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The Director – Investigations 3
Australian Trade Remedies Commission
GPO Box 2013
Canberra ACT 2601
By email: investigations3@atrc.gov.au

Accelerated Review No. 722: Aluminium zinc coated steel exported from the People's Republic of China

Dear Director

Please accept this submission from Shandong Shinmade Material Tech Co., Ltd (Shinmade), which responds to the submission of BlueScope Steel Limited (BlueScope) dated 3 November 2026.

BlueScope "does not oppose completion of AR 722" and does not challenge the preliminary finding that Shinmade is a new exporter. There is a good deal of common ground, and Shinmade agrees that its variable factors must rest on verified information supplied by Shinmade and the review period, and it has put that information before the Commission in its response to the exporter questionnaire.

Export price is to be determined under section 269TAB(3)

Shinmade has made no exports of the goods to Australia

Shinmade is a manufacturer of the goods and has not exported to Australia, in the original investigation period or since. The REQ confirms this as section B records that it is not applicable "since the Company didn't have any export sales to Australia during the period", and Shinmade's answer on its functions records that "no company performs function (c), since Shinmade didn't export to Australia."

BlueScope asks whether Shinmade relies on "an actual or proposed transaction or other pricing evidence", and it confirms that it does not.

Where no Australian sales exist, the export price cannot be worked out from a price paid by an importer. Section 269TAB(3) of the Act supplies the basis:

> "Where the Minister is satisfied that sufficient information has not been furnished, or is not available, to enable the export price of goods to be ascertained under the preceding subsections, the export price of those goods shall be such amount as is determined by the Minister having regard to all relevant information."

BlueScope's complaint that the public application "does not explain the statutory or factual basis for the proposed export price" asks more of the application than the Act does. An application must contain "a statement of the basis on which the exporter considers that the particular notice is inappropriate so far as the exporter is concerned." Shinmade's figures were expressly an estimate made "based on the reasonably

available data". They indicated the outcome Shinmade expects. They were never offered as a substitute for the Commission's own determination.

Approach for new exporters that have not exported

The Commission's Dumping and Subsidy Manual (the Manual) states that "normal value and export price for the new exporter will be established under the relevant provisions of section 269TAC and section 269TAB." It anticipates the case of an applicant with no Australian sales, "in the circumstances where there have been no exportations, any accelerated review will assess the normal value for the goods."

The Commission has applied that approach several times this year and numerous times in previous years. The closer precedent is Final Report No 695 (REP 695), an accelerated review of these same notices, for aluminium zinc coated steel from China, completed on 26 March 2026. The applicant there was, like Shinmade, "currently subject to the combined rate of interim dumping duty (IDD) and interim countervailing duty (ICD) of 33.0%." Having found that it did not export during the review period, the Commission determined export price under section 269TAB(3) as equal to normal value, because "the normal value is relevant to ascertain the export price, for the purposes of this accelerated review, as it is" contemporary, "specific to Chuangsheng" and "representative of an un-dumped export price". The result was that "the dumping margin is not applicable, being zero per cent."

Final Report No 694 (REP 694), the galvanised steel review on which BlueScope relies, took the same course. The Commission found it "appropriate to determine the ascertained export price to be the same amount as that determined to be the normal value".

BlueScope accepts the point and says that "Shinmade's proposed outcome is therefore not objectionable merely because it produces a zero per cent dumping margin in the absence of Australian exports." Its remaining concerns disappear once the basis is identified. No independent export price exists to compare with normal value, so there is nothing to adjust for differences in terms or level of trade. The question BlueScope rightly identifies as central is the normal value itself.

The form of duty

The Manual records that, where an exporter has not exported during the review period, "the Commission may consider recommending that a floor price form of interim dumping duty be imposed." REP 694 and REP 695 both recommended that method. REP 694 explains that "the floor price mechanism ensures that dumping duty is only payable when the export price falls below the ascertained normal value, thereby preventing injury to the Australian industry while avoiding unnecessary duties on fairly priced goods."

Shinmade submits that the same form is appropriate here. A floor price answers BlueScope's concern directly, since duty becomes payable on any shipment below the normal value the Commission verifies. Shinmade asks that the recommendation state the delivery basis at which the floor price is expressed, so that importers and the Australian Border Force can apply it to invoiced prices without ambiguity.

Normal value and the HRC benchmark

BlueScope "does not challenge the use of an external HRC benchmark in principle". Nor does it submit that Final Report No 658, "standing alone, requires the Commission to reject Shinmade's recorded HRC costs."

Its request is that the Commission examine how the benchmark is selected and applied, and reconcile Shinmade's yields, conversion costs and other inputs with its records. Shinmade agrees that this is the right inquiry.

Normal value constructed from Shinmade's verified records

The quarterly normal values in the application were Shinmade's estimate of the result of the Commission's method. The HRC benchmark replaces one input and nothing else. Every other element of the cost to make, including zinc, conversion cost, yield and the selling, general and administrative expenses, comes from the exporter's verified records. Those are the matters BlueScope asks the Commission to test, and the REQ supplies them.

Shinmade's production involves "purchases of hot-rolled coils (HRC) to manufacture the goods", pickles and cold rolls that coil itself, and then coats it, with zinc ingot used in the coating step "as a major raw material as well." Shinmade reported the cost to make of its pickled coil and cold rolled coil in Worksheet G-7.2, and its purchases of HRC and zinc ingot transaction by transaction in Worksheet G-7.4. It also disclosed that it "purchased some small volume of CRC when its own production of CRC is in a short supply" and reported those purchases in the same worksheet. Its costing system records actual costs by process, in SAP, and Worksheet G-8 reconciles the cost listings upwards to the audited accounts.

Those records are complete and capable of verification. Shinmade will make them, and the staff responsible for them, available to the Commission.

The benchmark and the uplift should follow REP 694

In REP 694, the Commission "applied a timing adjustment to REP 611 HRC benchmark prices (1 July 2021 to 30 June 2022) using changes in the London metal exchange HRC steel FOB China index." In REP 695, for these goods, it used Korean and Taiwanese HRC prices published by MEPS International, and found that "this benchmark corresponds to a cost of production in the country of export without the effect of GOC influence in the steel market." Shinmade submits that the Commission should calculate the benchmark, and apply the uplift to Shinmade's HRC costs, in the same way the Commission did in REP 694.

The REP 694 benchmark rests on purchases the Commission itself verified. REP 694 describes "the HRC benchmark price in REP 611, which was calculated from verified HRC purchases by Taiwan and Korean exporters during Continuation Inquiry 611."[1] In REP 611 the Commission "established the competitive international benchmark based on HRC prices provided by Korean and Taiwanese exporters during the inquiry." It found that "normal competitive market conditions prevail in the domestic markets for HRC in Korea and Taiwan. HRC costs in China do not influence purchases in these markets."[2] The MEPS data used in REP 695 is a published price review, sourced from MEPS International Ltd.[3] It is not a set of transactions that the Commission has examined.

The REP 694 method also meets the reason REP 695 gave for its own choice. REP 695 considered "that Korean and Taiwanese prices are the preferable benchmark as it is largely consistent with the benchmark

[1] REP 694, section 4.3, p 16.
[2] ADC Report No 611, Continuation of zinc coated (galvanised) steel exported from China, Korea and Taiwan, p 141.
[3] REP 695, section 4.3.2, p 17 and fn 26.

countries used in REP 522."[4] The REP 611 benchmark is drawn from the same two countries. The choice is therefore not between countries. It is between verified purchases and a published series, and verified purchases are the better evidence of what HRC cost in a competitive market.

The applicable timing adjustment exists to carry the original verified prices forward, and the Commission accepted it in REP 694 for a review period that ran from "1 October 2024 to 30 September 2025".[5] That period ended with the September quarter 2025, which is the first quarter of the AR 722 review period. For that quarter the benchmark Shinmade used is one the Commission has already settled. For each later quarter the same index moves it forward, so the method stays the same from one quarter to the next.

The uplift should then be applied as REP 694 applied it. Having adjusted the benchmark for timing, the Commission "worked out the amount for the cost of production in Xinyu's normal value under section 269TAC(2)(c) using this adjusted cost for hot-rolled coil and the costs for other items as set out in Xinyu's records." REP 694 used the same adjusted benchmark to measure the subsidy on HRC. It "calculated the amount of benefit based on the price difference between Xinyu's reported raw material purchases during the accelerated review period and the REP 611 HRC benchmark with a timing adjustment." Shinmade asks for the same treatment, with one timing-adjusted REP 611 benchmark, used both to construct normal value and to measure any benefit under Program 1, with the double count removed.

Countervailing variable factors

BlueScope says the application "does not identify a proposed subsidy margin". Shinmade agrees that the countervailing variable factors are to be determined separately from the dumping variable factors, from verified information. The Commission did exactly that in REP 694 and REP 695, each of which contains a separate chapter on countervailable subsidies.

Section I of the REQ answers the countervailing questionnaire in full. Shinmade reported its company turnover (Worksheet I-1) and its raw material purchases (Worksheet G-7.4, adopted for question I-2). It identified which of its suppliers it understands to be state invested enterprises and explained that, "Since there are 26 SIE suppliers with over a hundred contractual agreements", it had provided the two largest contracts for HRC and zinc ingot. It provided three years of income tax returns and payment records and confirmed that it did not pay less than the general rate of enterprise income tax: "No, the Company didn't pay less." It disclosed that it "received some grants or other financial contributions from the government during the period plus the two preceding years", listed in Worksheet I-4 with the supporting ledgers, and it provided its loan ledgers and largest loan contracts under question I-5.

Shinmade is not a state owned or state invested enterprise, and its operations are confined to Shandong Province. Each matter BlueScope lists, including "programs concerning production inputs, taxation, grants or financing", is covered by that response and can be tested at verification.

Any finding on HRC must not be counted twice

This is the matter BlueScope's submission does not address, and it is the one most likely to affect the duty Shinmade's customers pay.

[4] REP 695, section 4.3.2, p 17.
[5] REP 694, Abbreviations, p 3.

If the Commission replaces Shinmade's HRC cost with a benchmark in constructing normal value, and also finds that Shinmade received a benefit on its HRC purchases under Program 1 (hot rolled steel provided by government at less than adequate remuneration), the same price gap is captured twice. Once in a higher normal value and floor price, and again in the countervailing duty. Shinmade does not concede that any benefit was conferred under Program 1. The point arises only if the Commission so finds.

The Manual deals with the treatment of double counting:

> "The Commission may decide to construct normal value for the goods in question under section 269TAC(2)(c) in certain circumstances. In some of these circumstances, the cost of an input may not reasonably reflect competitive market costs and therefore an adjustment to that input cost is made in constructing normal value. Where that input was also the subject of a less than adequate remuneration subsidy finding, it is necessary to 'back out' the relevant subsidy from the dumping margin in order to avoid any double counting."

The Commission applied that rule to these goods in REP 695. It found that, "as there is both an adjustment to raw material costs as part of constructing a normal value and a countervailable LTAR subsidy (such as Program 1), the commission has removed the relevant subsidy from the floor price, to avoid any double counting." In the form of measures it recorded that, "In setting the floor price, the commission has removed any double count, specified as the amount per metric tonne that arises as a result of the finding in relation to Program 1."

BlueScope itself describes the same correction in the review that set the rate Shinmade now pays. It notes that, in setting the effective dumping duty rate in Review No. 522, the Commission "deducted the margin attributable to the subsidy program concerning hot rolled steel provided by government at less than fair market value (the LTAR margin) from the dumping duty rate."

Shinmade submits that, if a Program 1 benefit is found, the floor price must be reduced by the amount per tonne attributable to that finding, as it was in REP 695. That is the only result consistent with BlueScope's own request that Shinmade not "receive replacement factors that are unsupported by the evidence". A floor price that already carries the full benchmark uplift, combined with a countervailing duty measured on the same uplift, would charge one subsidy twice.

New-exporter status, relationships and the scope of the altered factors

Eligibility

BlueScope states that it "does not contend that this assessment is incorrect" and that its request "is not an allegation that Shinmade has concealed a relationship or alternative producer." The Commissioner found, on the information then available, that Shinmade "should be considered a new exporter for the purposes of this accelerated review application", and that "There is no evidence at this time to suggest that the applicant is related to an exporter whose exports were examined during the original investigation."

The relationship the Act makes relevant to eligibility is a specific one. The Commissioner may terminate the review if satisfied that "the exporter is related to an exporter whose exports were examined in relation to the application for publication of that notice". For that purpose "an exporter is taken to be related to another exporter if the 2 exporters are associates of each other under subsection 269TAA(4)."

Shinmade has disclosed that it is part of a group and has provided a diagram of its full ownership structure, a list of its related companies and their functions, and its principal shareholders. It has identified the common directors between it and its related company, and it has disclosed that some of its raw material suppliers are related and how the prices paid to them are set. The detail is confidential, but it is before the Commission. Shinmade welcomes verification of all of it.

The goods to which the altered factors apply

Shinmade agrees with BlueScope that the altered variable factors should apply to the goods the Commission has examined, being aluminium zinc coated steel manufactured by Shinmade and exported by it. The REQ records that Shinmade performs the functions of production, domestic sale and export to countries other than Australia itself.

On that basis Shinmade asks that the recommendation identify Shinmade as both the producer and the exporter of the goods to which the altered variable factors apply.