmental authority and are, therefore, public bodies.

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

[331] SEF 690, Chapter D4.1.3.

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

D.4.3.2 Hunan Valin

Hunan Valin's response to G-7.4 of its REQ reported purchases iron ore, coal and coke from entities that it identified as SOEs.

Iron ore volume sourced from SOE entities was material although the predominant suppliers were neither related or an SOE. Hunan Valin's iron ore SOE suppliers were overwhelmingly unrelated parties and numbered upwards of over 50 entities. Most of the iron ore supplied through this channel was identified as originating from Australia. Some suppliers were members of the Baowu Steel Group. Hunan Valin's iron ore purchases from related parties was less than 1% of its total reported purchases of iron ore.

Purchases of coal from SOE suppliers was exclusively from China, whereas coke, whilst also exclusively originating in China, was sourced from a mix of SOE and non-SOE vendors, although most were SOEs.

Hunan Valin provided information at I-2.1 of its REQ to support its responses in the raw material purchase listing at G-7.4 that identified its suppliers as SOEs. The commission has also established through the records of other cooperating exporters, that some of Hunan Valin's suppliers are SOES. Hunan Valin's response has been accepted.

Hunan Valin's REQ at H-1 and H-2 states it is a state-owned enterprise and is a wholly owned subsidiary of its parent company Hunan Valin Steel Co., Ltd. Hunan Valin also advises it is under the supervision of SASAC with respect to the exercise of its shareholders' rights. Hunan Valin outlines none of its shareholders, directors, or members of its board are representatives, or appointed or otherwise affiliated with the GOC or the Chinese Communist Party. Limited information was provided with respect to similar arrangements of its parent company Hunan Valin Steel Co., Ltd.

Apart from Hunan Valin's REQ and other findings made in relation to certain entities in the Baowu Steel Group, the commission has no further information regarding the ownership structure, or further involvement of the GOC in Hunan Valin's unrelated suppliers' operations. In the absence of contrary information, the Commissioner considers it reasonable that these other suppliers likely have a similar level of GOC involvement to those identified in relation to Baowu Steel Group.

D4.4 At less than adequate remuneration

In order for there to be a subsidy under this program, a benefit must be conferred to manufacturers of the goods in respect of their raw material purchases. That benefit, if any, is determined as the difference between the prices paid by manufacturers to government suppliers and what the Commissioner determines as adequate remuneration for those raw materials.

Section 269TACC(4) provides that the adequacy of remuneration in relation to goods or services is to be determined having regard to prevailing market conditions in the country where those goods or services are provided or purchased.

The Manual further provides:

> *As a first step where there has been a provision of goods/services by a government, it must be established whether the same goods or services involved are provided both by the government and by private operators. If so, the price*

> *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.*[333]

Commissioner's assessment

Chinese entities were asked in the exporter questionnaire to provide details on their raw material purchases and whether the suppliers of those raw materials were private enterprises or SOEs. The commission also sent a questionnaire to the GOC which included questions about the broader Chinese steel industry. The GOC did not submit a response.

Baoshan, Baosteel Zhanjiang and Hunan Valin all reported purchases of raw materials from private enterprises or provided enough information to assist establishing whether their purchases from SOEs, whilst in principle being sourced from an SOE, actually concerned materials exported to China from overseas suppliers with no affiliation with the GOC.

The discussion outlined below relies on the analysis contained in **Confidential Attachment 36**.

Iron ore

The commission finds that none of the cooperating exporters received iron ore at prices that represent LTAR. Prices paid to SOE suppliers in relation to imported iron ore were generally the lowest available, however most iron ore was ultimately sourced from private overseas mining companies.

Supply chain analysis performed for Baoshan demonstrated the value of its iron ore purchases was fully transferred from the originating iron ore supplier through related trading entities. The commission obtained a full suite of documentation to validate this finding. Other charges and fees such as importation expenses, ocean freight and agent fees covered by Baoshan were reflected in its accounts at the full value. Notwithstanding the involvement of SOEs within Baoshan's supply chain, the commission does not consider this necessarily resulted in Baoshan receiving a benefit in the form of a lower transfer price compared to price paid to overseas mining supplier.

The examination of Baoshan has been relied on by the commission as a benchmark to inform the arrangements that are likely in place for all other cooperating exporters. Based on the evidence obtained in relation to Baoshan, and comparing the prices reported by all cooperating exporters, the commission does not consider iron ore was received at prices that reflect LTAR.

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333 Manual, p76.

Coal

The commission examined pricing of coal imported from overseas markets through both SOE and private enterprises. The price of coal was comparable with respect to either supply route. The price of Chinese coal was also examined and compared to the price of imported coal through SOE and private suppliers. It was observed that the price of coal purchases from SOE suppliers was higher than the prices for private enterprises.

With the exception of Baoshan, the commission does not consider Baosteel Zhanjiang or Hunan Valin purchased coal at prices that represented LTAR. Baosteel Zhanjiang and Hunan Valin purchases of Chinese coal from SOE suppliers were at prices that were higher than prices paid for coal from international markets through either SOE or private suppliers.

In Baoshan's circumstance, its purchased significant quantities of Chinese coal from SOE suppliers at a price that was lower than the prices it paid for imported coal. Although Baoshan's imported coal was also transacted through SOE traders, the commission's supply chain analysis was able to verify that the price charged by the originating coal mining vendor in the overseas location was fully transferred through to Baoshan.

The commission therefore considers the price of coal sourced from international market suppliers, albeit through SOE traders, represents a reasonable comparison point for evaluating if LTAR has occurred as this price likely reflects circumstances that are unaffected by the distortions identified for the Chinese coal market.

The commission considers the price differential observed in relation to Baoshan's purchases of Chinese coal from SOEs reflects the provision of goods by a public body at LTAR.

Coke

Except for Baosteel Zhanjiang, all other cooperating exporters from China reported purchases of coke from both SOE and private enterprises. The prices were comparable via both kinds of suppliers. The price of SOE sourced coke was also observed to be comparable to the available coke production cost data provided by Baoshan, Baosteel Zhanjiang and Hunan Valin.

Steel slab

Baoshan and Baosteel Zhanjiang reported purchases of steel slab from related SOE suppliers and had no purchases of steel slab from private operators during the investigation period. Hunan Valin did not report any slab purchases. No other Chinese entities responded to the commission's questionnaire, nor did the commission receive a response from the GOC. Further, the commission was unable to source Chinese steel slab cost or price information via other sources that were not SOEs.

Accordingly, the commission cannot compare the government price to private operator prices, or prices paid in the same sector or the economy as a whole.

The commission has therefore used the constructed slab steel benchmark price used in the calculation of the cooperating exporters' normal value as the benchmark for the LTAR assessment.

Appendix C7 sets out the Commissioner's full assessment of the benchmark selection process. In summary, the Commissioner has examined the suitability of several steel markets in relation to assessing the cost of production in China unaffected by the distortions identified in the Chinese steel market. The factors considered in this assessment were:

- the status of each country's domestic steel manufacturing industry, including recent plant developments and the relative size of the country's steel industry
- the level of economic development, including an assessment of GDP per head, life expectancy, literacy rates, the World Bank human capital index and the United Nations human development classification levels
- relative labour costs
- the market-based status of each country
- other factors that may be relevant.

After considering the above, the Commissioner finds that Brazilian domestic steel slab prices provide a suitable and preferable representative price for comparative analysis with prices paid for slab sold in the Chinese domestic market.

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

Having determined that Brazilian domestic prices for steel slab are a suitable and preferable basis to calculate a benchmark, the Commissioner sourced price data from the subscription service MEPS.

The prices paid by Baoshan and Baosteel Zhanjiang were found to reflect a discount on the Brazil based benchmark (as adjusted). The commission considers this price differential reflects the provision of goods by a public body at LTAR.

<u>Scrap steel</u>

Hunan Valin was the only exporter that reported purchases of scrap steel. Hunan Valin purchases most of its scrap steel from private enterprises but sourced from SOE in material quantities. Scrap steel from SOEs was sold at a discount to the prices charged by private suppliers. The commission considers this price differential reflects the provision of goods by a public body at LTAR.

D4.5 Is the subsidy countervailable?

The Commissioner is satisfied that eligibility for a subsidy under Programs 658-10, 688-14, 688-50, 658-178 and 658-179 are limited to particular enterprises purchasing materials that are relevant to those programs, e.g. iron ore, coal, coke, steel slab, scrap steel and hot rolled steel.

The commission has seen no evidence indicating that:

- eligibility for this subsidy is stablished by objective criteria or conditions set out in primary or subordinate legislation or other official documents capable of verification
- eligibility for this subsidy is automatic
- the eligibility criteria for this program were neutral, do not favour particular enterprises, are economic in nature and horizontal in application
- that there are criteria strictly adhered to in the administration of the subsidy.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others, i.e. those enterprises raw materials used in the production of steel plate. It therefore does not satisfy the exception to specificity in section 269TAAC(3).

Accordingly, the Commissioner is satisfied that this program meets the criteria of a countervailable subsidy under section 269TAAC(2)(a)

D4.6 Amount of subsidy – Baoshan

The commission finds that Baoshan appears to have received a countervailing subsidy in relation to its purchases of coal and steel slab. Programs 688-14 and 658-178 are therefore applicable to Baoshan.

The commission has determined whether a benefit was provided in respect of programs using the method outlined in Table 31 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Baoshan
688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baoshan to SOEs and the constructed steel slab benchmark price, multiplied by the total volume of materials purchased.
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Baoshan.
658-178	Raw materials and utilities provided at LTAR	The difference between the weighted average prices paid by Baoshan to SOEs for Chinese coal and the weighted average prices paid to SOEs for coal purchases from overseas suppliers, multiplied by the total volume of materials purchased.
658-179	Hot rolled steel at LTAR	Not applicable to Baoshan.

Table 31: Baoshan amount of LTAR subsidy[334]

D4.7 Amount of subsidy – Baosteel Zhanjiang

The commission finds that Baosteel Zhanjiang appears to have received a countervailing subsidy in relation to its purchases of slab steel. Program 688-14 is therefore applicable to Baoshan.

The commission has determined whether a benefit was provided in respect of programs using the method outlined in Table 32 below.

[334] Confidential Attachment 36 refers.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Baosteel Zhanjiang
688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baosteel Zhanjiang to SOEs and the constructed steel slab benchmark price, multiplied by the total volume of materials purchased.
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Baosteel Zhanjiang
658-178	Raw materials and utilities provided at LTAR	Not applicable to Baosteel Zhanjiang
658-179	Hot rolled steel at LTAR	Not applicable to Baosteel Zhanjiang

Table 32: Baosteel Zhanjiang amount of LTAR subsidy[335]

D4.8 Amount of subsidy – Hunan Valin

The commission finds that Hunan Valin appears to have received a countervailable subsidy in relation to its purchases of scrap steel. Program 658-178 is therefore applicable to Hunan Valin.

The commission has determined whether a benefit was provided in respect of all LTAR programs using the method outlined in Table 33 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to Hunan Valin
688-14	Steel slab provided by government at less than adequate remuneration	Not applicable to Hunan Valin
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to Hunan Valin
658-178	Raw materials and utilities provided at LTAR	The difference between the prices paid by Hunan Valin to SOEs and the prices paid to private suppliers, multiplied by the total volume of materials purchased.
658-179	Hot rolled steel at LTAR	Not applicable to Hunan Valin

Table 33: Hunan Valin amount of LTAR subsidy[336]

D4.9 Amount of subsidy – Non-cooperative entities

For non-cooperative entities, no information was provided by either the GOC or the entities themselves to identify whether a financial contribution has been received under programs concerning LTAR. The commission considers that these entities have not given the Commissioner information considered to be relevant to the investigation within a reasonable period.

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[335] Confidential Attachment 36 refers.
[336] Confidential Attachment 36 refers.

Pursuant to sections 269TAACA(1)(c) and 269TAACA(1)(d), the Commissioner has acted based on all the facts available and made reasonable assumptions to determine whether a countervailable subsidy has been received in respect of the goods.

Based on the findings in respect of Baoshan, Baosteel Zhanjiang and Hunan Valin, the Commissioner considers it likely that non-cooperative entities purchased coal, steel slab and scrap steel from SOEs at subsidised prices and therefore received a financial contribution under this program. This is based on assuming non-cooperative entities rely on a fully integrated method of plate steel production and as a result, such inputs would be required. However, the commission does not consider it is reasonable to conclude a countervailable subsidy may have been received in respect of iron ore and coke as the available information is not adequate to merit this finding.

Further, given the presence of raw materials available from SOEs at below market prices, as discussed in APPENDIX A, it is reasonable for the Commissioner to assume, pursuant to section 269TAACA, that non-cooperative entities would purchase such raw materials to manufacture the goods.

The commission has also considered the potential that some plate steel producers in China could have used a simplified process that relied on purchased HRC as a feedstock. This would convert the HRC into flat plate steel of a thickness being equal to or greater than 4.75mm as covered the description of the goods the subject of this investigation. On the balance of the available methods concerning of plate steel production used for the goods exported to Australia, the commission has limited its findings on LTAR subsidies to the fully integrated scenario. Programs 688-50 and 658-179 are therefore not considered applicable as both relate to hot rolled steel products.

The amount of countervailable subsidy, and in turn the subsidy margin for LTAR programs applicable to non-cooperative entities, has been determined using the methods outlined in Table 34 below.

Program No.	Program name	Amount of subsidy
688-10	Coke provided by government at less than adequate remuneration	Not applicable to non-cooperative entities
688-14	Steel slab provided by government at less than adequate remuneration	The difference between the prices paid by Baosteel Zhanjiang to SOEs and the constructed steel slab benchmark price (as adjusted).
688-50	Hot rolled steel provided by government at less than fair market value	Not applicable to non-cooperative entities
658-178	Raw materials and utilities provided at LTAR	Coal The difference between the lowest weighted average prices paid by cooperating exporters from Chinese coal from SOEs and the highest weighted average prices paid to private enterprises for coal purchased from overseas suppliers. Steel scrap The difference between the prices paid by Hunan Valin to SOEs and the prices paid to private suppliers.
658-179	Hot rolled steel at LTAR	Not applicable to non-cooperative entities

Table 34: Non-cooperative entities amount of LTAR subsidy[337]

[337] Confidential Attachment 36 refers.

D5 Preferential tax programs

The commission's examination of the available information concludes the following preferential tax programs conferred a benefit in the form of a countervailable subsidy during the investigation period. Two out the 10 programs were found to be new and not previously countervailed by the commission.

Program No.	Program name	New 688 program	Countervailable subsidy for the goods?	Beneficiary
684-12	Individual income tax handling fee refund	No	Yes	All exporters
684-12	Individual income tax handling fee refund	No	Yes	All exporters
658-170	Value Added Tax (VAT) deduction for advanced manufacturing	No	Yes	Baoshan and non-cooperative entities
658-171	Value Added Tax (VAT) additional deductions	No	Yes	Baoshan, Hunan Valin and non-cooperative entities
658-172	Value Added Tax (VAT) deduction for enterprises employing poor people	No	Yes	Baosteel Zhanjiang and non-cooperative entities
658-173	Deferred income – tax refunds – amortization	No	Yes	Baosteel Zhanjiang and non-cooperative entities
658-176	Corporate income tax benefit	No	Yes	All exporters
688-51	Preferential Treatment for High and New Technology Enterprises	No	Yes	All exporters
688-80	Input tax credit deduction carried forward to other income	Yes	Yes	Baosteel Zhanjiang and non-cooperative entities
688-81	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Yes	Yes	Baosteel Zhanjiang and non-cooperative entities

Table 35:Tax programs countervailed by the commission

D5.1 Tax programs listed in the commission's exporter questionnaire

The commission's exporter questionnaire identified or nominated the following 12 programs concerning preferential tax policies. With the exception of Program 51, none of the cooperating exporters were found to receive a benefit in relation to any of these programs. However, they did report receiving a benefit in relation to a range of other tax related programs not initially identified in the questionnaire.

Program No.	Program name
11	Comprehensive utilization of resources - VAT refund upon collection
15	Preferential Tax Policies for Foreign Invested Enterprises— Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years
16	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai
17	Tariff and VAT Exemptions on Imported Materials and Equipment
20	Local Tax Bureau Refund
21	Return of Farmland Use Tax

Program No.	Program name
22	Return of Land Transfer Fee
23	Return of Land Transfer Fee from Shiyou
51	Preferential Tax Policies for High and New Technology Enterprises
76	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones
77	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)
78	Preferential Tax Policies in the Western Regions

Table 36: Investigation 688 nominated tax programs

All cooperating exporters from China reported they were recognised as a High and New Technology Enterprise (HNTE) making the eligible for a preferential corporate income tax rate of 15% under Program 51.

D5.2 Previously countervailed relevant programs

The preferential tax programs listed below were countervailed by the commission in prior investigations and were found to be relevant to exporters for this investigation. The relevant case number is shown as a prefix to the program number.

Program No.	Program name
684-12	Individual income tax handling fee refund
658-170	Value Added tax (VAT) deduction for advanced manufacturing
658-171	Value Added Tax (VAT) additional deductions
658-172	Value Added Tax (VAT) deduction for enterprises employing poor people
658-173	Deferred income – tax refunds – amortization
658-176	Corporate income tax benefit
690-19	Recording of Input VAT Deduction - Advanced manufacturing enterprises

Table 37:Tax programs previously countervailed by the commission

D5.3 Other programs

Additional programs not previously identified by the commission were reported by cooperating exporters. Some of these programs appear to be identical to programs countervailed by the commission in prior cases. The table below shows the nominated program number from those prior cases and an investigation specific number where the commission has not previously examined the program, of which there are two.

Program No.	Original or nominated program name	Programs as described by exporters	New 688 program
688-80	Input tax credit deduction carried forward to other income	• Input tax credit deduction carried forward to other income	Yes
688-81	Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	• Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees	Yes

Table 38:Other tax programs countervailed by the commission

The following appendices discuss these programs in detail.

D5.4 Program 688-51 Preferential Treatment for High and New Technology Enterprises

D.5.4.1 Scope of program

All cooperating exporters from China reported they were recognised as a High and New Technology Enterprise (HNTE) making them eligible for a preferential corporate income tax rate of 15%, compared to the general tax rate applying to enterprises in China of 25%.

The questionnaire responses filed by Baoshan, Baosteel Zhanjiang and Hunan Valin all stated they were eligible HNTEs in relation to the period the subject of Investigation 658 into HRC from China. However, this particular program was not countervailed in that investigation.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined *in SEF 684 – PVC flat electric cables from China* (SEF 684) (Program 5) and *SEF 690 – Freight railway wheels* (Program 5).

D.5.4.2 WTO notification and legal basis

SEF 684 and SEF 690 provide that:[338]

> *China's New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures, 26 August 2025* (China subsidy notification), lists this program at page 8.
>
> The policy objective and/or purpose of the subsidy is to encourage high and new technology industrial development and enhance technology progress.
>
> The authorities for the subsidy are given in the China subsidy notification as the Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Finance and State Taxation Administration.
>
> The legislation under which the program is granted is Article 28 of the Law of the People's Republic of China on Enterprise Income Tax (2007), Article 93 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007) and a State Council Circular Guo Fa No. 40 of 2007.
>
> The form of the subsidy is preferential tax treatment specific to enterprises recognised as high or new technology enterprises. The enterprise income tax shall be levied at the reduced rate of 15% from 25%.

D.5.4.3 Eligibility criteria

Based on the findings in SEF 684 and by reference SEF 690, this program does not appear to be generally available to all enterprises in China, it is specific to new and high technology enterprises that meet certain criteria. These criteria were first described in

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

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%.[339]

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

D.5.4.4 Is there a subsidy?

The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government. Due to the nature of this program (reduced income tax rate) it is considered that a financial contribution would be made in connection to the production, manufacture, or export of all goods of the recipient enterprise (including goods exported to Australia).

The Commissioner considers that this constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under these programs meet the definition of a subsidy under section 269T.

D.5.4.5 Is the subsidy countervailable?

Based on the eligibility criteria outlined in SEF 684 and SEF 690, and in reliance of the cooperating exporters', the Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2) and that this program is countervailable. The commission considers the criteria or conditions providing access to the subsidies favour particular enterprises over other enterprises in China (namely new and high technology enterprises), and therefore section 269TAAC(3) does not apply to this subsidy.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in SEF 684 or SEF 690.

D.5.4.6 Amount of subsidy

The amount of countervailable subsidy received by Baoshan, Baosteel Zhanjiang and Hunan Valin under Program 51 is equal to the reduction in tax otherwise payable by these

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

exporters over the investigation period. See chapter 7.6.1 concerning a revision to the amount of subsidy Baoshan received under this program.

As this amount has been provided in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.5 Program 684-12 Individual income tax handling fee refund

D.5.5.1 Scope of program

All cooperating exporters reported receiving amounts relating to a refund of income tax handling fees. The amounts received were very low relative to the size of each exporter's business.

In SEF 690, the commission established the mechanism behand the calculation of handling fee refund, '*When a company withholds and pays individual income tax on behalf of its employees, it can receive a 2% handling fee refund from the tax authorities.*'[340]

The commission also recently identified this program in SEF 684.

D.5.5.2 WTO notification and legal basis

In SEF 684, the commission did not identify any specific legal basis for this program, i.e. no specific law, regulation, or other GOC document that provides for the establishment or regulation of this program. The commission is not aware of any WTO notification of this program.

The commission was also unable to identify any specific legal basis for this program in this investigation.

D.5.5.3 Eligibility criteria

In both SEF 684, SEF 690 and in this investigation, the program appears to be limited to specific businesses operating within the jurisdiction of the granting authority. In the case of exporters cooperating with 688, this was cited as the authority overseeing the area in which each exporter was located.

D.5.5.4 Is there a subsidy?

From the evidence before it, the commission considers that a grant provided under this program by way of a refund paid by the relevant tax authority, is a financial contribution by a government which involves the direct transfer of funds from that government.

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

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

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.5.5.5 Is the subsidy countervailable?

The eligibility criteria for this program limit access to specific enterprises based on geographic location.

The Commissioner is satisfied this meets the criteria of a countervailable subsidy under section 269TAAC(2)(b).

In SEF 690, the commission outlines it found no evidence indicating that the eligibility criteria for this program is neutral, does not favour particular enterprises, is economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.[341] The available information provided to Investigation 688 has not advanced the commission’s understanding on the eligibility criteria for this program.

Eligibility for this program therefore appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidy available under this program is specific and is therefore countervailable under section 269TAAC.

D.5.5.6 Amount of subsidy

The amount of countervailable subsidy received by Baoshan, Baosteel Zhanjiang and Hunan Valin under Program 684-12 is the amount they received over the investigation period.

As this amount has been provided in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.6 Program 658-170 VAT deduction for advanced manufacturing enterprises

D.5.6.1 Scope of program

Baoshan reported receiving amounts relating to additional deductions on input VAT available for advanced manufacturing enterprises. See chapter 7.6.1 concerning a revision to the amount of subsidy received under this program for Baoshan.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined REP 658. The commission found Baoshan, Baosteel Zhanjiang and Hunan Valin received a countervailable subsidy under this program.

Under this program, eligible advanced manufacturing enterprises in China can offset an extra 5% of their creditable input VAT against their output VAT liability, effectively

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

reducing their overall tax burden. The policy remains effective through to December 31, 2027.

Apart from reporting the receipt of a payment under this program, the exporters have not detailed any other aspects of the program.

D.5.6.2 WTO notification and legal basis

The GOC identified this program in section D-3.1 of the response to the government questionnaire the GOC filed for the purpose of Investigation 658.[342] The program is established according to *Announcement on the Policy of Value-Added Tax Additional Deduction for Advanced Manufacturing Enterprises* (Announcement No. 43 of 2023 by the Ministry of Finance and the State Administration of Taxation).

The commission is not aware of any WTO notification of this program.

D.5.6.3 Eligibility criteria

The ability to offset VAT payable under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government. Due to the nature of this program, it is considered that a financial contribution would be made in connection to the production, manufacture, or export of all goods of the recipient enterprise (including goods exported to Australia).

The Commissioner considers that this program constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under these programs meet the definition of a subsidy under section 269T.

D.5.6.4 Is the subsidy countervailable?

According to the GOC questionnaire response to Investigation 658, this program is administered by the GOC State Tax Bureau with the support of other relevant departments, and it is implemented by authorities in charge of local taxation within each jurisdiction.[343]

In REP 658, the commission concluded that this program is only available to particular enterprises that are operating in the advanced manufacturing sector as identified by the governing law.

Based on the eligibility criteria outlined in REP 658, and in reliance of the available information from cooperating exporters, the Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2) and that this program is countervailable.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

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

D.5.6.5 Amount of subsidy

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

As this amount has been provided in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.7 Program 658-171 VAT additional deduction

D.5.7.1 Scope of program

Baoshan's REQ reported receiving amounts described as VAT additional deductions. Hunan Valin did not report payments under this program in its REQ for Investigation 688. However, Investigation 658 found Hunan Valin did receive payments, and some of these were dated within the investigation period for Investigation 688. No payments were reported by Baosteel Zhanjiang in either Investigation 658 or this investigation.

The commission notes the VAT deduction the subject of this program is considered distinct from the VAT deduction available for advanced manufacturing under Program 658-170.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in REP 658. The commission found Baoshan and Hunan Valin received a countervailable subsidy under this program. The commission countervailed the payments for VAT additional deductions on under section 269TAACA of the Act having regard to all facts available.

The exporters only provided limited information about these other tax programs that included:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

No information provided by the exporters concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the payments were made.

D.5.7.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.7.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded amounts received in the form of as VAT additional deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.
- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.7.4 Amount of subsidy

The amount of countervailable subsidy received by Baoshan is the amount they received over the investigation period. The amount of countervailable subsidy received by Hunan Valin has been worked out by firstly observing the amount it received in its 2024 financial year relative to its reported income for that year and applying this ratio to the revenue it has reported for the investigation period.

As this amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.8 Program 658-172 VAT deduction for enterprises employing poor people

D.5.8.1 Scope of program

Baosteel Zhanjiang’s REQ reported receiving amounts under this program.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in REP 658. The commission found Baosteel Zhanjiang received a countervailable subsidy under this program. The commission countervailed the payments under section 269TAACA of the Act having regard to all facts available.

In the case of both this investigation and for REP 658, the exporters provided information that was limited to the following:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and

- a proposed attributions at the company level.

No information has been provided by the exporters of the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the payments were made.

D.5.8.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.8.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded amounts received in the form of as VAT deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.
- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.8.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As this amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.9 Program 658-173 Deferred income tax refunds amortization

D.5.9.1 Scope of program

Baosteel Zhanjiang's REQ reported receiving amounts under this program.

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in REP 658. The commission found Baosteel Zhanjiang received a countervailable subsidy under this program. The commission countervailed the payments under section 269TAACA of the Act having regard to all facts available.

In the case of both this investigation and for REP 658, the exporters provided information that was limited to the following:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

No information has been provided by the exporters of the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the payments were made.

D.5.9.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.9.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded amounts received were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission found the amounts received under this program were countervailable subsidies due to the following reasons.

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.
- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.9.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As this amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.10 Program 658-176 Corporate income tax benefit

D.5.10.1 Scope of program

The commission identified this program provided a benefit in the form of countervailable subsidy for exporters examined in REP 658. The commission found Hunan Valin received a countervailable subsidy under this program. The commission assessed several items on Hunan Valin's income tax assessments that collectively conferred a benefit in the form of reductions in taxable income for Hunan Valin.[344] The commission countervailed the deductions under section 269TAACA of the Act having regard to all facts available. These were grouped under *Program 176 - Corporate income tax benefit.*

Apart from disclosing eligibility for a preferential rate of tax under Program 51, Investigation 658 did not receive information from either the exporters of the GOC concerning:

- whether the tax deductions had been declared as part of China's WTO notifications,
- the legal basis upon which the deductions had been provided, or
- the eligibility criteria upon which the deductions were made.

Further examination of the program has been performed for the purpose of this investigation. This revealed deductions relevant to the program were identified in the exporters' tax assessments and appear to reflect a double deduction of amounts that are already included in the exporters taxable profit calculated on their income statements. This has in turn allowed the company to offset its taxable income.

The following list specifies the nature of the additional deductions identified by the commission and cross references the relevant line item in the GOC tax assessment form.

- A double deduction of research and development (R&D) expenses already factored into the companies operating profit. [345]
- Offsets for equity investment income. [346]
- Wages paid to employ disabled persons. [347]
- Investment income cost offset, expenses incurred for use of financial funds. [348]

Absent of the deductions listed above, all cooperating exporters received a benefit in the form of additional deductions that resulted in a reduced level of taxable income for the 2024 financial year. The commission has not been provided with tax assessments for the 2025 financial year at the time of preparing this report.

Absent of the above deductions, all cooperating exporters would have generated taxable income for the 2024 financial year and presumably would have been subject to a 15%

[344] Termination Report 658, p. 43.
[345] See form A107012 in the FY2024 income tax return.
[346] See form A107011 in the FY2024 income tax return.
[347] See form A100000 in the FY2024 income tax return.
[348] See form A105000 in the FY2024 income tax return.

corporate rate of tax available to eligible High and New Technology Enterprises under Program 51. Within this context, the exporters to have received a benefit under Program 51.

D.5.10.2 Eligibility criteria

The commission has not been provided with or has it identified evidence that outlines the eligibility criteria upon which the payments were made.

D.5.10.3 Is the subsidy countervailable?

In REP 658, the Commissioner concluded the benefit realised from the deductions were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission’s concluded was on the basis of the following reasons.

- The deductions were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to make the deductions but based on the information available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries or enterprises undertaking specification activities, e.g. R&D.
- The benefit resulting from the deductions was attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

The Commissioner considers that no evidence has been provided in this investigation to depart from the findings in REP 658.

D.5.10.4 Amount of subsidy

The commission considers this program is linked to Program 688-51 for entities with HNTE status. The benefit conferred under Program 688-51 is the difference between income tax payable with respect to the standard corporate income tax rate of 25% and amount payable at the rate of 15%. The method for working out the benefit conferred under Program 51 is based on what would have been each exporters’ taxable income absent of the deductions allowable under Program 658-176.

As the deductions have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D5.11 Tax programs identified during this Investigation (688-80 & 688-81)

Baosteel Zhanjiang’s REQ reported receiving the following financial contributions from central, provincial, municipal and development-zone authorities in China. The commission finds it is suitable to classify these as tax related and has designated the programs as 688-80 and 688-81.

- 688-80 Input tax credit deduction carried forward to other income

- 688-81 Taxation Administration of Zhanjiang Economic and Technological Development Zone – Third generation handling fees

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

D.5.11.1 Scope of program

Baosteel Zhanjiang's REQ provided information that was limited to the following:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

No other information has been provided by the exporter or the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided, or
- the eligibility criteria upon which the payments were made.

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by Baosteel Zhanjiang for the programs.

The commission examined information provided by the exporter order to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program.

Having regard to Baoshan's REQ, it was possible to establish that the granting authority for Program 688-80 was at the central government level, whilst for 688-81 it was stated as local government.

D.5.11.2 Eligibility criteria

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

D.5.11.3 Is the subsidy countervailable?

The Commissioner concludes the amounts received in respect of Program 688-80 and Program 688-81 were countervailable subsidies in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable. The commission finds the amounts received under this program were countervailable subsidies due to the following reasons.

- The payments were subsidies because they conferred a financial benefit and were provided by government bodies, as declared by the exporters.
- The commission was unable to assess the full criteria for determining which companies are eligible to receive these payments but based on the information

available (the name of tax benefit) and reasonable assumptions, the commission has assessed that these subsidies were countervailable because it appears that they were likely only available to enterprises in some industries.
- These payments were attributed to the goods at the company level based on the assumptions made considering the name of the payment in the accounting systems of the exporters.

D.5.11.4 Amount of subsidy

The amount of countervailable subsidy received by Baosteel Zhanjiang is the amount they reported receiving over the investigation period.

As the amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D6 Grant programs

Based on the information provided in their REQs, cooperating exporters from China reported receiving grants that the commission considers to be countervailable subsidies. The commission has assessed that the grants were relevant to two main categories. As the grants payments were observed to cover a large number of individual and unique purposes, based on the financial records of the exporters, the commission has grouped the grants into the following subsidy programs.

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

D6.1 Grant programs limited to specific enterprises

D.6.1.1 Scope of programs

The REQs filed by the cooperating exporters reported receiving a range of grants from central, provincial, municipal and development-zone authorities.

The exporters provided limited information about the payments but did include:

- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

No information was provided by the exporters or the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided.

Baoshan and Baosteel Zhanjiang

Baoshan and Baosteel Zhanjiang provided a basic description of the granting authority as being either a central or local government organisation. Other details included in accounting narrations indicated this response to be generally correct. The commission also observed several grants also appeared to be associated with GOC affiliated research institutions

The number of grants reported by Baoshan involved 74 transactions, some being related to the same activity. The commission was able to consolidate these transactions down to 44 after having regard to information provided by Baoshan in the grants listing at I-4 of its REQ. The nature of the transactions appeared to indicate the grants were non-recurring. Fo the purpose of simplifying the presentation below, the commission has assigned one program number to all Baoshan's grants assessed as being limited to specific enterprises.

Baosteel Zhanjiang reported a much lower number of grants and indicated the granting authority for its grants were the Zhanjiang Municipal Government and entities associated with the Zhanjiang Economic and Technological Development Zone. Baosteel Zhanjiang is in the jurisdiction of Zhanjiang. The nature of the transactions appeared to indicate the grants were non-recurring. To simplifying the presentation below, the commission has assigned one program number to all Baosteel Zhanjiang's grants assessed as being limited to specific enterprises

Hunan Valin

Hunan Valin indicted the granting authority for its grants were the Loudi Municipal Government and entities associated with the Loudi Economic and Technological Development Zone. Hunan Valin is in the jurisdiction of Loudi City. The nature of the transactions appeared to indicate the grants were non-recurring. To simplify the presentation below, the commission has assigned one program number to all of Hunan Valin's grants assessed as being limited to specific enterprises

D.6.1.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by the exporters in their REQs.[349]

The commission examined information provided by the exporter and information obtained during verification to identify the legal basis under which these programs were established or administered. The commission also sought information in relation to subsidy programs from the GOC as part of the government questionnaire but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program. In the alternative, Table 39 in chapter D.6.1.3 relies on the available information in exporter questionnaires.

D.6.1.3 Eligibility criteria

From the information available to the commission, eligibility for the programs is limited to specific entities, as set out in Table 39 below.

Program Number	Exporter	Program name	Granting authority

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

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

Table 39: Grant programs limited to specific enterprises

D.6.1.4 Is there a subsidy?

From the evidence before it, the commission considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.6.1.5 Is the subsidy countervailable?

Eligibility for these programs appears to limit access to specific enterprises, based variously on geographic location of specific activities undertaken by recipients.

The Commission is satisfied this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and/or 269TAAC(2)(b).

The commission has seen no evidence indicating that the eligibility criteria for these programs are neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidies available under these programs is specific and is therefore countervailable under section 269TAAC.

D.6.1.6 Amount of subsidy

The amount of countervailable subsidy received by the cooperating exporters is the amount they reported receiving over the investigation period.

As the amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).

D6.2 Capital grant programs (deferred income – fixed assets)

D.6.2.1 Scope of programs

The commission identified a range of payments reported as deferred income in relation to fixed-asset projects. Baoshan and Baosteel Zhanjiang declared receiving payments concerning deferred income in section I-4 of their questionnaire responses. The exporters identified these payments as grants and indicated them as being countervailable.

The exporters provided limited information about the payments but did include:

- transaction narrations that supported the amounts related to capital works projects for fixed assets used for steel making
- a transaction description for the payments listed in the company accounting systems,
- a statement that the benefits were conferred by a government body,
- an amount for the benefit conferred, and
- a proposed attributions at the company level.

No information was provided by the exporters or the GOC concerning:

- whether the grants had been declared as part of China's WTO notifications,
- the legal basis upon which the grants had been provided.

Baoshan and Baosteel Zhanjiang provided a basic description of the granting authority as being either a central or local government organisation. No other information was included to further information the identity of the granting authority.

Baoshan reported 39 individual transactions, some being related to the same project or asset. The commission consolidated these transactions down to 36 after having regard to information provided by Baoshan in the grants listing at I-4 of its REQ.

Baosteel Zhanjiang reported 104 individual transactions, some being related to the same project or asset. The commission consolidated these transactions down to 53 after having regard to information provided by Baosteel Zhanjiang in the grants listing at I-4 of its REQ.

To simplifying the presentation below, the commission has assigned one program number each to all of Baoshan's and Baosteel Zhanjiang's grants assessed as being related to deferred income in relation to fixed asset capital works.

Other cases involving capital grant subsidies

The commission also countervailed grants concerning deferred income on fixed assets in relation to exporters of FRW examined in SEF 690.

SEF 690 outlined that the commission considers that capital grants used to acquire or construct production-related fixed assets may continue to confer a benefit beyond the period of receipt, where the assets remain in productive use and the subsidy applies to fixed assets used over several years. In such circumstances, the amortised portion of the deferred income reflects the residual benefit of the subsidy during the investigation period.

Whilst limited, the available information provided by exporters for this investigation appears to support a conclusion that their reported deferred income shares similar characteristics as the payments that were countervailed in SEF 690.

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

D.6.2.2 WTO notification and legal basis

The commission reviewed the China subsidy notification and did not identify any programs matching the descriptions provided by the exporters in their REQs for the programs in Table 40.[350]

The commission examined information provided by the exporter and information obtained during verification to identify the legal basis under which these programs were established or administered. The commission sought information in relation to subsidy programs from the GOC as part of the government questionnaire but did not receive a response. The commission was therefore unable to identify the specific legal basis for each program. In the alternative, Table 40 in chapter D.5.6.2 relies on the available information in exporter questionnaires.

D.6.2.3 Eligibility criteria

From the information available to the commission, eligibility for Program 688-14 is limited to specific enterprises carrying on capital works projects connected with manufacturing, approved by the granting authority.

Program Number	Exporter	Program name	Granting authority
688-83	Baoshan	Baoshan deferred income – fixed assets grants	Central and local Government
688-83	Baosteel Zhanjiang	Baosteel Zhanjiang deferred income – fixed assets grants	Central and local Government

Table 40: Capital grant programs (deferred income fixed assets)

D.6.2.4 Is there a subsidy?

From the evidence before it, the commission considers that grants provided under these programs are financial contributions by a government which involve the direct transfer of funds from that government.

The Commissioner has determined that grants provided in relation to deferred income on fixed assets relate to supporting steel making assets that are not exclusively used for the production of plate steel but nonetheless conferred a benefit (whether directly or indirectly) in relation to the goods under consideration during the investigation period.

Baosteel Zhanjiang reported that some deferred income fixed assets payments were not related to the goods. Information provided in its REQ indicated the payments concerned cold rolled steel production processes. Based on this disclosure, the commission

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

considers the payments declared in relation to cold rolled steel are not relevant to the goods under consideration.

The commission considers that the deferred income on fixed assets reported by Baoshan and Baosteel Zhanjiang are a financial contribution are in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

As the financial contribution under this program is provided by the GOC, at either a central, provincial, municipal or development-zone level, it meets the definition of a subsidy under section 269T.

D.6.2.5 Is the subsidy countervailable?

Eligibility for these programs is limited to designated enterprises and projects and meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and/or 269TAAC(2)(b).

The commission has seen no evidence indicating that the eligibility criteria for these programs are neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.

Eligibility appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3). Accordingly, the commission considers that subsidies available under these programs is specific and is therefore countervailable under section 269TAAC.

D.6.2.6 Amount of subsidy

In SEF 690, the commission considered an approach that amortises the grant over the depreciation period of the fixed asset.[351] The commission identified that exporters examined in SEF 590 received deferred payments for the fixed assets funded under the relevant programs, rather than an upfront payment. Each financial year, the exporter received a payment for the relevant fixed asset.

Accordingly, the commission concluded it was appropriate to use the actual deferred amounts paid during the investigation period.

Although the commission has received very limited information about the payments received in relation to the exporters the subject to this investigation, the description of the payments declared by the exporters appeared to correspond with the observations outlined in SEF 590. The commission therefore considers it unnecessary to calculate an amortised benefit and instead use the actual deferred amounts paid during the investigation period.

As these programs each relate to the broader steel making activities, the Commissioner considers this amount has been provided in connection with the production, manufacture, or export of all products produced by the exporters (except for certain amounts not considered relevant).

[351] The Manual, p69.

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

D7 Preferential loans (658-177)

D7.1 Scope of programs

The commission's assessment of preferential loans in REP 658 found Baoshan and Hunan Valin were the recipients of loans from SOE's at preferential rates of interest that were lower than commercial rates.[352] The commission concluded the favourable rates of interest paid on the loans from SOE banks conferred a benefit that was a countervailable subsidy under section 269TAACA of the Act having regard to all the facts available. The subsidy was designated program number 658-177.

The REQs filed by Baoshan and Hunan Valin for Investigation 658 did not disclose the existence of preferential loans. Rather, they were identified by the commission during verification of the exporters.[353]

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

Baoshan's submission to SEF 688 raised that it had in fact provided information about its loans from state owned banks as part of the REQ, although not at the relevant questions on loans from policy banks. See chapter 7.6.1 concerning the available information for Baoshan.

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

The evidence examined for Investigation 658 establishes that the loans were relevant to the investigation period for Investigation 688 and involved SOE lenders in the case of both short and long term loans.

The 2024 financial year financial statements provided by Baoshan and Hunan Valin in their REQ for Investigation 688 show ending year balances concerning both short and long term loans payable within one year, i.e. by 31 December 2025. This timing places the loans within the investigation period. The REQ from Baoshan confirmed this to be correct whereas the REQ from Baosteel Zhanjiang confirmed it had no loan relevant to the investigation period.

Based on the findings for Investigation 658 and the available information for Investigation 688, the commission finds the following in relation to the loans payable by Hunan as at the end of the 2024 financial year.

- the balance of short and long term loans were owed to state owned lenders

[352] Chapter D7.1 in REP 658, p. 202 refers.
[353] Chapter D7.2 in REP 658, p. 202 refers.

- the loans payable to SOE lenders were subject to preferential rates of interest that were lower than the prevailing commercial market rates.

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

- the balance of short and long term loans were owed to state owned lenders
- the loans payable to SOE lenders were subject to preferential rates of interest that were lower than the prevailing commercial market rates.

The commercial market rate benchmark used by the commission is based on the Loan Prime Rates (LPR) calculated by the National Interbank Funding Centre (NIFC). According to the NIFC website, it is a sub-institution affiliated to the People's Bank of China.[354] The LPR was relied on by the commission for the same program in Investigation 658 into HRC from China.

No information has been provided by the exporters of the GOC concerning:

- whether the loans had been declared as part of China's WTO notifications,
- the legal basis upon which the loans had been provided, or
- the eligibility criteria upon which the loans were made.

D7.2 WTO notification and legal basis

The commission examined information provided by the exporter and information by Investigation 658 in order to identify the legal basis under which these programs were established or administered. The commission also sought information in relation to subsidy programs from the GOC as part of the government questionnaire but did not receive a response. The commission was therefore unable to identify the specific legal basis for this program.

D7.3 Eligibility criteria

The Commissioner's conclusion outlined for Investigation 658 found it was reasonable to assume under section 269TAACA(1) that SOE loans to the exporters examined in that investigation were not available to all enterprises.

On the basis of the available information for this investigation, the commission considers it is also reasonable to conclude, under section 269TAACA(1) that the loans made out to Baoshan and Hunan Valin were provided by SOE lenders at preferential rates of interest and these loans were not available to all enterprises.

D7.4 Is there a subsidy?

From the evidence before it, the commission considers that loans provided under this program are financial contributions by a government which involve government revenue

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

forgone through lending at lower than commercial rates of interest charged to the borrower by the SOE bank.[355]

The commission considers that this financial contribution is in connection with the production, manufacture, or export of all products of the recipient enterprise, including goods exported to Australia. This therefore constitutes a benefit in relation to the goods exported to Australia.

Under section 269TAACA of the Act and having regard to all the facts available, the commission concludes the following

- loans payable by Hunan Valin at the end of its 2024 financial year are owed to banks with SOE status and therefore the below market interests payable on those loans meets the definition of a subsidy under section 269T.
- loans payable by Baoshan that were due either wholly or partly during the investigation period were owed to banks with SOE status and therefore the below market interests payable on those loans meets the definition of a subsidy under section 269T.

D7.5 Is the subsidy countervailable?

The Commissioner considers the program satisfies the specificity requirements of section 269TAAC(2).

The commission has found no evidence indicating that the eligibility criteria for this program are neutral, does not favour particular enterprises, is economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy.

Eligibility for this program therefore appears limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).

In REP 658, the Commissioner concluded the benefit conferred in relation to SOE bank loans provided at preferential rates of interest was a countervailable subsidy in accordance with section 269TAACA(1), having considered the facts available and making such assumptions as the commission considers reasonable.

Having regard to the available information for this investigation, the Commissioner considers in accordance with section 269TAACA(1) it is reasonable to conclude Baoshan and Hunan Valin received loans from SOE banks at preferential rates of interest, and the benefit conferred was a countervailable subsidy.

D7.6 Amount of subsidy

Since Hunan Valin failed to provide any information about their loans from SOE banks, the commission has relied on other relevant information to determine an amount of amount of subsidy for Hunan Valin.

For Hunan Valin, the commission firstly worked out the benefit conferred as a proportion of their reported outstanding loans examined by Investigation 658. This ratio has then

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

been applied to the reported amount of short and long term borrowings owed at end the end of the 2024 financial year by Hunan Valin. The commission has countervailed 100% of its long term loan balance and 50% of its short term loans, in observance of the evidence examined by Investigation 658.

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

As the amounts above have been determined in connection with the production, manufacture, or export of all products, the commission has attributed this amount to each unit of the goods based on the value of all company turnover during the investigation period, in accordance with section 269TACD(2).