18 November 2016 B

Steel Reinforcing Bar and Coil exported from Malaysia and China

Application and Evidence of Pacific Steel (NZ) Limited for Anti-dumping and (for China) Countervailing Duties

Executive Summary

1. This application is made by Pacific Steel under the Dumping and Countervailing Duties Act 1988, an Act to provide for the imposition of dumping and countervailing duties.

2. This application requests that the Chief Executive initiate and carry out an investigation and determine a rate or amount of anti-dumping duty on the goods (reinforcing steel bar and coil ("rebar") of 5mm or greater diameter) from Malaysia and China pursuant to section 10(1) of the Dumping and Countervailing Duties Act 1988 ("the Act"). Any rate or amount of anti-dumping duty arising from the investigation will take effect from 1 June 2017.

3. This application also requests that the Chief Executive initiate and carry out an investigation and determine a rate or amount of countervailing duty on the goods from China pursuant to section 10 (1) of the Act. The delay to 1 June 2017 in implementing anti-dumping measures pursuant to section 5 (2) (b) (ii) of the Dumping and Countervailing Duties Amendment Act 2014 does not apply to the implementation of countervailing duties.

4. Provisional countervailing duties on the Chinese goods pursuant to section 16 (1) (b) of the Act are requested in order to prevent material injury being caused to the domestic industry during the period of investigation.

5. The evidence indicating the existence of dumping, subsidizing and injury in this application is:

   a) Malaysia and China are exporting reinforcing bar and coil to New Zealand at dumped prices. Weighted average dumping margins in the 12 months ending 30 June 2016 ("F16") are 12.5% and 31% respectively. Malaysian and Chinese steel goods are presently being dumped in New Zealand, and have been dumped since at least F15.

   b) It is well established that China is subsidizing its steel industry. The subsidies known to be countervailable are significant in number and subsidy quantum. Subsidy quantum in F16 on the Chinese goods landing in New Zealand is estimated to be 52.05%, which is US$227.34 per tonne.

   c) Injury is being suffered by Pacific Steel in the form of price undercutting through F15 and into F16, in the band [redacted]% for Malaysia in F15 to [redacted]% for China in F16, causing price suppression and price depression, as Pacific Steel continues to price its goods into the New Zealand distribution and processing market with reference to the import price of the dumped and subsidized goods at that same primary level of trade. [*This information is price undercutting percentages and this information is commercially sensitive because it would provide a competitor with a competitive advantage*]

   d) The evidence clearly shows that dumped goods are having injurious effects on the local market, in particular through F15 and F16 price undercutting (which has caused price depression and suppression in those years). Pacific Steel's view is that dumping also appears to have caused price undercutting and price suppression, as shown in reduced EBIT per unit, during F12-F14.

e) Pacific Steel is suffering material adverse economic effects, primarily via effect on prices - as contemplated by specific mention of "prices" at sections 8(1)(b) and 8(2)(d)(ii) of the Act. Price-driven effects are apparent in Pacific Steel's price per unit (per unit being the means by which price for all steel products is measured[1]) being lower in all years after F12. EBIT in absolute terms (notwithstanding EBIT is not a measure of price effects, but is step-removed from that commercial juncture) is lower in F16 than in any year in the last decade.

Statutory Framework

6. The investigations are sought on the basis that the temporary suspension enacted in the Dumping and Countervailing Duties Amendment Act 2014 provides as follows:

'14AA Temporary suspension of anti-dumping duties on residential building material

(1) In this section, specified period means the period beginning on 1 June 2014 and ending on the close of 31 May 2017.

(2) During the specified period,—

(a) no new anti-dumping duty may be imposed under section 14(1) or 16(1) or (2) on any residential building material:

(b) existing anti-dumping duties on the following items are suspended:

(i) standard plasterboard from Thailand:
(ii) reinforcing steel bar and coil from Thailand:
(iii) wire nails from the People's Republic of China.

(3) If the Minister notifies a rate or amount of anti-dumping duty on any residential building material during the specified period, the new duty is imposed and takes effect on and from 1 June 2017.'

7. The amended Act does not prevent an anti-dumping duty or countervailing duty investigation, and the determination of a rate of anti-dumping duty, and the determination and imposition of a rate of countervailing duty. Such investigations would be conducted in the usual statutory manner, and a rate or amount of new anti-dumping duty notified in accordance with section 14AA (3) of the Act, and countervailing duty in accordance with section 14. Pacific Steel requests these investigations on the basis provided above.

Applicant and Producer

8. This application is made by Pacific Steel (NZ) Limited ("Pacific Steel") of 21 Beach Road, Otahuhu, Auckland 1062. Contact name is Mr Robin Davies, General Manager. Phone (09) 270 4368.

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[1] Positive evidence of price (or prices) being measured in a currency per a unit of mass (usually per tonne) can be found at http://www.worldsteelprices.com/ and
http://www.aksteel.com/pdf/markets_products/carbon/AK_Carbon_Steel_PB_201503.pdf and
http://usa.arcelormittal.com/what-we-do/steel-products/price-lists and
http://steelbenchmarker.com/files/history.pdf

9. The applicant's financial year end is 30 June.

10. The applicant manufactures reinforcing steel bar and coil, wire rod and drawn and coated wire.

Positive evidence justifying the need for an investigation

11. It is alleged that the Malaysian and Chinese goods are being dumped and (in the case of China also subsidised) and causing injury to the New Zealand industry, principally through price effects of:

a) price undercutting;
b) price depression; and
c) price suppression.

Resulting in (principally):

i. Adverse consequence upon sales;
ii. Adverse consequence upon profits both in per unit (e.g. EBIT/t), and overall (i.e. EBIT);
iii. Adverse consequence upon return on investment;
iv. Adverse consequence upon cashflow;

12. The positive evidence provided in support of this application for initiation is:

i. The evidence provided by Pacific Steel itself in this document and the attached appendices;
ii. The evidence provided from external sources referenced in this application; and
iii. Evidence previously provided to the Ministry.

13. It is accepted that in the course of the investigation itself a good deal more evidence will be gathered and considered by the Ministry. The ambit of this application is to the prima facie stage, that is, on first appearance and adequate at first sight, to provide the positive evidence available to Pacific Steel at present justifying the need for investigations to take place. The Ministry will be aware (through Pacific Steel's previous written correspondence) that the High Court has confirmed all that is required at the s10 phase is sufficient evidence indicating a "likelihood of dumping and material injury, requiring investigation".

New Zealand Industry

14. Pacific Steel is a wholly owned subsidiary of New Zealand Steel Holdings Limited whose ultimate parent company is the Australian listed company BlueScope Steel Limited (ASX: BSL). ("BlueScope")

15. In the 2014 investigation into the threat of recurrence of Thailand rebar dumping, Pacific Steel was found to be the sole New Zealand producer of reinforcing bar and coil. Since that time there have been no investments by any other party in New Zealand reinforcing bar and coil production equipment, and Pacific Steel today remains the sole New Zealand producer of reinforcing bar and coil and therefore the requirements of section 10(3) of the Act have been met.

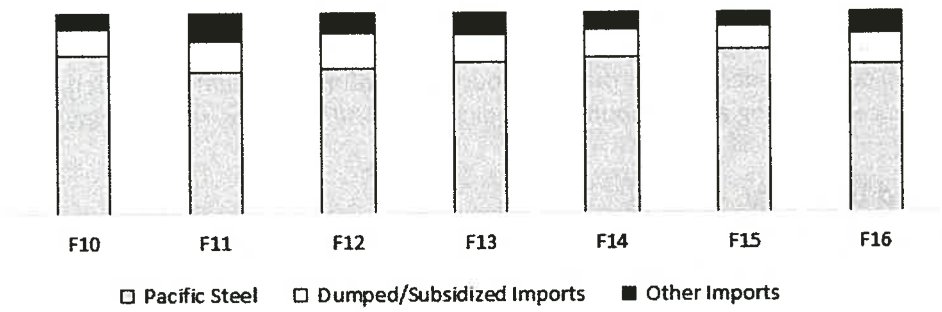
16. In June 2014 the ownership of Pacific Steel changed to that indicated in paragraph 14 above, but does not impact on the qualification of Pacific Steel now, or for the foreseeable future, as the New Zealand industry under section 3(A) of the Act.

17. Pacific Steel or its owner, BlueScope, does not have any ownership interest in any Malaysian or Chinese manufacturer of rebar. Pacific Steel is not a related company (as that term is defined in the Companies Act 1993) to any of its customers.

18. Set out below are Pacific Steel's largest domestic customers with their F16 sales value of reinforcing bar and coil.

Pacific Steel Customer	Value (NZ$ in F16)
[redacted]*[this information is a Pacific Steel customer name and is commercially sensitive because it would provide a competitor with a competitive advantage]*	[redacted]*[this information is a value in F16 and is commercially sensitive because it would provide a competitor with a competitive advantage]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*
[redacted]*[ditto]*	[redacted]*[ditto]*

19. Estimated market share trends over recent years are shown below [2]. These are calculated by adding the estimated New Zealand reinforcing bar and coil imports to Pacific Steel's domestic sales volume to obtain the total New Zealand market size, then reflecting Pacific Steel's domestic sales volume as an estimated percent thereof. Pacific Steel estimates that its market share in the period F11 to F12 has averaged [redacted]%. It was in the [redacted] in F15 and is [redacted]70's in the most recent period. *[The information in this paragraph is market share insight and this information is commercially sensitive because it would provide a competitor with a competitive advantage]*



NZ Industry Structure / Level of Trade

20. Pacific Steel's approach is to focus on efficient manufacture of assured-quality, fit-for-purpose reinforcing products with highly responsive marketing and production support for its customers. The marketing strategy is centred on Seismic® branded reinforcing bar which is made specifically to meet New Zealand's unique conditions. Pacific Steel's products are found in commercial, industrial, infrastructure and residential buildings. Test certificates are available for every batch of steel made, traceable back to an individual steel melt. That traceability underpins the assured-quality of Pacific Steel products.

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[2] Sheet "Chart" in file "[redacted]*[this information is a person's name and is redacted on privacy grounds]* NZ Rebar Market Volume and Imports and Share (refined F14 to F16) 20.10.16"

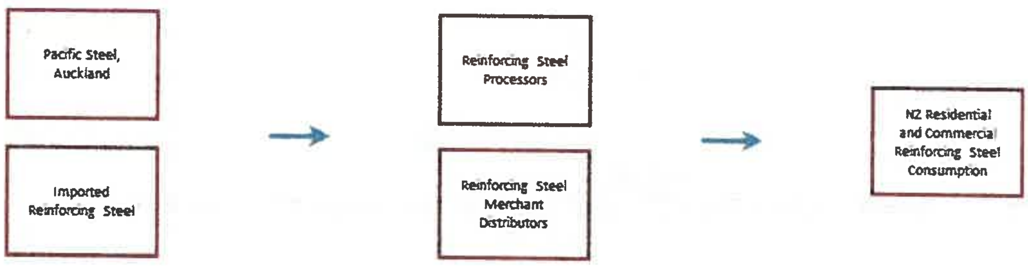
21. There are no commercially significant product substitutes to the local New Zealand-made or imported carbon steel reinforcing bar and coil goods. Stainless steel rebar, and mixed-in reinforcing wire[3] are available in New Zealand but not present in commercially significant volumes.

22. Pacific Steel does not operate at the distributor level in the New Zealand reinforcing bar industry value chain. It is a manufacturer of primary goods, and supplies to primary-level distributors and processors.

23. Physical product distribution takes place using road and rail. Pacific Steel obtains road transport distribution/logistics services from an unrelated party. The rail transport arrangement is with [redacted] [*this information is the name of a company and is commercially sensitive because it relates to a party to whom Pacific Steel owes an obligation of confidentiality*] Road freight is primarily used for deliveries north of, and including, Hamilton and Tauranga.

24. Orders arise from a rolling schedule which is published each Friday. That indicates an order close-off date and an intended manufacturing (rolling) date. The latter provides customers with information on when a particular product is intended to be made. It is however, subject to change. An example may be when a site unexpectedly (perhaps from a design change) requires some time-critical product. The rolling schedule can be adjusted to accommodate such last-minute needs.

25. Pacific Steel's domestic sales are all made on a [redacted] basis [*this information is a price selling basis and is commercially sensitive because it would provide a competitor with a competitive advantage*] to processor / distributor level customers who process and on-sell, or just on-sell respectively. Pacific Steel considers that the appropriate level of trade for price undercutting purposes is ex-factory vs ex-wharf for imported goods, as this is the basis on which prices are set. New Zealand primary distributors/processors of reinforcing goods have a choice of buying imported goods or New Zealand-made Pacific Steel goods. The below diagram illustrates the New Zealand industry structure which shows that Pacific Steel is a supplier to, and agrees price with, the primary distributor and processor level of the market, not the consumer/home builder/construction and consumption level of the market.



Pacific Steel Pricing

26. Price discussions usually take place in [redacted] meetings with local primary distributor and processor level customers. Pacific Steel's negotiations with these primary New Zealand rebar customers are [redacted]. The injurious effects and economic consequences upon Pacific Steel arise at this juncture, in these meetings, and in the other [redacted] interactions Pacific Steel has with the rebar-consuming industry. [*The redacted information in this paragraph is price and meetings-related and is commercially sensitive because it would provide a competitor with a competitive advantage*]

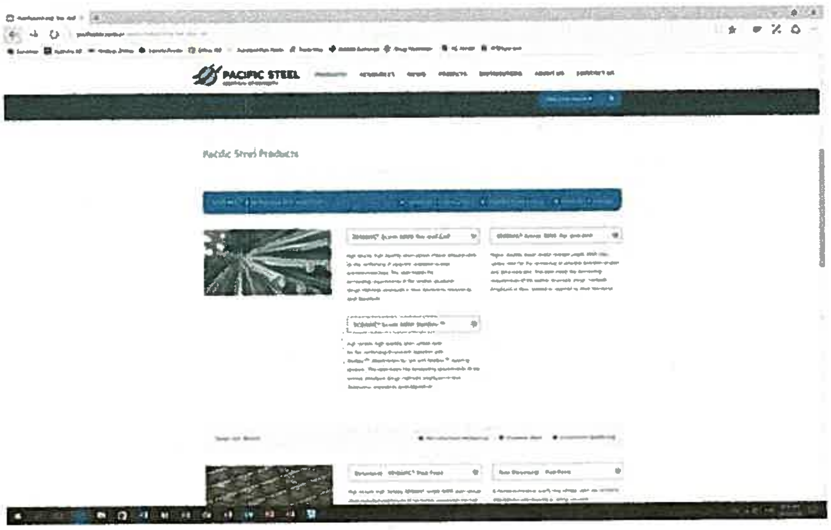
[3] See http://icjonline.com/products/pdfs/2003_03_Dramix.pdf

27. Movement in prices of import offers, world scrap pricing, and import offers are used by independent customers to negotiate prices, and in interactions with Pacific Steel. By the latter, Pacific Steel refers to requests for support, that is, to receive lower prices, due to the presence in New Zealand of the unfairly traded goods.

28. Pacific Steel provide [redacted] to [redacted] and [redacted] customers. [redacted] is also offered [redacted] customers, [redacted]. Customer [redacted] take place at the [redacted] on an [redacted] customer basis. These discussions are very [redacted]. Evidence thereof is in the Price Nexus and Conditions of Competition section following. [*the redacted information in this paragraph relates to pricing information to Pacific Steel's customers. It is commercially sensitive because it would provide a competitor with a competitive advantage*]

Pacific Steel's Goods

29. Description of the rebar Pacific Steel produces is provided below. This is material from the Pacific Steel website. That site has recently been updated. The first three items below are from the new site. The following six items are from the old site, however that remains informative and is therefore presented here. Source documents for the first three items can be found at http://www.pacificsteel.co.nz/products/#reinforcing-bar-and-coil



SEISMIC® Grade 500E Bar and Coil Overview

High tensile, high ductility plain carbon (micro-alloyed) steel for the reinforcing of concrete available as plain and deformed bars. This steel meets the demanding requirements of the seismic structural design methods employed in New Zealand as required by local Standards. The reinforcing derives its superior strength and ductility by micro-alloying the steel with small vanadium additions.

Grade 500E bar steel is readily available [illegible] AS/NZS [illegible] identifiable by registered bar marks can hot or cold bent (for procedures refer to NZS 3109) can be threaded and galvanised and can be hot rebent (for procedures refer to NZS 3109).

Test Certificates are available for every production batch of this product from Pacific Steel

Applications

- Residential Reinforcing
- Commercial Reinforcing
- Infrastructure Construction

Also Used With

SEISMIC® Reinforcing Bar and Coil - SEISMIC® Grade 300E Bar and Coil

Steel for Mesh - Structural - SEISMIC® Rod Feed

SEISMIC® Reinforcing Bar and Coil - SEISMIC® Grade 500E [illegible]™

SEISMIC® Grade 300E Bar and Coil Overview

Higher ductility, lower tensile strength Grade 300E plain carbon steel for the reinforcing of concrete. Available as plain or deformed bars. This steel meets the demanding requirements of the seismic structural design methods employed in New Zealand as required by local Standards.

Grade 300 steel is readily available [illegible] AS/NZS [illegible] identifiable by registered bar marks (excluding plain) hot or cold bent (for procedures refer to NZS 3109) threaded and galvanised.

Test Certificates are available for every production batch of this product from Pacific Steel

Applications

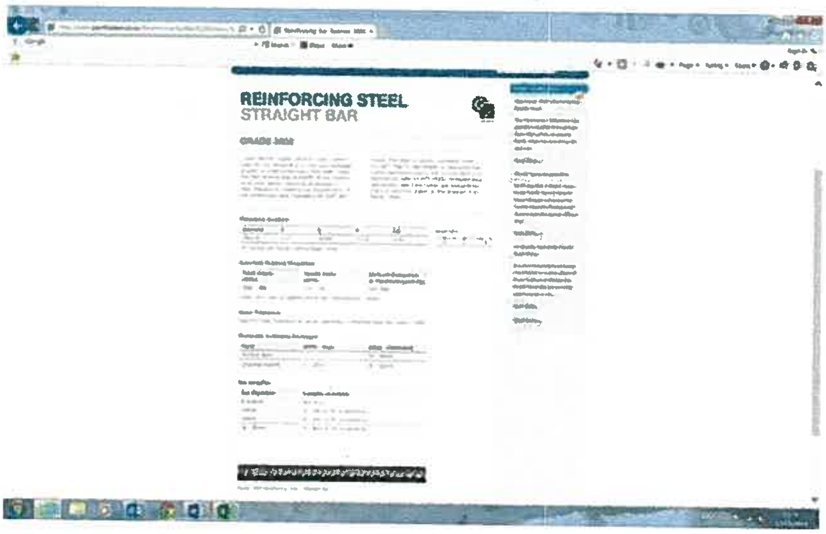
- Residential Reinforcing
- Commercial Reinforcing
- Infrastructure Construction

Also Used With

Steel for Mesh - Structural - SEISMIC® Rod Feed

SEISMIC® Reinforcing Bar and Coil - SEISMIC® Grade 500E Bar and Coil

SEISMIC® Reinforcing Bar and Coil - SEISMIC® Grade 500E [illegible]™



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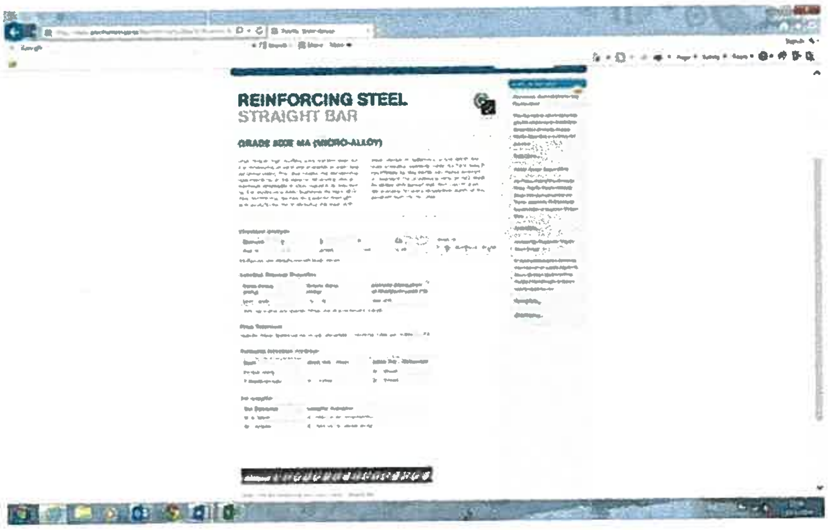
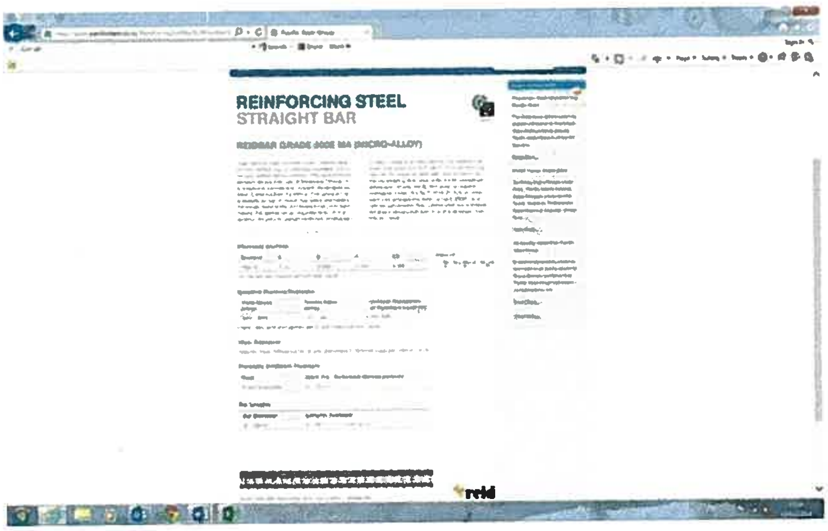
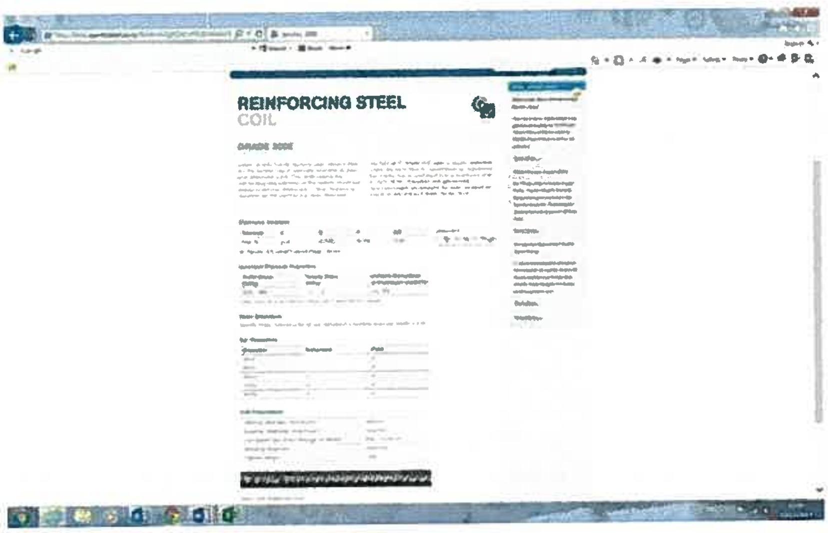
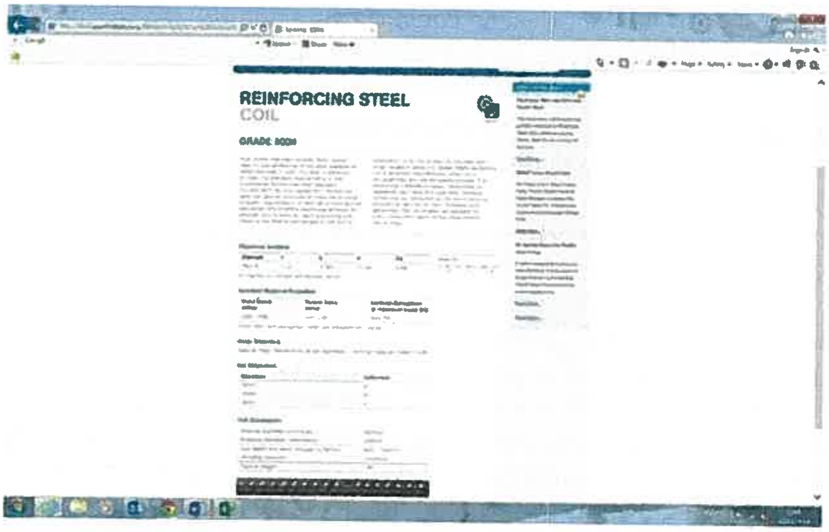
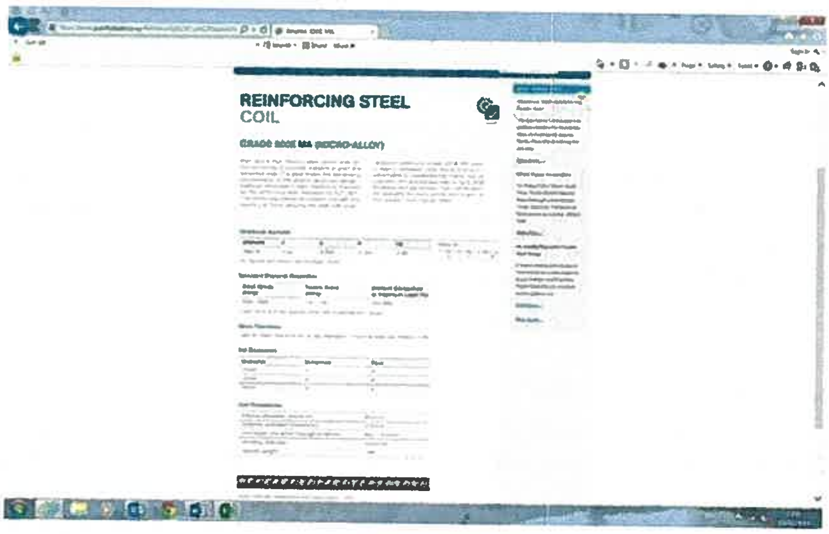










30. There have not been any changes to Pacific Steel's production methods for rebar over recent years. Pacific Steel notes however, that a range of Quench and Tempered (QT) reinforcing products were made and sold commencing around 2006. The QT E-class reinforcing for the New Zealand market began being phased out in early 2012 and Pacific Steel ceased making that in July 2012. [redacted] *[This information relates to some production details and is commercially sensitive because it would provide a competitor with a competitive advantage]*

Pacific Steel Exports

31. Pacific Steel exports rebar. For the 12-month period ending 30 June 2016 Pacific Steel's rebar export sales amounted to [redacted] *[This information is a volume and commercially sensitive because it would provide a competitor with a competitive advantage]* tonnes.[4] Export-related costs have been excluded from the

[4] File "[redacted] *[This information is a person's name and is redacted on privacy grounds]* Customers in F16 (...) etc 6.9.16.xlsx

financial data previously provided by (when undergoing data assembly) referencing and accessing only the appropriate non-export codes/row items in the BPCS and Control financial reporting systems.

Imported Goods

32. Description: The goods subject to this application for initiation of an investigation are:

> *'Reinforcing steel bar and coil with a diameter equal to or greater than 5mm'*

33. Tariff classification: The subject goods have previously been classified under Tariff Item 7213.10.90 and Statistical Keys 01E and 09L, Tariff Item 7213.91.90 and Statistical Keys 01J, 05A and 09D, Tariff Item 7213.99.90 and Statistical Keys 01E, 05H and 09L, Tariff Item 7214.20.90 and Statistical Keys 01G and 05K, Tariff Item 7214.99.90 and Statistical Keys 01C, 03K, 11L, 13G and 21H, Tariff Item 7227.90.00 and Statistical Key 19H, Tariff Item 7228.30.00 and Statistical Key 19D, Tariff Item 7228.50.00 and Statistical Key 19A and Tariff Item 7228.60.00 and Statistical Key 19E of the Tariff of New Zealand.

34. This nineteen-code list arises from New Zealand Customs advice at paragraph 48 of the 2004 Final Report Reinforcing Steel Bar and Coil from Malaysia and Thailand. That statement is:

> *'A list of tariff items and statistical keys under which Customs advised the subject goods could enter is set out below.'*

Three further codes are included in this application to encompass product >42mm diameter (like goods to which are made by Pacific Steel, for example the 50mm bar made by Pacific Steel), being Tariff Item 7214.20.90 Statistical Key 09B, Tariff Item 7214.99.90 Statistical Key 05F, and Tariff Item 7214.99.90 Statistical Key 15C of the Tariff of New Zealand.

Like Goods

35. "Like Goods" are defined in section 3 of the Act as follows: "Like goods, in relation to any goods, means - Other goods that are like those goods in all respects; or "In the absence of goods referred to in paragraph (a) of this definition, goods which have characteristics closely resembling those goods."

36. Pacific Steel is the sole New Zealand producer of reinforcing steel bar and coil. There are no other goods with the same form, function or usage, and therefore the requirements of section 10(3) of the Act are met.

Standards, Accreditation and Ductility

37. The joint AS/NZS 4671 standard specifies requirements for the chemical composition and the mechanical and geometrical properties of deformed reinforcing bars and coils used for the reinforcement of concrete. It identifies yield strength levels of 250 MPa, 300 MPa, and 500 MPa.

38. AS/NZS 4671 specifies three ductility classes for rebar which are distinguished by the letters 'L' (low), 'N' (normal), and 'E' (earthquake). Ductility refers to the ability of the steel bar to stretch beyond the yield point, but not fracture. One may consider it the degree to which the rebar is elastic.

39. 'N' class rebar represents the ductility class used the Australian market – dictated by the low level of seismic activity. It has minimum 5% ductility. 'E' Class is the prevailing ductility class in New Zealand due to higher levels of seismic activity. It has minimum 10% ductility.

40. The Australasian Certification Authority for Reinforcing and Structural Steels ("ACRS") administers an independent, expert, industry-based product certification scheme. It certifies manufacturers and suppliers of rebar, pre-stressing and structural steels to Australian and New Zealand Standards, but it is nonetheless possible for rebar to be imported into New Zealand from mills that do not have ACRS accreditation.

41. The Malaysian reinforcing bar Standard MS146 and Chinese GB1499 are not equivalent to AS/NZS 4671 500E. Goods made and tested to MS146 and GB1499 cannot be asserted, pursuant to being made to, and apparently meeting MS146 or GB1499, by virtue of *that* asserted conformity, to also meet AS/NZS 4671 500E.

42. Differences between MS146 and GB1499 and AS/NZS 4671 500E are detailed at Appendix Four. These differences are both numeric and descriptive. An example of the latter is the re-bend test for MS146 versus AS/NZS 4671. Goods made and tested to MS146, when bent, must not exhibit fracture (but may show sign of cracking). Goods made and tested to AS/NZS 4671, when bent, must not fracture or show sign of cracking (which is an event pre any fracture). Carbon maximum in the cast analysis is another such example. Certain costs arise in the approach a mill may take in primarily making goods to its local standard, however also making goods to a particular export destination standard, and such costs are not limited to those arising from ACRS accreditation.

43. An important difference between the two Standards which is not obvious in the detailed comparison in Appendix Four of Chinese and New Zealand Standards, relates to how the two Standards can be applied to product. The AS/NZS Standard provides compliance through the application of long-term-quality requirements as the preferred means of claiming conformity with AS/NZS 4671, while still allowing compliance through batch testing. However, batch testing compliance, which does not have the increased confidence developed from long-term testing to prove process consistency, requires the application of much more onerous testing frequencies. In contrast, the GB Standard allows the same testing frequency for both long-term-quality assessment as it does for a single batch of steel, which could see 60 tonnes of reinforcing bar complying with GB 1449.2 based on two tensile/bend tests and one chemistry test. As mixed casts are also permitted by the GB Standard, the batch size could be a much larger volume, with a tensile/bend test frequency of just one test per 30 – 40 tonnes of material.

Import Suppliers

44. Known suppliers of the goods to New Zealand are listed below. This may not be complete coverage, as imported goods can enter and be consumed in the New Zealand market at retail or into projects without wide visibility to the New Zealand Industry, nor be visible in the statistics published by Statistics New Zealand due to suppression orders. The latter situation has existed since 2004. Lastly, for the reasons given in this application, there may be other supplying countries and mills sending rebar goods to New Zealand that Pacific Steel may not sight or be aware of.

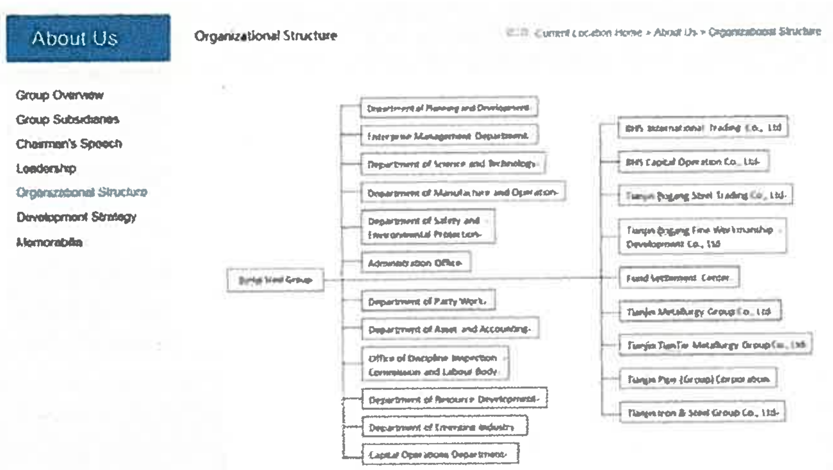
45. Malaysia: Amsteel Mills SDN BHD, Lot 1, Jalan Waja, Bukit Raya Industrial Estate, 41050 Klang, Selangor Darul Ehsan. Phone 603 3182 2000. Amsteel is a member of the Lion Group of Companies, Malaysia. See Amsteel Mills Marketing Sdn Bhd is the marketing arm of Amsteel Mills Sdn Bhd. These two companies are subsidiaries of Lion Industries Corporation Berhad, Malaysia. See http://www.lion.com.my/WebOper/Steel/AmsteelMillsMarketing.nsf/Home. The importer of these goods is [redacted]. [*this information relates to an importer and is commercially sensitive*]

46. The goods dispatched by Malaysia to New Zealand are identified as meeting AS/NZS 4671 500E. Amsteel is ACRS accredited. See http://www.steelcertification.com/bar1.html.

47. China: There are two Chinese mills known to be recent rebar suppliers to the New Zealand market. There may be others, unknown to Pacific Steel.

One known mill is Tianjin Tiante Zhaer Steel Production Company Limited ('Tianjin'), Beichen Economic Developed District, Tianjin, China. Phone 86-22-26972369 86-22-26985059 Fax: 86-22-26972369. See product labels below and http://www.tjyezg.cn/en/Company/Company_Browse.aspx?id=1 .

48. Tianjin is part of state-owned Bohai Steel. That group was formed by combining four state-owned steel manufacturers in July 2010. The Group has been approved and is supervised by Tianjin Municipal Committee of the Communist Party of China and Tianjin Municipal Government. While Tianjin is a subsidiary of state-owned Bohai, it is under Bohai's collaborative control and management.[5]



49. The Tianjin goods dispatched to New Zealand are identified as meeting AS/NZS 4671 500E. Tianjin is not ACRS accredited. Bundle labels are shown below.

(a) 12mm bar (b) 16mm bar

[5] See http://www.bohaisteel.com/en/About/index/id/3.html

50. The second known Chinese mill is Hebei Jingye Steel and Iron and Steel Co, Ltd. It operates as a subsidiary of Hebei Jingye Group Co., Ltd. The importer of those goods is the Auckland-based company Brilliance Steel. That is apparent due to the steel bundle in the photo below (taken in Auckland on 24 July 2016) having attached to it both a Brilliance Steel label and the Hebei Jingye Iron and Steel Co., Ltd label. A website published by Mr Wei Dongdong[6] identifies that the Hebei Jingye Iron and Steel Co., Ltd company address is Pingshan County, Shijiazhuang City, Hebei Province, China.

Other Investigations

51. The following ongoing anti-dumping and countervailing investigations are being conducted in other jurisdictions in relation to reinforcing bar and coils goods: The material at paragraphs 56 to 62 below is sourced from Australian Government Anti-Dumping Commission Consideration Report 300[7].

52. The Canada Border Services Agency initiated an investigation into the alleged dumping of certain concrete reinforcing bar originating from China, Korea and Turkey on 13 June 2014[8]. The investigation was initiated on 13 June 2014 and a final positive subsidy finding was made on 23 December 2014 (document 4214-42 AD/1403 V/138). The weighted average subsidy found was 6.1%.

53. The Canada Border Services Agency initiated an investigation on August 19, 2016, under the Special Import Measures Act respecting the alleged injurious dumping of certain concrete reinforcing bar originating in or exported from the Republic of Belarus, Chinese Taipei, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, the Portuguese Republic and the Kingdom of Spain. The investigation follows a complaint filed by ArcelorMittal Long Products Canada, g.p. (Contrecoeur, QC), AltaSteel Ltd. (Edmonton, AB) and Gerdau Ameristeel Corporation (Whitby, Ontario). This matter is ongoing. [9]

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[6] See http://www.steelads.com/view/companies/19195/Hebei_Jingye_Iron_And_Steel_Co_Ltd.html

[7] http://www.adcommission.gov.au/cases/EPR%20251%20%20300/EPR%20300/003-Consideration%20Report-Case%20300.pdf

[8] Canada Border Services Agency Dumping case number AD/1403. Additional information is available at http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1403/ad1403-i14-ni-eng.html

[9] http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/rb22016/rb22016-ni-eng.html

54. On 8 August 2014, the Australian Government Anti-Dumping Commission initiated a dumping investigation into the alleged dumping of rebar from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey[10].

55. On 3 September 2014, the Malaysian Government's Ministry of International Trade and Industry announced it had decided to initiate a preliminary investigation into rebar originating from China and Korea[11].

56. On 9 September 2013, the US Department of Commerce (USDOC) and the US International Trade Commission (USITC) received petitions into the commencement of anti-dumping investigations relating to imports of steel concrete reinforcing bar from Turkey and Mexico and countervailing investigations relating to imports from Turkey[12]. On 9 September 2014, the USDOC announced the following: an affirmative final dumping of imports from Mexico; and a final negative dumping determination with respect to Turkey, and the investigation was terminated against Turkey; an affirmative final determination in the countervailing duty investigation of imports from Turkey. The net subsidy rate found for Hebei Iron and Steel (which is located in the same province as Hebei Jingye Iron and Steel Co., Ltd) is 178%.

57. On March 26, 2012, the US DOC-ITA published a final determination that countervailable subsidies are being provided to producers and exporters of galvanized steel wire from China. The net subsidy rate ranged from 19% to 223%. The net subsidy rate found the Huayuan Companies (which is located in the same province as Hebei Jingye Iron and Steel Co., Ltd) is 223%.

58. In October 2014 the USITC announced an affirmative injury finding on dumped rebar imports from Mexico and subsidized rebar imports from Turkey.

59. On 30 April 2015, the European Commission initiated an investigation into the alleged dumping of reinforcing bar (high fatigue performance steel concrete reinforcement) originating from China[13].

60. On 23 June 2015 the Australian Government Anti-Dumping Commission initiated a dumping investigation into the alleged dumping of rebar (high fatigue performance steel concrete) originating from China.[14] The Australian Government Anti-Dumping Commission imposed preliminary dumping securities ranging between 5.8 percent and 24 percent for steel reinforcing bar, and between 9.5 percent and 18.4 percent for steel rod in coil.

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[10] See http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR264.aspx

[11] Malaysian Government Ministry of International Trade and Industry http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article 3e771925-c0a8156f-35b220a3-46930e78

[12] US Department of Commerce International Trade Administration http://trade.gov/press/press-releases/

[13] European Commission case number AD619 http://trade.ec.europa.eu/tdi/case details.cfm?ref=ong&id=2120&sta=1&en=20&page=1&c order=date&c order dir=Down

[14] Australian Government Anti-Dumping Commission Consideration Report 300, at http://www.adcommission.gov.au/cases/EPR%20251%20%20300/EPR%20300/003-Consideration%20Report-Case%20300.pdf

61. The Australian Government Anti-Dumping Commission is currently conducting a dumping investigation into rod in coils imported from China. Those goods are similar but not like goods to rebar. This matter was initiated in August 2015 and is ongoing.[15]

62. The Australian Government Anti-Dumping Commission is currently conducting a countervailing investigation into rebar imported from China. This matter was initiated in December 2015 and is ongoing.[16]

63. On 17 February 2016 the Australian Government Anti-Dumping Commission initiated an investigation into alleged subsidisation in respect of rod in coils exported to Australia from the People's Republic of China (China). The application alleges that the goods were in receipt of countervailable subsidies from China and that the subsidisation has caused material injury to the Australian industry.[17]

Australian Investigation Discussion

64. As noted above, the New Zealand Ministry's Australian trade measures counterpart - the Australian Government Anti-Dumping Commission - recently concluded several investigations concerning steel goods. It is also currently investigating several matters to do with the near-same steel goods, countries, and economic matters as encompassed in this Malaysia and China rebar application. Pacific Steel considers that parts of those analyses, process and conclusions are relevant to the New Zealand Ministry's investigation.

65. Australia and New Zealand are aligned in that both have free trade agreements with China and Malaysia. Those two free trade agreements do not preclude or vary WTO-based rights to anti-dumping and countervailing remedies.

66. Australia and New Zealand both recognise China as a market economy (albeit the recognition or otherwise by New Zealand of China as a market economy is not material to the application of the Dumping and Countervailing Duties Act 1988 [18]).

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[15] At http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20301/002%20-%20CON%20301%20rod%20in%20coils%2c%20China.pdf

[16] At http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR-322.aspx

[17] http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20331/001%20ADN%202016-14%20-%20Initiation%20of%20INV%20331.pdf

[18] New Zealand's dumping and countervailing legislation is applied to all WTO members except Singapore and Australia on an equal basis. It does not discriminate against China based on the concept that China is, or is not, a market economy.

The 14 April 2004 acknowledgement by the New Zealand government that China has established a "market economy system" involved no subsequent change to New Zealand's then trade remedy policy and no subsequent reduction in protections for the New Zealand domestic economy. It has no effect on New Zealand's trade remedies legislation and practice. See New Zealand Government press release Wednesday, 3:37 pm 14 April 2004.

For completeness, Pacific Steel notes that China's WTO Accession Protocol of 10 December 2001 (from which China sought, but did not obtain waiver in the New Zealand – China Free Trade Agreement, nor effect waiver by New Zealand elsewhere) contains a provision at section 15(a)(ii) which states: *"The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.'* This

67. The Australian and New Zealand anti-dumping and countervailing legislation does not materially differ in respect of 'market situation' and subsequent recourse to constructed normal value provisions. Australia is most cognate to New Zealand in the field of trade remedies. This is evidenced in the three paragraphs below.

68. The Australian Customs Act 1901 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 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'.*, however it provides an exception where *'(ii) because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1)'*. In that case, the normal value is a construction of cost pursuant to *'such amount as the Minister determines to be the cost of production or manufacture of the goods in the country of export'.* [19]

69. The New Zealand Dumping and Countervailing Duties Act 1988 Act covers the same ground thus: *'the normal value of any goods imported or intended to be imported into New Zealand shall be the price paid for like goods on sales that are arm's length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.* Then *'the situation in the relevant market is such that sales in that market that would otherwise be relevant for the purpose of determining a price under subsection (1) are not suitable for use in determining such a price;* Then *'such amount as is determined by the Secretary to be the cost of production or manufacture of the goods in the country of export'.* [20]

70. The New Zealand and Australian governments expect the administration of business rules [21] to be trans-Tasman generally consistent. That convergence, and the alignment of business rules outcomes is specifically provided for in the inter-Government 'Memorandum of Understanding between the Government of New Zealand and the Government of Australia on the Coordination of Business Law'. That memorandum states:

'Strengthening Coordination

...

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clearly puts the onus on the investigating authority to investigate the circumstances of trade in a given sector or industry (i.e. the matter is not one of the national economy, but rather parts therein), within which analysis the burden of proof for market conditions is upon the (Chinese steel in this case) industry.

Pacific Steel further notes that section 15(a)(ii) can be terminated by section 15(d) *'Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession.* Termination pursuant to section section 15(d) is not available because New Zealand national law did not contain market economy criteria on the 10 November 2001 date of accession.

Section 15 of the above document is at Appendix Six.

[19] CUSTOMS ACT 1901 - SECT 269TAC 1 and 2(a)(ii) and 2(c)(i)

[20] Dumping and Countervailing Duties Act 1988 at sec 5(1) and 5(2)(b) and 5(2)(d)(i)

[21] 'business rules' being the rules group within which reside antidumping and countervailing rules.

2. *Both Governments are committed to the objective of a single economic market in which there is no significant discrimination in the Australian and New Zealand markets arising from differences in the policies and regulations of both countries.*

3. *Both Governments recognise the trend towards increasing international convergence of financial market and business regulation and the need to comply with international standards. Both Governments recognise the benefit of coordination to influence evolving international regulatory standards and regimes.*

Principles

...

8. *<The material on this page is redacted because it relates to dumping, not subsidisation] Governments have identified the following principles to guide coordination efforts:*

    b. *Measures should deliver substantively the same regulatory outcomes in both countries in the most efficient manner;*

9. *In giving effect to these principles consideration will be given to:*
    a. *The desirability of ensuring that a firm will only have to comply with one set of rules and will have certainty as to the application of those rules and the regulator (i.e. Australian or New Zealand) with which it needs to deal* [22]

71. This takes one to an example of the findings in Australia (with whom New Zealand's business rules are aligned) taking account of findings in cognate jurisdictions. In the 2008 Australian Hollow Steel Sections case, the Australian Government Anti-Dumping Commission made the following comments:

> *'In response to the GOC (*Government of China – bracket added*) submission that the US and Canada findings cannot be used as evidence in support of this application, Customs view is:*
>
> - ...
> - *Australia and Canada's countervailing legislation, both being based on WTO ASCM, are quite similar.*
> - *Although the legislation of Australia and other administrations might differ in some ways in relation to the conduct of countervailing investigations, the findings of other jurisdictions may provide prima facie evidence of the existence of countervailable subsidies, the facts of which will be substantiated during the course of the investigation.'*[23]

TradeMap Data versus New Zealand Customs Data

[22] http://dfat.gov.au/trade/agreements/anzcerta/Pages/memorandum-of-understanding-between-the-government-of-new-zealand-and-the-government-of-australia-on-the-coordination-of-bu.aspx That memorandum replaces the Memorandum of Understanding between the Government of New Zealand and the Government of Australia on Coordination of Business Law signed on 22 February 2006.

[23] At http://www.adcommission.gov.au/cases/Documents/005-CON144.pdf

72. Pacific Steel relies on TradeMap records of China and Malaysia export volume and value because the Statistics New Zealand suppression orders which have been in place since 2004 specifically obscure important New Zealand-side data from Pacific Steel's view. This topic has been substantially canvassed in previous Pacific Steel investigations and review. The fact of the suppression orders being in place, and covering the like goods can be verified by the Ministry via examination of the complete suppression order list[24]. The TradeMap source has been found acceptable by the Ministry for the purposes of initiation analyses and investigations and reviews and as evidence to the Ministry from interested parties. TradeMap (and the like) data has also been found acceptable by the Ministry counterpart in Australia, the Australian Government Anti-Dumping Commission.

73. The topic of whether to rely on TradeMap Data versus New Zealand Customs Data is raised because the import product scope and import volume and import unit value data source is a critical matter in the assessment of sufficiency of evidence and the initiation threshold under the Act. For the reasons outlined in this section Pacific Steel considers that it will be unsafe for the Ministry to place definitive reliance on the New Zealand Customs data when evaluating initiation.

74. To expand on this matter further and to provide an example of why very great care is needed, Pacific Steel notes that in certain circumstances a dumping margin of US$10 per tonne may equate to 1.9% of an export price. That is de minimis because 1.9% is a value lower than 2%, and were that number to be determinative, Pacific Steel's complaint would not be sustained. If, however, that US$10 per tonne is understated by merely US$1.00 per tonne, the dumping is no longer de minimis and that aspect of the complaint would be upheld, and allow initiation. The FX base error within any use of New Zealand Customs data (described below) in this example in of itself exceeds US$1.00 per tonne. Re-calculating at daily interbank rates moves the outcome from US$10 per tonne and 1.9% de minimis, to US$15 per tonne, which is 3.0%, and dumped, and allow initiation.

75. The above example serves to illustrate the potentially automatic adverse consequence arising if the Ministry were to use New Zealand Customs-based data. That would be a process error as it might prematurely and incorrectly prevent an investigation, which is the phase in which the Ministry would definitively establish the import volume and value facts.

76. Consistent with previous Ministry investigations therefore, and as found acceptable by the Ministry for the purposes of initiation analyses and investigations and reviews and as evidence to the Ministry from interested parties, this Pacific Steel case uses Trademap data to estimate the export volume and value of the goods to New Zealand.

77. In summary, Pacific Steel considers that there are inaccuracies in both the TradeMap information and New Zealand Customs information, but there are some specific additional inaccuracies in the latter, which are not present in the former. Pacific Steel will show below how the TradeMap data it provides in this application is in three respects a more accurate (and therefore more suitable) data set on which to rely at an initiation juncture than New Zealand Customs data. Those respects are freedom from FX base error, FX timing error and VFD-FOB uncertainty. On those grounds, the TradeMap information is superior to New Zealand Customs information. TradeMap is better prima facie information than New Zealand Customs information. The matters discussed below will show that the TradeMap data is more accurate than the New Zealand Customs data.

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[24] At http://www.stats.govt.nz/about_us/who-we-are/policies-and-protocols/trade-confidentiality/confidential-items-imports.aspx

78. Last, Pacific Steel will offer marketplace insight of reasons why the China and Malaysia export prices on what is ostensibly rebar measured in New Zealand Customs data, can be significantly higher than the Trade Map data.

79. It should be noted that Pacific Steel is not suggesting that recourse not be had to New Zealand Customs information, just that the limitations of New Zealand Steel Customs-based data be properly understood. In an investigation that data will be a first step leading to the goods in New Zealand. But, for the reasons given below, it will be impossible for the Ministry to be certain as to import goods volume and unit value, and therefore dumping margins and de minimus volume levels, before detailed examination of the import records and examination of the goods at the New Zealand importers premises. **That is a post-initiation exercise, not an exercise in the prima facie pre-initiation phase.** The New Zealand Customs data (on the 19 codes the Ministry identifies, and some additional other steel codes) will support the detailed, transaction by transaction exercise and be instrumental in generating definitive information. For the reasons given in this section it is advisable for Ministry staff to receive a precursor brief by a technical specialist prior to verification visits, in order to be in a position to definitively establish the necessary import volume and value facts. Given the uncertainties which will be described and evidenced below, it will be unsafe for the Ministry to make any definitive decision on goods import volume and value before verification visits.

FX Rate-Base Error

80. The Customs data is translated at New Zealand Customs rates of exchange which is different to the contemporaneous rates of exchange in the commerce of the exporting country. This is important because dumping margin calculations is an economic exercise taking place in the economics of the overseas country of origin of the New Zealand-destined goods, and should not accommodate New Zealand-side matters or calculations when not necessary, i.e. in this case where use of TradeMap information does not contain that FX error. The Act at section 4(1)(a)(i) on the export price describes costs, charges and expenses which self-evidently are costs, charges and expenses measured in the country of export. Considerable efforts are made to 'exporter-side' all dumping economics. They should avoid any destination-side (i.e. not country-of-origin based) matters.

81. As positive evidence that this is so, and indeed necessary, Pacific Steel observes that the Ministry from time to time requires an applicant to do more, that is, to take more specific account of 'exporter-side' economics as price element of the analysis a New Zealand-side Customs-originating FX error to exporter-side costs, charges and expenses, when that error is not present in the TradeMap evidence provided by Pacific Steel. On this ground, the TradeMap-sourced data is superior prima facie evidence to New Zealand Customs data.

FX Timing Error

82. The New Zealand Customs data (ostensibly recording a value at the time of goods embarkation from the overseas port), is FX translated at the time the goods enter New Zealand, which does not match the export-side cost, charge and expense economics (i.e. the dumping economics) under section 4(1)(a)(i) of the Act. This compounds the FX rate-base error mentioned above. The difference relates to shipment time which (from China, for example) can be 34 to 44 days, or longer if the shipping route is indirect.

83. By contrast, the TradeMap data is valued using the FX daily interbank rate prevailing on the *day* of the goods embarkation, in (say) China.

84. The FX rate-base movement error that arises as a result can be significant. As positive evidence, for example, Pacific Steel points to the fact that the US to New Zealand dollar rate moved -5.21% between September 2015's 0.633778 and October 2015's 0.668609. In a similar vein it moved 5.89% between May

2015's 0.738939 and June 2015's 0.69795425. The use of New Zealand-side Customs data (which is not the daily interbank rate at the date of goods embarkation) takes those significant errors into the dumping margins. That error is not present in the TradeMap information provided by Pacific Steel as that information is contemporaneous with the normal values. Any Ministry inclination to use New Zealand Customs FX-based information is specifically non-contemporaneous and thus incompatible with section 4(1)(a)(i) of the Act. Pacific Steel refers to this as the FX timing error.

VFD – FOB

85. The TradeMap data is valued at FOB [26] and is therefore specifically contiguous with the exporter-side export price adjustment evidence. The New Zealand Customs data however, is at VFD which is only "approximately" equivalent and therefore only approximately contiguous with the exporter-side export price adjustment evidence. Positive evidence of that "approximately" qualifier is shown in the below except from the data portal [27].

VFD	Imports are all material goods which enter New Zealand from abroad and are valued 'VFD' (value for duty) and 'CIF' (cost, insurance and freight). VFD is the value on which customs duty is based. It equates approximately with the free on board (FOB) cost of the goods in the exporting country

86. Pacific Steel considers that it is not appropriate for the Ministry to use New Zealand Customs information for the prima facie evidence initiation stage instead of the TradeMap evidence, which does not contain the above known "approximately" uncertainty.

Product Like Goods Scope

87. Pacific Steel observes that the suite of tariff codes in the like goods description is an imprecise net. There are some over-arching reasons why the goods in the category surrounding the like goods are likely miscoded. In summary, persons effecting coding almost certainly have insufficient product/technical knowledge to correctly code the goods, or the paperwork available omits some necessary information. It can therefore be difficult to accurately complete the coding task. Correct coding may also be seen as not warranting deep inquiry and a correct outcome because many entire product groups have the same tariff rate. The like goods to New Zealand have been tariff free from all sources since the introduction of the tariff concessions scheme in June 2014, so there is no financial gain, or alternatively cost, from coding the goods correctly. With that backdrop it can be, in the vernacular, 'convenient' for a coder to turn to a code which on the surface appears correct, but which on deep examination may not be correct. Such inadvertently incorrect coding within a group is not circumvention or occurring for improper reason, but is almost certainly taking place.

88. By way of example and to evidence the above matter, Pacific Steel points to the below documentation for some goods exported [redacted] to New Zealand. [redacted] invoice number and accompanying packing list exporter reference ([redacted]) show that the 'description of the goods' is '[redacted]. That description will drive the use of a deformed bar or rebar, because 'DBAR' is common vernacular for that product[28] and it is the term on those documents which most comprehensively

[25] Pacific Steel refers the Ministry to the US-NZ dollar exchange rates at https://www.oanda.com/ and http://www.customs.govt.nz/news/utilities/pages/rates-of-exchange.aspx

[26] See http://www.trademap.org/stFAQ.aspx#li_Answer2_6

[27] See http://www.stats.govt.nz/infoshare/Help/further-help.asp

[28] Positive evidence that DBAR and reinforcing bar and deformed bar are synonymous terms can be found at http://www.reinforcing.com.au/our-products/bar/deformed-reinforcing-bar and

describe the goods. Reference to DBAR is in the first information one comes to when one reads the section on these documents under the title "DESCRIPTION OF GOODS". Those goods are not, however, rebar like goods, [redacted]. In [redacted] This industry information is consistent with recent industry information [redacted] is currently [redacted] tonnes per month of [redacted] to New Zealand, not the [redacted] volume recorded, [redacted] [*the redacted information relates to some import goods documentation and is commercially sensitive because it relates to an entity to whom an obligation of confidentiality is owed, and it would provide a competitor with a competitive advantage*]

89. The email excerpt further below is the definitive coding advice supplied to New Zealand Customs. The end result of this incorrect entry is that the goods volume and value below is incorrectly present in the New Zealand Customs import records sighted by the Ministry as rebar like goods, but the goods are not rebar like goods.

90. The documentation shown serves to illustrate that potential Ministry sight of even two items of the original paperwork (the Invoice and the Packing List), will be insufficient to determine whether goods which at first sight may be rebar, are in fact rebar. Definitive assessment can only take place in a verification visit in an investigation, when all the documentation can be laid alongside the physical goods.

91. The positively evidenced [redacted]-side error [*this information is the name of a country, and is commercially sensitive*] (which may similarly be occurring on other goods in the like good codes) is potentially very significant regarding negligible import volume analysis of dumped and subsidized goods, and all the New Zealand market share analyses.

[*This information is commercially sensitive because it would provide a competitor with a competitive advantage to New Zealand*]

Summary of Deleted Item from this page and the following blank page: It is items of steel goods import documentation/paperwork and some related email correspondence of certain date relating to the import of some steel goods into New Zealand from elsewhere.

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https://definedterm.com/reinforcing_bar_rebar_deformed_bar_debar and http://www.reinforcingsteelbar.com/reinforcingbar/concrete-reinforcement-steel-bar.html and http://www.dictionary.com/browse/deformed-bar and https://www.metalbulletin.com/Glossary.html (see 'rebar' and 'debar'.

92. There are also two particular China-related issues that drive uncertainty that only examination of shipment-by shipment documentation can resolve:

(a) First, in order to gain a China-side tax advantage on goods export. China has been adding small amounts of alloying elements (often but not exclusively Boron) to export-destined steel goods in order to receive a domestic Chinese tax rebate advantage. This is why China's rebar exports are coded at the Chinese border as 72.27 and 72.28. Positive evidence of this, including continuation of that practice post some changes in 2015 is provided in the web references in the footnote below [29]. All of the above indicates the presence of some error in both the TradeMap and New Zealand Customs data.

(b) Second, and perhaps related to the above, and perhaps to do with NZ-side suppression orders, the China-source volume to New Zealand is significantly uncertain. At one juncture, for instance, the Government of China has indicated that the China-side rebar export records are 7 times that of the New Zealand import records. Pains were taken by the Government of China to advise that: *"Please note this is 7 times, not 7% or 70%."* .

93. A further aspect is that there is a material risk of some rebar like goods being omitted if one limited the goods examination to the 19 codes (all at the ten-digit level) that the Ministry has been examining in a related document[30]. That risk arises because goods which may be rebar can, due to insufficient information being present on the import documents such as illustrated above (and believed common) has rebar being assigned a code, say 7213.91.1009G or 7214.20.90.19K which is adjacent to, but are not in the 19-code (NZ Customs) list. The alternative in this circumstance is to use the TradeMap dataset which does not omit such goods.

94. Pacific Steel also points to the convention in the harmonised system which requires that all countries have commonality at the six-digit level. That is evidenced in the footnote below[31]. Codes beyond six digits can contain country-specific variation. Pacific Steel understands that the commonality only to six digits means that steel goods most correctly coded and best understood to that level, and less so beyond, as at seven-plus digits, mis-matches occur. The TradeMap six-digit data on that ground can sensibly be used for prima facie pre-initiation purposes.

Commercial Pricing Insight on Differential

95. The difference between the TradeMap and New Zealand Customs data in Q2 and Q3 2015 are for Malaysia US$78, US$49, and for China US$95 and US$67 per tonne. In those quarters the New Zealand Customs data is higher. Pacific Steel considers it likely that the principal element of that is presence in the New Zealand Customs data of non-rebar higher value miscoded goods. Set out below is evidence of how significant that effect may be:

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[29] See http://www.reuters.com/article/us-china-steel-exports-idUSKBN0TS2ST20151209 and https://www.hera.org.nz/Story?Action=View&Story_id=2197

[30] Tariff Item 7213.10.90 and Statistical Keys 01E and 09L, Tariff Item 7213.91.90 and Statistical Keys 01J, 05A and 09D, Tariff Item 7213.99.90 and Statistical Keys 01E, 05H and 09L, Tariff Item 7214.20.90 and Statistical Keys 01G and 05K, Tariff Item 7214.99.90 and Statistical Keys 01C, 03K, 11L, 13G and 21H, Tariff Item 7227.90.00 and Statistical Key 19H, Tariff Item 7228.30.00 and Statistical Key 19D, Tariff Item 7228.50.00 and Statistical Key 19A and Tariff Item 7228.60.00 and Statistical Key 19E of the Tariff of New Zealand.

[31] See http://www.trademap.org/stGlossary.aspx

a) The Ministry may examine some of the sources of elevated price for non-commodity grades. For example, in F16 the price of exported medium sections (which in at least one instance Pacific Steel has been advised that New Zealand rebar import statistics includes [redacted]-made [*this information is commercially sensitive due to an obligation of commercial confidence*] merchant steel sections) was 30.3% (i.e. US$138 per tonne) higher than wire rod.[32]

b) An American steel supplier document offers detail of grade and quality premia, and categories thereof.[33] If anything, that reference understates product-type differences because it focusses on with-in product premia, not among products.

96. Pacific Steel further observes that it is aware of efforts being made [redacted] rebar product importers to [redacted], if imported [redacted] will be of higher unit cost when appearing in import data, than rebar. It may be that an erroneous (i.e. rebar) code is being used for those two higher cost [redacted] precursor product imports. A post-initiation verification visit will be the only way to set aside that possibility. [*this information relates to some import goods that have possibly been misclassified and is commercially sensitive because it would provide a competitor with a competitive advantage*]

Summary

97. For the reasons given above, there are material-level FX and potentially definition-based errors within the New Zealand Customs data that are not present in the TradeMap data. The latter is therefore better for pre-initiation purposes.

98. Furthermore, there appears no evidence that New Zealand Customs data is more accurate in any respect than the TradeMap data. All errors of whatever kind will be able to be investigated and resolved if the complaint is initiated. Given the potentially automatic adverse consequence on the evidence above which may arise if the Ministry were to use New Zealand Customs-based data, the better TradeMap data should be relied upon.

Import Volumes

99. Set out below are estimated rebar import volumes into New Zealand to 30 June 2016 based on information from TradeMap, Statistics Singapore and Department of Statistics Malaysia.[34] The import volumes of the dumped and subsidized goods exceed the negligible individual 3% and collective 7% share of all imports in all periods. Per the data below, in F16 the Malaysian share is 37%. China is 13%. Pacific Steel draws attention however, to what it considers error in the recorded (in particular Australia, but not limited to Australia) data. Discussion and documentary evidence of that matter is at paragraphs 87 to 94.

Period	F09	F10	F11	F12	F13	F14	F15	F16
Coverage	12 Months to 30 June '09	12 Months to 30 June '10	12 Months to 30 June '11	12 Months to 30 June '12	12 Months to 30 June '13	12 Months to 30 June '14	12 Months to 30 June '15	12 Months to 30 June '16

[32] See http://www.steelonthenet.com/steel-prices.html

[33] See http://www.aksteel.com/pdf/markets_products/carbon/AK_Carbon_Steel_PB_201503.pdf

[34] Statistics Singapore and Department of Statistics Malaysia data has been used instead of TradeMap for certain data as the former sources are sometimes published earlier than TradeMap.

Period	F09	F10	F11	F12	F13	F14	F15	F16
Malaysia (t)	7,777	9,914	9,669	13,094	10,227	11,895	11,148	16,355
Singapore (t)	1,967	3,263	3,467	4,885	4,194	3,590	6,000	12,810
China (t)	870	2,298	3,324	3,381	2,484	3,636	5,516	5,910
Australia (t)	1,969	254	1,127	1,275	3,521	1,377	995	7,838
Other (t)	3,826	1,475	6,020	1,729	2,247	4,742	1,852	1,699
Total (t)	16,409	17,204	23,607	24,364	22,673	25,240	25,511	44,612

NZ-destined Volume (t)	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Malaysia (t)	3,384	4,175	3,404	5,391
Singapore (t)	3,167	2,789	2,347	4,507
China (t)	779	2,009	1,405	1,716
Australia (t)	1,005	1,338	1,673	3,822
Other (t)	448	369	342	540
Total (t)	8,783	10,680	9,171	15,976

Export Price

100. Set out below is detail of the four quarters estimated export prices at FOB to New Zealand in F16. This is based on information from TradeMap. These export prices below (from which adjustments are made) comprise one of the two figures underlying the dumping margin calculations.

Export Price (USD/t FOB)	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Malaysia	522	491	445	539
China	489	435	386	433

101. Pacific Steel has deducted from the above the estimated costs between FOB and ex-factory incurred by the exporter in preparing the goods for shipment to New Zealand, and made other relevant adjustments to ensure fair comparison with normal values. The 2014 Malaysian galvanized wire sunset review examined (and importantly verified) the FOB to ex-works adjustments for that case. Galvanized wire exports are freighted and handled similarly to rebar, and the use in this case of the verified 2014 wire data is thus considered reasonable. A total deduction for Malaysia rebar has therefore been based substantially on that analysis which appears in the December 2014 final report. The total is US$33.67 per tonne in Q3 2014.

102. The breakdown and specific source of the US$33.67 per tonne adjustment is as follows: Cost of credit is US$[redacted] per tonne which is the outcome of a calculation in the same manner as the US$[redacted] per tonne at paragraph 72 of the Galvanized Wire Final Report[35]. This figure varies with the recorded unit value of the exported goods. Packaging is a nominal US$[redacted] per tonne from p 80 of the April 2014 Interim review report

[35] Galvanised wire from Malaysia confidential final report. TRADE AND REGULATORY COOPERATION DECEMBER 2014

rebar from Thailand (the galvanized wire figure was US$[redacted] per tonne). Inland freight is US$[redacted] per tonne at paragraph 74 of the Malaysia wire December 2014 final report. Export documents is US$[redacted] per tonne based on shipment of [redacted] containers, calculated from paragraph 75 of the Malaysia Galvanized Wire December 2014 final report. Port handling is US$[redacted] per tonne from paragraph 76 of the Malaysia Galvanized Wire December 2014 final report. Wharf and customs clearance is US$[redacted] per tonne from paragraph 77 of the Malaysia Galvanized Wire December 2014 final report. The US$33.67 is exchange rate-adjusted[36] to the quarters in F16. [*The redacted information in this paragraph comprises various individual trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

103. In China's case, Pacific Steel has sourced China-side information from [redacted] [*This information is commercially sensitive*] in September 2016. This assesses a per container-rate on a slightly shorter distance to China port as would be required on the purchase of the Chinese rebar most recently seen in New Zealand. That is, the adjustments relate to a land-side route comparable to that required on shipments from Hebei Jingye Iron and Steel Co. Ltd in Hebei Province, China.

The elements of this China cost on a per tonne basis if a shipment comprised [redacted] containers (this is because six of the ten cost elements are per shipment, not per container) are: Credit US$[redacted] to $[redacted], Packaging US$[redacted], Cartage at origin US$[redacted], Terminal Handling Charges US$[redacted], Port Service Fee US$[redacted], Terminal Security Fee US$[redacted], Equipment Management Fee US$[redacted], Manifest Fee US$[redacted], VGM Fee US$[redacted], Documentation Fee US$[redacted], Handling Fee US$[redacted], Customs Export Fee US$[redacted]. [*The redacted information in this paragraph comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

104. Set out below are the consequential Malaysian and Chinese export prices at ex-works.

Export Price (USD/t at ex-works)	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Malaysia	489	458	412	506
China	440	386	338	384

Normal Value in Exporter's Domestic Market - Malaysia

105. Pacific Steel sought to use Malaysian domestic selling prices from reputable steel industry publications and commentators in Malaysia of an appropriate time. Suitable pricing information could not be found for the comparable-volume/quantity[37] of like goods (grade 500E, which is the specific earthquake grade required in New Zealand, having earthquake-resistant ductility performance greater than 10%) being sold in the ordinary course of trade for Malaysian home consumption.

106. Pacific Steel submits that the price of rebar in Malaysia has not been in the ordinary course of trade, and that as a result, any comparable Malaysian rebar price found would not be suitable normal value. Evidence for that view is as follows:

[36] The exchange rate adjustment is based on OANDA rates.

[37] Pacific Steel has not been able to identify the level and shape of any volume discount curve which may apply to domestic sale of similar goods in Malaysia or China.

a) For a sustained period, the Malaysian steel industry has been operating at a loss. The Ministry is aware that each of Amsteel, Southern Steel and Ann Joo were unprofitable in 2015 (which is the most recent completed year, i.e. where such data is available).

b) Pacific Steel has provided the Ministry a summary table of the most recent 24 quarters (from 01/10/2009 to 30/09/2015) of the combined financial results for three Malaysian steel companies (Southern Steel, Masteel and Ann Joo) who publish their financial results.

c) The recent 23 September 2016 Malaysia notification to the WTO of provisional 13.9% safeguard duty on wire rod and rebar in coil form[38, 39] is confirmation of that economic difficulty in the Malaysian steel industry. Safeguard measures are emergency actions (i.e. they are only used in exceptional circumstances) with respect to increased imports of particular products, where such imports have caused or threaten to cause serious injury to an importing Member's domestic industry. [40] Serious injury is a more significant level of injury that that in dumping or countervailing. The Trade Practices Section of the Malaysian Ministry of International Trade and Industry (MITI) determined that the increase in wire rod and rebar imports has caused serious injury to the Domestic Industry in terms of market share, **sales value profitability, cash flow** (emphasis added), and employment and wages.

107. Pacific Steel notes that the Malaysian rebar standard MS146 is not equivalent to AS/NZS4671 500E. Detailed comparison of MS146 and AS/NZS4671 is contained in Appendix Four. Pacific Steel has sought but been unable to find any published Malaysian pricing of goods meeting AS/NZS4671 500E.

108. In light of the above issues which are both specific to Malaysian steel making and the Malaysian steel industry, and supported by evidence encompassing wider steel economics, Pacific Steel has used the constructed selling price method of establishing Malaysian normal values, as provided for at sections 5(2)(a), 5(2)(b) and 6 of the Act. Set out below is detail of the quarterly Malaysia constructed normal value. This has been developed using Pacific Steel and other cost information, making due allowances for the likely differences in costs between New Zealand and Malaysian manufacture of the like goods. Some of the adjustments refer to information which has been verified by the Ministry which by virtue of that examination may reasonably be a better information source than newer but unverified information.

Malaysia Cost Element (US$ per tonne) (calendar quarters)	**Q3-2015**	**Q4-2015**	**Q1-2016**	**Q2-2016**
Billet (CIF)	360	277	276	341
Billet clear transport to mill	[redacted]	[redacted]	[redacted]	[redacted]
Micro-alloy premium	[redacted]	[redacted]	[redacted]	[redacted]
Billet handling	[redacted]	[redacted]	[redacted]	[redacted]
Billet inventory	[redacted]	[redacted]	[redacted]	[redacted]
Billet subtotal	[redacted]	[redacted]	[redacted]	[redacted]
Billet post yield	[redacted]	[redacted]	[redacted]	[redacted]

[38] See https://www.steelorbis.com/steel-news/latest-news/malaysia-sets-preliminary-safeguard-duty-on-imports-of-wire-rod-950463.htm

[39] WTO G/SG/N/7/MYS/2 G/SG/N/11/MYS/2 dated 29 September 2016.

[40] https://www.wto.org/english/tratop_e/safeg_e/safeint.htm

Malaysia Cost Element (US$ per tonne) (calendar quarters)	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Conversion	[redacted]	[redacted]	[redacted]	[redacted]
Theoretical weight				
SGA				
ACRS	1	1	1	1
Plus separate inventory	[redacted]	[redacted]	[redacted]	[redacted]
Less distribution	18	18	18	18
Subtotal	544	457	455	530
Profit	33	28	28	32
Constructed Normal Value	577	485	483	563

[The redacted information in the table comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.]

109. Details of the costs in the above table are as follows:

a) Quarterly billet costs measured cif into Malaysia from World are available from TradeMap up to 31 December 2016. Pacific Steel has that data. Beyond that, because quarterly data is not yet published by TradeMap, it has used quarterly billet price data from Steel Business Briefing ("SBB"). SBB publish six quarterly billet series, one of which is referred to as "Semi-Finished / Billet / East Asia import CFR $/t", and as such is considered most suitable. Pacific Steel has used the SBB "Semi-Finished / Billet / East Asia import CFR $/t" series in Q1 2016 and Q2 2016 columns in the above table.

b) Billet costs to import billet between CIF and in the mill yard to the point where the billet is ready for acceptance into a reheat furnace. Those costs are on a [redacted] tonne consignment and are a sum of port clearance $[redacted] per tonne, stevedore $[redacted] per tonne, inspect $[redacted] per tonne, road transport $[redacted] per tonne (Pacific Steel has assumed a maximum [redacted]km delivery), unloading $[redacted] per tonne, and billet sort by heat $[redacted] per tonne. This latter cost is necessary in order to identify cast number from the billet on the rolled bar. Such data is required for bundle tags and related product trace-ability. All converted to USD at quarterly OANDA exchange rates. [*The redacted information in this paragraph comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

c) Micro-alloy premium is the average additional additives and alloying element cost which Pacific Steel incurred on billet used to make weld-able G500E rebar over the additives and alloying element cost in the billet used to make G500N in F15, converted to USD at the relevant OANDA exchange rate. The New Zealand Steel vanadium and additives cost in F16 is not used, because, unique in the world, the New Zealand iron sand Fe-source already contains surplus vanadium. The former F15 number is reflective of the world open-market additives and alloying element cost, not the latter in New Zealand integrated steel-making where the primary iron feed contains a vanadium. Converted to USD at the relevant OANDA exchange rate.

d) Billet handling and inventory costs arise from the dissimilarity of the goods sold on the domestic market in Malaysia which are made to MS146, and the AS/NZS4761 grade 500E goods (which is a higher and different standard to MS146) which are sold for export to New Zealand. The more stringent testing and different billet chemistry means that the NZ-destined AS/NZS4761 grade

500E goods are made in separate run commencing with the higher specification billet into the reheat furnace, with different subsequent handling and administration. These goods are not a simple, differently-branded run of MS146 goods, nor are the goods the same as Malaysia's Australia-destined goods. They are made less frequently than MS146 and involve more than a simple pass change on the final roll from the standard MS146 feed. The goods being made for New Zealand are increasingly being shipped here on a [redacted] basis, which in Pacific Steel's view provides reasonable grounds to conclude that there will, on the New Zealand destined goods, be additional billet-yard handling costs, and some additional billet inventory holding costs over and above the costs for the locally-sold goods. Billet handling (which is upstream of the re-heat furnace) is a nominal US$[redacted] per tonne, and the inventory is an estimate based on some additional [redacted] days to build and or hold stock of the particular specification billet for the 500E goods destined for shipment to New Zealand. [*The redacted information in this paragraph comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

e) Yield is [redacted]% average (inclusive of scrap credit, which drives this number higher) for Pacific Steel in F16. Pacific Steel has no reason to consider the Malaysian yield will be superior, which would lower the normal value. If anything, Malaysian yield may be inferior due to the small runs required to make the New Zealand-only AS/NZS4761 grade 500E goods. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

f) Conversion is the sum of billet to rolled steel at Pacific Steel in F16, net of the [redacted]% aggregate lower cost for Malaysia established in the Malaysian galvanised wire dumping application constructed normal value. It comprises 21 row items summing to total conversion cost in the monthly-maintained Rolling Mill Production Report. The costs accounted for there are: Electricity, Gas, Water, Carbon Tax, Rolls, Guides and Tackle, Other Roll Shop, Packaging, Material Use Variance, Stock Adjustments, Other Production, Labour – Ordinary, Labour – Despatch, Labour – Overtime, Labour – Bonus, R&M Others, R&M Material, R&M Labour (Contract & Apprentices), R&M Salaries, Fixed Overheads (only those plant-related, plus safety, waste etc.) and Depreciation (only the plant proper and its computers etc.). The conversion cost is a simple sum of the above, however four of these can be negative i.e. if so can and do reduce the conversion cost. Those four which are sometimes or always negative are Carbon Tax, Material rate is sourced from Pacific Steel's ERP system (called BPCS, which is an SSA product) which is tied to the financial accounts, and managed by the Pacific Steel Rolling Mill Accounting Manager. Pacific Steel has not been able to locate a better data set on which to base this estimation for costs in China. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

g) Pacific Steel understands that the Malaysian steel industry transacts the goods in the domestic market on a theoretical weight basis. Export goods however, are trade-recorded and valued on actual weight basis. Standard AS/NZS 4671:2001 specifies ±4.5% mass per meter tolerance irrespective of nominal diameter. Applying a conservative manufacturing practice, Pacific Steel considers that for the Malaysian domestic market, the upward offset for normal value purposes would be in the order of [redacted]%, because domestic sales revenue received will be [redacted]% greater than the equivalent actual weight exported order. Put another way, for a 100 tonne order, the sales volume/mass supplied on theoretical weight basis would be [redacted] tonnes. [*The redacted information in this paragraph comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

h) SGA is an average of two figures: First, the average Pacific Steel SG&A for years F12 to F15 converted to USD per tonne. Second, the identified SGA for Masteel (a Malaysian rebar maker for whom relevant figures are available) in the year ended 31 December 2015, divided by 68.36% of Masteel's disclosed capacity. That latter figure (68.36%) is the F16 monthly average world steel utilisation rate.[41] . That is probably a conservatively high utilisation rate as press reports suggest that Malaysian steel making utilisation rates are somewhat lower than this, which is matter consistent with the safeguard action filed and cemented in Malaysia. See paragraph 106. Data has been converted to USD using OANDA exchange rates.

i) ACRS is an additional cost not incurred on the goods sold on the Malaysian domestic market. This has two components. The fixed component which would be amortised over the representative volume and a variable component. Pacific Steel incurred A$[redacted] on fixed ACRS costs in F15 and also pays a variable ACRS fee of A$[redacted] per tonne on relevant volume sold. Assuming half of the fixed cost (which Pacific Steel understands is not less than the same for Malaysian – but if anything is likely higher) is relevant to Malaysian sales to New Zealand, and half for Australia gives a total upward adjustment of US$1.00 per tonne. [*The redacted information in this paragraph comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

Inventory is an estimated cost to separately store and/or hold the New Zealand destined goods for [redacted] days, relative to a domestic sale of MS146 goods. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

j) Pacific Steel submits that the justifiable allowance for profit is a 17% EBITDA margin. That is the level indicated by global management consulting firm McKinsey & Company to be required for long-term steel mill sustainability [42]. Pacific Steel notes that while the Act provides that the normal value of any goods imported or intended to be imported into New Zealand shall be the price paid for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arm's length transactions by the exporter or, if like goods are not so goods are and have been for an extended period of time less than the fully absorbed cost to make and sell, and it is likely that the seller of the goods will not be able to recover those costs to sell within a reasonable period of time. The following paragraphs expand on this matter and also identify the 6.103% in the ordinary course of trade profit allowance figure in the table above.

OneSteel Manufacturing's 2014 application identified four Malaysian suppliers of grade 500N rebar to Australia. They are: Amsteel Mills, Southern Steel, Malaysian Steel Works and Ann Joo Steel. Three of those (Southern Steel, Masteel and Ann Joo) are listed companies who publish financial results. The profit performance of these companies is shown in the table below.

[41] Source: https://www.worldsteel.org/media-centre/press-releases/2016/June-2016-crude-steel-production0.html)

[42] "Laying the foundations for a financially sound industry" presented to the Steel Committee meeting Paris, December 5th, 2013 at p5 and p7. McKinsey and Company. Available in the public record from the SIMA Registry and Disclosure Unit | Unité du centre de dépôt et de communication de documents de la LMSI Trade and Anti-dumping Programs Directorate | Direction des programmes commerciaux et antidumping Canada Border Services Agency. Received Saturday 19/09/2015 07:35

Group of Three	Quarter (ending)	Revenue (MR '000)	Profit before Tax (MR '000)	Quarterly Profit (%)	Years	Individual Companies MASTEEL	ANJOO	SSTEEL
	30-09-15	1,219,343	-162,833	-13.4%				
30-06-15	30-06-15	1,354,124	-29,158	-2.2%	-2.6%	-1.4%	-0.1%	-5.3%
31-12-15	31-03-15	1,521,404	-41,558	-2.7%				
31-12-14	31-12-14	1,516,110	-71,663	-4.7%				
31-12-14	30-09-14	1,481,295	-8,689	-0.6%				
31-12-14	30-06-14	1,689,996	35,041	2.1%	1.2%	2.3%	0.2%	1.1%
31-12-14	31-03-14	1,729,834	31,884	1.8%				
31-12-13	31-12-13	1,710,826	23,772	1.4%				
31-12-13	30-09-13	1,525,839	-13,970	-0.9%				
31-12-13	30-06-13	1,544,506	33,670	2.2%	1.0%	1.9%	-0.4%	1.5%
31-12-13	31-03-13	1,542,590	35,983	2.3%				
31-12-12	31-12-12	1,403,576	10,928	0.8%				
31-12-12	30-09-12	1,485,967	-21,212	-1.4%				
31-12-12	30-06-12	1,710,546	38,311	2.2%	-0.2%	1.4%	-1.8%	0.6%
31-12-12	31-03-12	1,821,313	-38,915	-2.1%				
31-12-11	31-12-11	1,765,749	-15,716	-0.9%				
31-12-11	30-09-11	1,659,518	1605	0.1%				
31-12-11	30-06-11	892,703	54,501	6.1%	3.97%	3.1%	5.3%	2.6%
31-12-11	31-03-11	1,621,800	111,178	6.9%				
31-12-10	31-12-10	1,430,880	17,564	1.2%				
31-12-10	30-09-10	1,238,200	22,411	1.8%				
31-12-10	30-06-10	831,087	85,770	10.3%	8.77%	4.8%	11.2%	8.0%
31-12-10	31-03-10	1,294,810	90,271	7.0%				
31-12-09	31-12-09	1,056,716	99,833	9.4%				
31-12-09	30-09-09	1,139,770	103,067	9.0%	6.37%	5.84%		
					Group '10, '11	Individual Average '10, '11		
						6.10%		

Source: http://klse.i3investor.com/servlets/stk/fin/5665.jsp

As can be seen above, the Malaysian steel industry as represented by the above three companies, averaged minus 0.16% profit across the four years ending 30 June 2015. The period prior to that was profitable, evidenced by the profit performance of the group of 3.97% in the year ending 30 June 2011 and 8.77% in the year ending 30 June 2010. Depending on whether one calculates the average across those two periods by group total, or as an individual company total, the profit performance of that group in those two years was either 6.37% or 5.84%. The average of those figures is 6.103% profit. This figure is used in this constructed normal value. It is materially conservative and considered reasonable as it is significantly lower than the sustainable rate of steel industry profit identified by McKinsey and Company.

k) The distribution deduction is the Masteel distribution cost RM21,313,000 cost in F15 divided by the assumed 68.36% utilisation of its 450,000 capacity expressed in USD as per OANDA. This backs-out the distribution component within Masteel's F15 SGA costs.

110. The McKinsey analysis offers some cashflow-related insight to the recent performance of the steel industry being unprofitable and not in the ordinary course of trade. Sustained periods of negative cashflow are synonymous with not in the ordinary course of trade, because the former threshold is the point which may trigger closure of the operation. McKinsey calculate that in 2012, 56% of steel manufacturers had negative cash flow (measured as total operating cash flow minus capital expenditures minus interest expenses). Pacific Steel submits that the 2012 average negative cashflow circumstance which McKinsey points to is now worse. The 2002 to 2012 trend in that cashflow measure is y = 3.3455x + 12.109. The + 0.9218. The data is below.

Measure / Year	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12
World steel operating with negative cashflow (%)	33	18	13	22	22	17	34	62	36	41	56
Net Debt to Equity (ratio)	3	1.9	0.8	0.7	0.9	1	1.5	3.1	2.4	3	4.2

Normal Value in Exporter's Domestic Market - China

111. Pacific Steel has used the constructed selling price method of establishing Chinese normal values for two reasons. First, because Pacific Steel has not been able to obtain relevant local China prices. Pacific Steel is not confident that the pricing of comparable-volume/quantity[43] of the like goods (grade 500E, which is the >10% ductile earthquake grade required in New Zealand) can be adequately identified in sales of goods of the same general category in China. Second, because the situation in the Chinese steel industry gives rise to section 5(2)(b) of the Act. Pacific Steel considers that there is an absence of relevant and suitable sales in the ordinary course of trade.

112. Pacific Steel considers that continued intervention by the Government of China (GOC) in the Chinese iron and steel industry has distorted the prices of rebar and other steel goods. Pacific Steel is of the view that this situation has occurred during and prior to the likely investigation period.[44]

113. Substantial evidence in support of that contention exists, some of which is contained in reports published by economic commentators, and some in applications to and the reports of, counterparts of the Trade and International Environment Branch of the New Zealand Ministry.

114. In particular, the Australian Anti-Dumping Commission previously found that a 'market situation' (that is, the conditions encompassed by section 5(2)(b) of the New Zealand Dumping and Countervailing Duties Act which is mirrored in section 269TAC(2)(a) of Australia's Customs Act 1901) exists in relation to hollow structural steel sections and also determined that prices in the domestic market for galvanised steel and aluminium zinc coated steel and hot rolled plate steel were unsuitable for the determination of normal value for the same reasons.[45]

115. Even more specifically, the Australian Commission recently examined the conditions of the reinforcing bar sector of the Chinese steel industry pursuant to an application to it by OneSteel Manufacturing Pty Limited dated 12 May 2015. The Final Report in this matter was published on 13 April 2016. Pacific Steel concurs with the Australian Government Anti-Dumping Commission conclusion that the domestic price for Chinese rebar was influenced by the Chinese Government to a degree which makes domestic sales of rebar unsuitable for use in determining normal values. The Commission's summary following their analysis is as follows:

> *"Based on the preceding analysis the Commission has concluded that the Chinese Government materially influenced conditions within the Chinese rebar market during the investigation period. The mechanisms through which the Chinese Government exerted this influence include government directives and oversight, subsidy programs, taxation arrangements and the significant number of state owned steel companies.*
>
> *The Commission also concludes that because of the significance of this influence over the Chinese rebar market, the domestic price for Chinese rebar was substantially different to what it would have been in the absence of these interventions by the Chinese Government. Based on this analysis, the Commission has determined that during the investigation period the domestic price for Chinese*

[43] Pacific Steel has not been able to identify the level and shape of any volume discount curve which may apply to sale of the goods in China.

[44] Pacific Steel considers that this may be the 12 months ending 30 June 2016.

[45] See Australian Anti-Dumping Commission REP 177, REP 190 and REP 198.

rebar was influenced by the Chinese Government to a degree which makes domestic sales of rebar unsuitable for use in determining normal values under subsection 269TAC(1)." [46]

116. The sources used by applicant OneSteel Manufacturing Pty Limited were:

- National Steel Policy (2005).
- Blueprint for the Steel Industry Adjustment and Revitalisation (2009).
- National and regional Five-Year Plans and guidelines.
- The 12th Five-Year Plan: Iron and Steel (2011-2015 Development Plan for the Steel Industry).

117. The Australian Government Anti-Dumping Commission summary is built on the following material:

- OneSteel's application for the publication of dumping and/or countervailing duty notices concerning steel reinforcing bar exported from the People's Republic of China.
- Previous investigations undertaken by the Commission in relation to the Chinese steel industry.
- An investigation into 'certain concrete reinforced bar' originating from the People's Republic of China undertaken by the Canada Border Services Agency (CBSA). [47]
- Information obtained through the Commission's research and analysis.

118. A recent report authored by the Australian Government Anti-Dumping Commission provides guidance as to the nature of the Chinese government in its domestic steel industry [48]. This report addresses that topic directly, and its conclusion is clear - being that Chinese government policies have distorted domestic China steel prices and profitability, such that the conditions in the New Zealand Act at section 5(2)(b) will be met. Material from the Australian report is provided at Appendix Two. Summary statements from that report addressing section 5(2)(b) of the Act include:

> *"being market distorting in that they have the effect of sustaining ongoing overcapacity by supporting the building of new capacity or keeping inefficient facilities in operation.*
>
> *By altering the VAT rebates or export taxes applied to steel exports, the Chinese Government has altered the relative profitability of different types of steel exports and of exports compared to domestic sales. This has changed steel producers' relative incentives to sell steel products in domestic compared to export markets. Through these mechanisms for altering the relative supply of particular steel products in the domestic market, the Chinese Government has been able to influence the domestic price for those products.*

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[46] At http://www.adcommission.gov.au/cases/EPR%20251%20%20300/EPR%20300/063%20-%20REP%20300.pdf p 100. The section on market situation is at 84 to 100.

[47] 59 Canada Border Services Agency (CBSA), December 2014, Statement of Reasons: Concerning the final determinations with respect to the dumping of 'Certain concrete Reinforcing Bar Originating in or Exported From The People's Republic of China, The Republic of Korea and The Republic of Turkey; and the subsidising of 'Certain Concrete Reinforcing Bar Originating In Or Exported From the People's Republic of China'; and the terminations of the investigation with respect to the subsidising of 'Certain Concrete Reinforcing Bar Originating In Or Exported From The Republic of Korea and The Republic of Turkey.

[48] http://www.adcommission.gov.au/adsystem/referencematerial/Documents/MASTER%20-%20Steel%20aluminium%20report%20%20-%2031%20August%202016%20-%20for%20public%20release.pdf

The Chinese Government also influences the domestic price for steel products through the application of export taxes on Chinese billets, which accounts for a significant proportion of the cost of steel fabricated products.

While there is limited transparency about the operations of Chinese state-owned corporations, the Commission understands that these companies can receive loans at less than commercial rates, that dividend policies can be set to pursue government objectives and that extended periods of lossmaking may be tolerated—all of which reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations."

119. Pacific Steel believes that the views of the Australian regulator are particularly salient – notably because of near-identical New Zealand/Australia trade remedies legislation, and because both New Zealand and Australia consider China to be a market economy.

120. Pacific Steel nonetheless considers other regulators who hold a national (as opposed to discrete, subsector by subsector views regarding market economics) are relevant, in part because, on the facts, they too see some industry subsector economic behaviour in Chinese steel as not being in the ordinary course of trade. Canada, for example, conducted a China rebar dumping and subsidizing investigation in 2014.[49] Canada examined much of the same Chinese documentation as Australia. Following that examination Canada observed as follows:

'[124] The President of the CBSA has issued opinions in respect of the following steel sectors in China that domestic prices are substantially influenced by the GOC and that they are not substantially the same as they would be if they were determined in a competitive market:

- *Wire rod sector - Certain galvanized steel wire (2013)*
- *Steel pipe sector - Certain piling pipe (2012)*
- *Oil country tubular goods sector - Certain pup joints (2011)*
- *Hot-rolled steel plate sector - Certain hot-rolled carbon steel plate and high strength low alloy steel plate (2010)*
- *Flat-rolled steel industry sector - Certain flat hot-rolled carbon and alloy steel sheet and strip (2010)*
- *Welded pipe sector - Certain carbon steel welded pipe (2008 & 2011)*
- *Oil country tubular goods sector - Certain seamless carbon or alloy steel oil and gas well*
- *casing (2008)*

[125] These numerous opinions indicate that the GOC exerts control over the Chinese steel industry, which encompasses the long products steel sector, including the concrete reinforcing bar industry.'

[12[The material on this page is redacted because it relates to dumping, not subsidisation] 6] The wide range and material nature of the GOC measures have resulted in significant influence on the Chinese steel industry including the long products steel sector, which includes concrete reinforcing bar. Based on the preceding, the President is of the opinion that:

[49] Relevant material is at paragraphs 94 to 144 of the complaint filed by ArcelorMittal LCNA, Gerdau Longsteel North America and Alta Steel Inc. of 14 April 2014. 'The Dumping and Subsidization of Rebar Originating in or Exported from the People's Republic of China, the Republic of Korea and the Republic of Turkey.'

- *domestic prices are substantially determined by the GOC; and*
- *there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.*[50]

121. As further positive evidence of the Chinese steel industry being structured such that it does not exhibit prices in the ordinary course of trade or competitive market conditions, Pacific Steel notes that World Steel Dynamics (WSD) recently observed that pricing on hot-rolled steel band was being traded at '*... more than $50 below the marginal cost of the median producer*'. [51]

122. Reuters recently offered analysis which concurs the industry structure and economic supporting the matter observed by WSD. Reuters said:

> *'Subsidies accounted for four-fifths of the profits reported by Chinese steel companies in the first half of this year, a dramatic increase in reliance on state support that illustrates starkly the industrial weakness that is an increasing drag on the economy.*
>
> *The headwinds faced by China's massive steel sector - falling profit margins and growing dependence on handouts - are shared by other key industrial and infrastructure-related sectors, including aluminium, cement and coal.*
>
> *A Reuters analysis of first-half financial statements from 77 listed Chinese steel, aluminium and cement companies revealed a sharp deterioration in profitability.*
>
> *For the first half of 2013, subsidies accounted for 22 percent of total profits posted by China's listed steel mills, and reached 47 percent in the full year. In the first six months of 2014, the figure jumped to 80 percent, and, even then, the sector's profit margin halved to just 0.3 percent.* [52]

123. Baosteel president of economics and research, Mr Dongying Wu, commented to the Worldsteel-49 conference in Chicago on 12 October 2015 that the 100 Chinese steel companies surveyed by Baosteel had incurred a collective loss of Yuan 20 billion (US$3.1 billion) over January-August 2015. This is consistent with Chinese steel pricing not being in the ordinary course of trade[53].

124. Some non-Chinese regional steel manufacturers see circumstances in accord with the above. For example, a recent analyst presentation by Ann Joo Berhad of Malaysia included the below page. [54]

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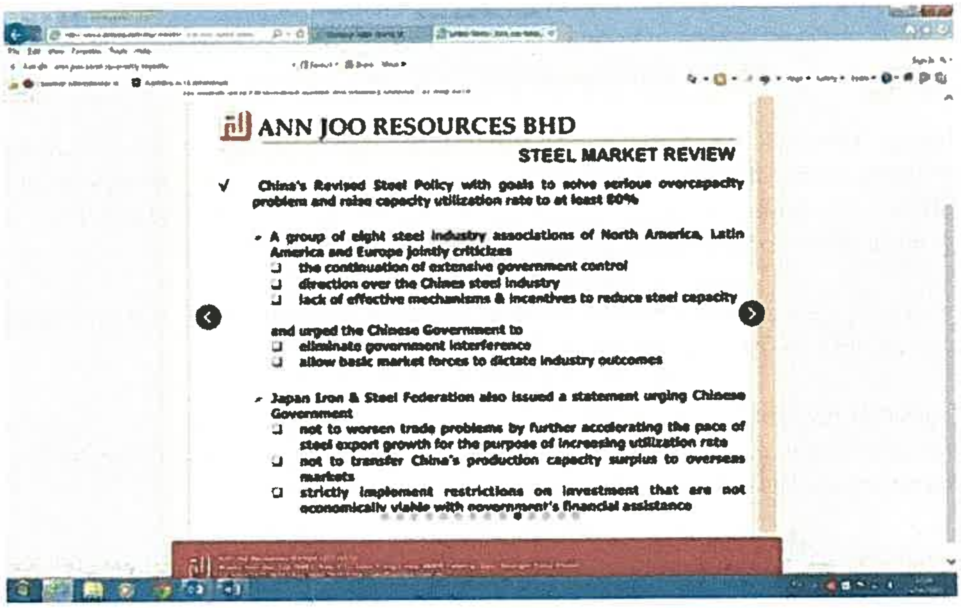
[50] http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1403/ad1403-i14-fd-eng.pdf at paragraphs 124 to 126.

[51] World Steel Dynamics, Inside Track #141 July 29 2015.

[52] At http://www.dailymail.co.uk/wires/reuters/article-2761497/Steel-industry-subsidy-life-support-China-economy-slows.html#ixzz3jhUmKqDp

[53] At From: *Platts Info [mailto:info.metals@platts.com] Sent: 13 October 2015 13:02 Subject: SBB Daily Briefing - 13 Oct 201

[54] 1st Quarter 2015 Performance Update and Industry Outlook - 27 May 2015. At http://www.annjoo.com.my/investor-relations/latest-news/



125. Most recently, on 5 October 2016, the Canada Border Services Agency made the following comments in regard to the Chinese Government influence on steel prices in China:

> 126. Summary of Government Influence on Domestic Prices
>
> [116] Based on the information on the record, the scope of the GOC's macro economic policies and measures indicates that the GOC is influencing the Chinese steel industry, which encompasses the steel pipe sector including large line pipe. The use of such policies and measures can dramatically change the demand and supply balance in the domestic market and could influence the domestic prices of steel products such as steel pipe and large line pipe.
>
> [117] In addition to the GOC's actions to eliminate obsolete steel production and reduce energy-emissions, the GOC has clearly identified its plans for mergers and acquisitions. The GOC calls for provincial, autonomous regional and municipal governments to focus on formulating and reporting 2010 2011 iron and steel enterprise merger and restructuring plans to be organized, upon approval by the Ministry of Industry and Information Technology. The GOC directs that the be improved. These are compelling facts that the GOC is firmly in charge of the reform of the Chinese steel industry which encompasses the steel pipe sector including large line pipe.
>
> [118] The cumulative impact of the GOC's numerous macro-economic policies and measures, including the *National Steel Policy*, the *Steel Revitalization/Rescue Plan*, the *12th Five-Year Development Plans for the Steel Industry* and the *12th Five-Year Plan for the Steel Pipe Industry*, its ownership of a significant portion of the steel industry and export controls on steel products and steel inputs have resulted in an environment where enterprises have conflicting objectives. The GOC objectives are likely to conflict with the commercial objectives of steel pipe producers, affecting products produced, production volumes and ultimately prices.

[119] The cumulative impact of these GOC measures and control indicate that prices of large line pipe in China are being indirectly determined by the GOC.[55]

China Constructed Normal Value

127. In light of the matters discussed above, Pacific Steel has used the constructed selling price method of establishing Chinese normal values for grade 500E, as provided for at sections 5(2)(a), 5(2)(b) and 6 of the Act. Set out below is detail of the quarterly constructed normal value of the like goods in China. This has been developed using Pacific Steel and other cost information, making due allowances for any likely differences in costs between New Zealand and Chinese manufacture of the like goods.

China Cost Element (USD per tonne) (calendar quarters)	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Billet	340	295	264	329
Billet costs to mill	[redacted]	[redacted]	[redacted]	[redacted]
Micro-alloy premium	[redacted]	[redacted]	[redacted]	[redacted]
Billet handling	[redacted]	[redacted]	[redacted]	[redacted]
Billet inventory	[redacted]	[redacted]	[redacted]	[redacted]
Billet subtotal	[redacted]	[redacted]	[redacted]	[redacted]
Billet post yield	[redacted]	[redacted]	[redacted]	[redacted]
Conversion	[redacted]	[redacted]	[redacted]	[redacted]
Theoretical weight	[redacted]	[redacted]	[redacted]	[redacted]
SGA	[redacted]	[redacted]	[redacted]	[redacted]
ACRS	1	1	1	1
Plus separate inventory	[redacted]	[redacted]	[redacted]	[redacted]
Less distribution	18	18	18	18
Subtotal	522	477	443	518
Profit	12	11	11	12
Constructed Normal Value	535	488	453	530

[The redacted information in the table comprises various trading/cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.]

128. Detail of the China constructed normal value costs in the above table are as follows:

a) Pacific Steel has submitted that the cost and price of billet in China is directly affected by the GOC's interventions in the Chinese iron and steel industry. As a result, Pacific Steel considers the domestic selling prices for billet in China are not appropriate for the purposes of determining the fair market value of these goods. As China is the world's largest producer of iron and steel products[56], any Asian-based benchmark of billet prices will be influenced by Chinese pricing and

[55] Dumping: AD1408 / 4214-47 Subsidy: CVD143 / 4218-44 Large diameter carbon and alloy steel line pipe Statement of Reasons Ottawa, October 5, 2016 Dumping and Subsidy Final Determinations concerning Large Line Pipe from China and Japan

[56] *'The biggest steel producing country is currently China, which accounted for 48.5% of world steel production in 2013'* See https://en.wikipedia.org/wiki/List_of_countries_by_steel_production

supply behaviour. Accordingly, Pacific Steel submits that Latin American export billet prices provide a suitable benchmark substitute price of billet in China for the reasons and on basis given by the Australian Anti-Dumping Commission. It said: *"As such, the Commission became concerned that both East Asian and Turkish benchmarks were influenced by Chinese billet exports, which in turn were subject to a market situation finding due to influence of the Government of China ...It is highly likely that Chinese billet prices have distorted steel billet prices in both <emphasis added> the East Asia and Turkey steel billet indexes. Consequently, the Commission considers that East Asian steel billet prices do not constitute an appropriate benchmark for competitive market costs of steel billets in China as the index itself appear to be affected by Chinese steel billet prices. For the same reasons, the Commission does not consider Turkish import or export steel billet price indexes as appropriate benchmarks for competitive market costs of steel billets in China either ... the Commission considers that the Latin American export billet prices in FOB terms represent the best available information for competitive market costs of steel billets."* [57] This probably pegs the Chinese billet cost on the low side (i.e. is conservative insofar as that assumption's effect on dumping margins) because that billet cost is probably dumped steel. While this observation is not conclusive it suggests that the billet costs shown above may thus be marginally priced and that the costs shown are conservative. The billet cost encompasses Trademap codes 720711, 720712 and 720719.

b) Billet costs to mill are assumed same (i.e. not less than) as the adjustment in the Malaysia constructed normal value. This adjustment is considered conservative because notwithstanding the tasks (i.e. functions required) being the same as in Malaysia, the China logistics distance is longer.

c) Micro-alloy premium is the average additional additives and alloying element cost which Pacific Steel incurred on billet used to make weld-able G500E rebar over the additives and alloying element cost in the billet used to make G500N in F15, converted to USD at the relevant OANDA exchange rate. The New Zealand Steel vanadium and additives cost in F16 is not used, because, unique in the world, the New Zealand iron sand Fe-source already contains surplus vanadium. The former F15 number is reflective of the world open-market additives and alloying element cost, not the latter in New Zealand integrated steel-making.

d) Billet handling and inventory costs arise from the dissimilarity of the goods sold on the domestic market in China which are made to GB1499.2-2007, and the AS/NZS4761 grade 500E goods (which is a higher and different standard to Chinese GB1499.2-2007 – as evidenced at appendix four). The Chinese product labels shown specifically identify those goods as meeting the requirements of AS/NZS4761 grade 500E. The more stringent testing and different billet chemistry means that the NZ-destined AS/NZS4761 grade 500E goods are made in separate run subsequent handling and administration. The New Zealand-destined goods are not a simple, differently-branded run of GB1499.2-2007 goods, nor are the goods the same as China's Australia-destined 500N goods. They are made less frequently than GB1499.2-2007 and involve more than a simple pass change on the final roll from the standard GB1499.2-2007 feed. The goods being made for New Zealand are shipped here in a lumpy pattern, which in Pacific Steel's view provides reasonable grounds to conclude that there will, on the New Zealand destined goods from China, be additional billet-yard handling costs, and some additional billet inventory

[57] REPORT NO. 300 ALLEGED DUMPING OF STEEL REINFORCING BAR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA March 2016 at http://www.adcommission.gov.au/cases/EPR%20251%20%20300-/EPR%20300/063%20-%20REP%20300.pdf, section 5.8.3 and 5.9

holding costs over and above the costs for the locally-sold goods. Billet handling (which is upstream of the re-heat furnace) is a nominal US$[redacted] per tonne, and the inventory is an estimate based on some additional [redacted] days to build and/or hold stock of the particular specification billet for the 500E goods which are destined for shipment to New Zealand. [*The redacted information in this paragraph comprises cost values and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

e) Yield is [redacted]% average (inclusive of scrap credit, which drives this number higher) for Pacific Steel in F16. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

f) Conversion is the sum of billet to rolled steel at Pacific Steel in F16, net of the [redacted]% aggregate lower cost for Malaysia established in the Malaysian galvanised wire dumping application constructed normal value. It comprises 21 row items summing to total conversion cost in the monthly-maintained Rolling Mill Production Report. The costs accounted for there are: Electricity, Gas, Water, Carbon Tax, Rolls, Guides and Tackle, Other Roll Shop, Packaging, Material Use Variance, Stock Adjustments, Other Production, Labour – Ordinary, Labour – Despatch, Labour – Overtime, Labour – Bonus, R&M Others, R&M Material, R&M Labour (Contract & Apprentices), R&M Salaries, Fixed Overheads (only those plant-related, plus safety, waste etc.) and Depreciation (only the plant proper and its computers etc.). The conversion cost is a simple sum of the above, however four of these elements can be negative i.e. if negative can and do reduce the conversion cost. Those four which are sometimes or always negative are Carbon Tax, Material Usage Variance, Stock Adjustments and Other Production. The conversion rate is sourced from Pacific Steel's ERP system (called BPCS, which is an SSA product) which is tied to the financial accounts, and managed by the Pacific Steel Rolling Mill Accounting Manager. Pacific Steel has not been able to locate a better data set on which to base this estimation for costs in China.

g) Pacific Steel understands that the Chinese steel industry transacts the goods in the domestic market on a theoretical weight basis. Export goods however, are trade-recorded and valued on actual weight basis. The current Chinese rebar standard GB1449.2:2007 identifies that the theoretical rebar weight tolerance for China is 7% for bars 6-12mm and 5% for bars 14-20mm. The China adjustment is [redacted]% and considered a reasonable amount of the permissible. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.]*

h) SGA is an average of two figures: First, the average Pacific Steel SG&A for years F12 to F15 converted to USD per tonne. Second, the identified SGA for Masteel (a Malaysian rebar maker for whom relevant figures are available) in the year ended 31 December 2015, divided by 68.36% of Masteel's disclosed capacity. That latter figure (68.36%) is an assumption of no better information being available than that figure, which is the F16 monthly average world steel utilisation rate.[58] This data has been converted to USD at the relevant OANDA exchange rate.

i) ACRS is an additional cost not incurred on the goods sold on the Chinese domestic market. This has not been included in the above because Tianjin Tiante Zhaer does not have ACRS accreditation. Other Chinese mills who may be exporting to New Zealand have that accreditation, so that figure may need to be included. It has two components. The fixed

[58] source https://www.worldsteel.org/media-centre/press-releases/2016/June-2016-crude-steel-production0.html)

component which would be amortised over the representative volume and a variable component. Pacific Steel incurred A$[redacted] on fixed ACRS costs in F15 and also pays a variable ACRS fee of A$[redacted] per tonne on relevant volume sold. Assuming half of the fixed cost (which Pacific Steel understands is not less than the same for China – but if anything is likely higher cost) is relevant to Chinese sales to New Zealand, and half for Australia gives a total upward adjustment of US$[redacted] per tonne. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

j) Inventory is an estimated cost to separately store and/or hold the New Zealand destined goods for [redacted] days, relative to a domestic sale of GB1499.2-2007 goods. [*The redacted information in this paragraph is an operating value and is commercially sensitive because it would provide a competitor with a competitive advantage.*]

k) The distribution deduction is the Masteel distribution cost RM21,313,000 cost in F15 divided by the assumed 68.36% utilisation of its 450,000 capacity expressed in USD as per OANDA. This backs-out the distribution component within Masteel's F15 SGA costs.

l) Pacific Steel submits that the justifiable allowance for profit is a 17% EBITDA margin. That is the level indicated by global management consulting firm McKinsey & Company to be required for long-term steel mill sustainability [59]. The calculations above, however, use a materially lower level, being the average 2.384% operating profit of the Chinese steel makers Angang, Baosteel and Maanshan in the six years F10 to F15.[60] This adjustment is considered conservative.

Dumping Margins

129. The margin (or extent or level) of dumping is the extent to which the export price of goods imported into New Zealand or which may be imported into New Zealand is less than the normal value of the goods as determined in accordance with the provisions of the Act. These calculations are shown below.

Malaysia	**Q3-2015**	**Q4-2015**	**Q1-2016**	**Q2-2016**
Export Price	489	458	412	506
Constructed Normal Value	577	485	483	563

[59] "Laying the foundations for a financially sound industry" Steel Committee meeting Paris, December 5th, 2013 at p 5 and p 7.

[60] Maanshan's reports (Pacific Steel has used page 81 of 2010, page 97 of 2012, page 86 of 2014 and page 96 of 2015) can be found at http://www.magang.com.hk/eng/report.asp

Angang's reports can be found at http://angang.wspr.com.hk/ Angang pages used are: page 87 of 2010, page 96 of 2012, page 111 of 2014 and page 2015. Baosteel reports are at http://www.baosteel.com/group_en/contents/2942/40191.html

Baoshan's reports are at http://www.baosteel.com/group_en/contents/2942/40191.html. Baoshan documents beyond Q1 2015 are not posted. Pacific Steel has used page 62 of Baoshan's 2010 report, page 50 of 2012, page 55 of 2014 and page 14 of the Q1 2015 report.

Dumping (US$/t)	88	27	71	56
Dumping % of Export Price	18%	6%	17%	11%
Quarterly Volume Weighting %	21%	26%	21%	33%

China	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Export Price	440	386	338	384
Constructed Normal Value	535	488	453	530
Dumping (US$/t)	95	103	115	146
Dumping % of Export Price	22%	27%	34%	38%
Quarterly Volume Weighting %	13%	34%	24%	29%

130. The Malaysian weighted average dumping margin on rebar goods to New Zealand is 12.5%.

131. The Chinese weighted average dumping margin on rebar goods to New Zealand is 31%.

132. Pacific Steel considers that the 12 April 2016 Australian Anti-Dumping Commission report (on near-mirror goods from China) offers support for the above dumping margin calculations. It is salient that the Australian regulator conclusions are made post a statutory investigation which involved verification visits. The Australian Commission found the following dumping margins:

a) Shandong Shiheng Special Steel Group 15.3%
b) Shandong Iron and Steel Company Limited, Laiwu Company 16.4%
c) Jiangsu Yonggang Group Co. Ltd. 11.7%
d) Hunan Valin Xiangtan Iron & Steel Co. Ltd. 15.2%
e) Uncooperative and All Other Exporters 30.0%

133. Pacific Steel considers that these positive findings in the Australian case support the dumping levels it has asserted.

China Subsidisation

134. This application requests that the Chief Executive initiate and carry out an investigation and determine a rate or amount of countervailing duty on the goods from China pursuant to section 10(1) of the Act. The ambit of this application is to outline the positive evidence available to Pacific Steel at present justifying the need for a Chinese subsidy investigation to take place. It is accepted that in the course of the investigation itself a good deal more evidence will be gathered and considered by the Ministry.

135. In the first instance Pacific Steel has turned to the subsidy notifications required to be submitted to the WTO by its members, including China, under Article XVI:1 of the General Agreement on Tariffs and Trade 1994 (the GATT 1994) and Article 25.2 of the Agreement on Subsidies and Countervailing Measures ("SCM"). China submitted its first notification (G/SCM/N/123/CHN) in 2006. This notification covered the time period from 2001 to 2004. China submitted its second notification (G/SCM/N/155/CHN) in 2011. This notification covered the time period from 2005 to 2008[61].

[61] The document states "New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures. The following communication, dated 20

136. In October 2015 China notified subsidies to the WTO. That subsidy notification, however, is deficient. Notification is not the same as compliance. Paragraph 1 of Article 25 of the SCM provides:

> *'Members agree that, without prejudice to the provisions of paragraph 1 of Article XVI of GATT 1994, their notifications of subsidies shall be submitted not later than 30 June of each year and shall conform to the provisions of paragraphs 2 through 6.'*

137. Paragraphs 2 through 6 provide:

> *'25.2 Members shall notify any subsidy as defined in paragraph 1 of Article 1, which is specific within the meaning of Article 2, granted or maintained within their territories.*
>
> *'25.3 The content of notifications should be sufficiently specific to enable other Members to evaluate the trade effects and to understand the operation of notified subsidy programmes. In this connection, and without prejudice to the contents and form of the questionnaire on subsidies, ... Members shall ensure that their notifications contain the following information:*
>
> *(i) form of a subsidy (i.e. grant, loan, tax concession, etc.);*
> *(ii) subsidy per unit or, in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year);*
> *(iii) policy objective and/or purpose of a subsidy;*
> *(iv) duration of a subsidy and/or any other time-limits attached to it;*
> *(v) statistical data permitting an assessment of the trade effects of a subsidy.*
>
> *'25.4 Where specific points in paragraph 3 have not been addressed in a notification, an explanation shall be provided in the notification itself.*
>
> *'25.5 If subsidies are granted to specific products or sectors, the notifications should be organized by product or sector.*
>
> *'25.6 Members which consider that there are no measures in their territories requiring notification under paragraph 1 of Article XVI of GATT 1994 and this Agreement shall so inform the Secretariat in writing.'*

138. The depth required by the above is not present in the notification the GOC refers to. It would be an error for the Ministry to consider that notification equates to compliance with the Article 25 requirement. It would be incorrect for the Ministry to conclude that the GOC has complied with its notification obligations under paragraph 1 of Article 25 of the SCM. In further support of that contention, Pacific Steel notes that the United States has formally contested the compliance of the Government of China's obligations under Article 25. In summary, the United States asserts GOC non-compliance as follows:

> *'The United States appreciates China's efforts to notify its central government subsidy programmes. However, we note that subsidies provided at the sub-central government level were not included in*

October 2011, is being circulated at the request of the Delegation of China. The following notification constitutes China's new and full notification of information on programs granted or maintained at the central government level during the period from 2005 to 2008."

China's notification and, indeed, China has never notified a sub-central program. Article 25 of the Agreement on Subsidies and Countervailing Duties (Subsidies Agreement) specifically requires that Members include in their notification information on any subsidies granted or maintained within their territory, which includes subsidies at both the central and sub-central levels. Please indicate when China will comprehensively notify subsidies provided at the sub-central level.'

139. The United States has addressed issues of non-compliance of subsidies specifically relevant to the steel industry. A copy of the United States formal objection (document G/SCM/Q2/CHN/57 of 28 January 2016) under the articles of the SCM, with which Pacific Steel concurs, can be found at www.wto.org. The steel-specific United States questions are at items 17 to 21. The matters raised in that section represent further evidence of the steel industry in China possessing the market situation features contemplated by section 5(2)(b) of the Dumping and Countervailing Duties Act 1988.

140. Pacific Steel notes that the Australian Antidumping Commission has also recently examined the matter of China compliance with the requirements of Article 25.2 of SCM. It stated:

As the Commissioner is satisfied that: ... China, the country in relation to which the subsidy has been provided, has not complied with its requirements under Article 25 of the SCM Agreement for the compliance period. [62]

141. Similar commentary on China's subsidy declarations is found in a June 2015 report[63] prepared for AEGIS Europe:

"China's 2004 notification provided no information at all about industry support programmes and grant giving schemes operated by the country's 33 provincial and about 850 municipal level jurisdictions. This fact is particularly relevant as the Chinese political-economic system transfers most policy implementation matters to the local government level. Furthermore, provinces, cities, districts and counties bear the responsibility for developing local economies and use financial incentives to compete for investment projects. Both factors suggest that subsidisation is prevalent and that most objectionable practices are anchored on lower administrative levels. The omission of subsidy programmes administered by sub-central governments thus creates a very large blank spot in the notification.

In 2011, China submitted its second subsidy notification which covered the period from 2005 to 2008. The second document displays the same shortcomings as the first and has to be considered significantly incomplete. Information provided on subsidy schemes administered by central government authorities was again found to have large gaps and again, not a single programme run by sub-central government bodies was mentioned. Overall, China did not honour the commitments it accepted at the time it joined the WTO in a complete, consistent and transparent fashion. It failed to disclose all relevant information in a timely manner. It also failed the obligation to publish policy documents on trade-related measures translated into at least one of the organisation's official languages in a single official journal."

[62] See http://adcommission.gov.au/cases/EPR%20193%20%20250/EPR%20237/044-Final%20Report%20-%20Other%20-Final%20Report%20237.pdf 1.4.9 at p 9.

[63] "Assessment of the normative and policy framework governing the Chinese economy and its impact on international competition" for AEGIS EUROPE by THINK!DESK China Research & Consulting Prof. Dr. Markus Taube & Dr. Christian Schmidkonz GbR Merzstrasse 18 81679 München. June 2015 at p 14.

142. The lack of compliance by China to Article 25.2 of the SCM has impeded Pacific Steel's ability to particularize the requirements of section 7 of the Act.

143. In light of the deficient nature of China subsidy declaration notifications to the WTO, Pacific Steel submits that they be treated as unreliable and are not facts available. Pacific Steel thus turns to possible precedent in other jurisdictions regarding investigations and findings of countervailable subsidies in the Chinese steel industry. In this regard, Pacific Steel notes that investigations and findings of counterpart authorities are considered by MBIE to provide sufficient evidence of the existence of subsidisation [64].

i. Canada: The New Zealand Ministry's Canadian counterpart the Canada Border Services Agency (CBSA) received a dumping and subsidizing investigation request relating to China and other countries on near-like goods (a type of rebar) on 14 April 2014.[65] That request was filed by ArcelorMittal LCNA, Gerdau Longsteel North America and Alta Steel Inc. A positive subsidy finding was reported on by the CBSA in document 4214-42 AD/1403 V/138 on December 23, 2014. Weighted average subsidy found is 6.1%.

ii. Canada: The CBSA received a dumping and subsidizing investigation request from Tree Island Steel Ltd. relating to China and other countries on near-like goods (galvanized wire) on March 23, 2012. A positive subsidy finding of weighted average 14.9% was reported by the Canada International Trade Tribunal in Inquiry No. NQ-2013-001 on August 20, 2013.

iii. United States: On November 19, 2014, the Enforcement and Compliance Agency, International Trade Administration of the US Department of Commerce published a final determination that countervailable subsidies are being provided to producers and exporters of steel wire rod from China. [66] The net subsidy rate found for Hebei Iron and Steel (this mill is located in Hebei, the same province as Hebei Jingye Iron and Steel Co., Ltd) is 178.46% [67]

iv. United States: On March 26, 2012, the Enforcement and Compliance Agency, International Trade Administration of the US Department of Commerce published a final determination that countervailable subsidies are being provided to producers and exporters of galvanized steel wire from China. [68] The net subsidy rate range found is 19% to 223%. The net subsidy rate found for the Huayuan Companies (this group of steel companies is located in Hebei, the same province as Tianjin Tiante Zhaer) is 223%.

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[64] WTO case DS437 United States – Countervailing duties on certain products from China. The panel determined that the United States acted consistently with Art. 11 of the Subsidies Agreement by accepting an application which relied on "evidence such as research reports and the financial statements of Chinese companies ... and on prior US-DOC determinations."

[65] The Dumping and Subsidization of Rebar Originating in or Exported From the People's Republic of China, the Republic of Korea and the Republic of Turkey.

[66] See Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China, Investigation Nos. 701-TA-512 and 731- TA-1248 (Final), USITC Publication 4509, December 2014.

[67] See http://www.gpo.gov/fdsys/pkg/FR-2014-11-19/pdf/2014-27410.pdf

[68] http://www.usitc.gov/publications/701_731/pub4323.pdf

v. Australia: On 5 August 2016, the Australian Government Anti-Dumping Commission notified that based on the information and evidence available, the Commissioner considers that: Chinese rebar and rod in coil has been exported from China at subsidised prices. The rebar subsidy margins found are: Shandong Iron and Steel Company Limited, Laiwu Company 22.96%, Shandong Shiheng Special Steel Co., Ltd 3.71% Jiangsu Yonggang Group Co Ltd 0.26% Hunan Valin Xiangtan Iron & Steel Co. Ltd 25.22% Uncooperative and All Other Exporters 31.92%. For rod in coil the subsidy margins found are: Hunan Valin Xiangtan Iron & Steel Co. Ltd 26.46% Jiangsu Shagang Group 1.60% Uncooperative and All Other Exporters 33.99% [69].

Pacific draws particular attention to the number of subsidies under investigation being large. The Commission has investigated 177 subsidy programs in respect of rebar, and 273 in respect of rod in coil.

144. Pacific Steel also points to general commentary about the fact of the Chinese steel industry benefitting from various forms of subsidies to a material level. The following excerpt from Reuters is representative, and is aligned with a considerable volume of other mirror assertions and analysis. Under the headline 'Steel industry (China – bracket added) on life-support as China economy slows', Reuters wrote:

'Subsidies accounted for four-fifths of the profits reported by Chinese steel companies in the first half of this year, a dramatic increase in reliance on state support that illustrates starkly the industrial weakness that is an increasing drag on the economy.

The headwinds faced by China's massive steel sector - falling profit margins and growing dependence on handouts - are shared by other key industrial and infrastructure-related sectors, including aluminium, cement and coal.

For the first half of 2013, subsidies accounted for 22 percent of total profits posted by China's listed steel mills, and reached 47 percent in the full year. In the first six months of 2014, the figure jumped to 80 percent, and, even then, the sector's profit margin halved to just 0.3 percent.

The performance of the steel sector, which has been a major driver of China's growth, underlines the massive challenge facing President Xi Jinping as Beijing tries to wean the economy off its dependence on external demand and investment spending.

A total of 2,235 firms, or 88 percent of Chinese listed companies, received government subsidies totalling 32.2 billion yuan ($5.24 billion) in the first half of 2014, according to data from information provider ChinaScope.

Most of the subsidies - largely from local governments - were channelled to the steel, cement and property sector in the form of cash, tax rebates or support for loan repayments. The reasons given ranged from research and development to support for government environmental priorities.

"There isn't a lot of innovation happening in sectors such as steel or aluminium," said Professor Wen Laicheng at Central University of Finance and Economics in Beijing. "The subsidies are clearly a lifeline to help the companies get through these tough times."

[69] See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/044%20-%20Report%20SEF%20322%20and%20331.pdf

Premier Li Keqiang has tried to rally local governments' support to tackle persistent overcapacity, but the continuing subsidies show how Beijing is fighting a losing battle.

SUBSIDY LIFELINE
China's central and provincial governments have long fed its state-owned and private firms with a steady dose of subsidies to boost growth, support jobs and create national champions. Dependence on that support has risen sharply in the past six months as more industries, now struggling with overcapacity and anaemic growth, are beginning to buckle under heavy debts.

A fifth of China's 33 listed steel mills received subsidies accounting for more than half of their profits in the first half, with Chongqing Iron and Steel getting the largest handout of 509 million yuan ($82.89 million).

Larger rival Valin Steel Co Ltd, which swung back into profit in the first half, received nearly 80 million yuan in subsidies - four times its earnings. Without the grant, it would have a loss of 61 million yuan.

Hefty government subsidies have helped companies such as Chongqing Iron and Steel, as well as Hunan Valin and others, post profits in previous years, without which they would have been delisted from the exchange.

"These subsidies are only delaying the inevitable because no matter how much money the government dumps in, many of these companies cannot recover," said Liu Haiming, deputy director of China Steel Development and Research Institute.'[70]

145. The above Reuters commentary is consistent with the following reference to a 2007 report by Wiley Rein LLP which was reported by PRNewswire thus:

'WASHINGTON, July 30 /PRNewswire-USNewswire/ -- An extensive new study released today concludes that the Chinese steel industry has benefited from massive government subsidies, many of which violate China's World Trade Organization obligations. The report, entitled Money for Metal: A Detailed Examination of Chinese Government Subsidies to its Steel Industry, documents more than $50 billion in subsidies granted to Chinese steel producers by the Chinese government. These subsidies have fueled the unprecedented expansion of China's steel industry and the sharp increase in China's steel exports, at the expense of its international competitors.

The study also found that Chinese government ownership and control of the steel industry is far greater than previously reported.

The study, written by Wiley Rein LLP and sponsored by the American Iron and Steel Institute (AISI), the Steel Manufacturers Association (SMA), the Committee for Pipe and Tube Imports (CPTI), and the

[70] http://www.reuters.com/article/2014/09/19/us-China-economy-steel-idUSKBN0HD2LC20140919 The China Steel Development and Research Institute is a think-tank under the administration of State Asset Supervision and Administration Commission (SASAC) of China and China Iron and Steel Association (CISA). CISA is a national, non-profit organization founded in 1999 on the basis of China Metallurgical Enterprise Management Association. CISA members consist of China's steel enterprises, institutions, societies and individuals in the iron and steel industry, which participate the organization voluntarily according to certain regulations. CISA's responsibility is to link Chinese iron & steel industry with the Chinese government See http://www.Chinaisa.org.cn/gxportal/DispatchAction.do?efFormEname=ECTM40&key=AGMPMA9kWDlWN1dgBWJXNgxoCGsHYwYxVmUFNgRmVmRWRQpFDxRRYwARBkFWQQRk

Specialty Steel Industry of North America (SSINA), expands earlier research through a detailed review of the financial statements of leading Chinese steel producers, including but not limited to Angang, Baosteel, Laiwu, Maanshan, Shougang, and Wuhan. The report documents a wide range of government subsidies, including the following:

-- US$ 17.3 billion (RMB 130 billion) in preferential loans and directed credit;
-- US$ 18.6 billion (RMB 141 billion) in equity infusions and/or debt-to- equity swaps;
-- US$ 5 billion (RMB 38.9 billion) in land-use discounts;
-- US$ 1.2 billion (RMB 9.47 billion) in government-mandated mergers; and
-- US$ 258 million (RMB 2 billion) in direct cash grants.

"China's massive subsidies and pervasive government control of its steel industry are unprecedented and violate WTO rules," said Alan Price, partner at Wiley Rein LLP and one of the study's authors. "Eight of the ten largest Chinese steel groups are 100 percent controlled by the Chinese government, and more than 90 percent of the production of China's top 20 steel groups is state-controlled. This report documents the extent to which the Chinese steel industry has been fuelled by subsidies, and remains controlled and directed by the government."

The US$ 52 billion in documented subsidies discussed in Money for Metal are only a fraction of the subsidies that actually exist, due to the limited number of Chinese steel companies reviewed and the partial nature of the data that even these companies reported.

Government subsidies allowed China's steel production to increase by more than 170 percent between 2000 and 2005 and by another 20 percent in 2006. China's steel capacity and production are now four to five times larger than that of the entire North American steel industry. Subsidies have also helped China become the largest single steel exporting country by volume in 2006.

"As China continues to produce steel at breakneck speed, exports will only increase, causing damage to U.S. producers and their workers," said Tom Danjczek, president of SMA. "The subsidies provided by the Chinese government give the Chinese steel industry an artificial advantage over its international competitors. China is not a low-cost producer."

"The domestic steel pipe, tube and fittings industry has been on the front lines in its battle to challenge trade distorting steel subsidies from China which are threatening the very existence of this critical steel sector in the U.S.," said Roger B. Schagrin, executive director and general counsel of the CPTI. He added, "pipe and tube producers recently filed the first two steel countervailing duty cases against China on circular welded pipe and rectangular tubing, which have been initiated by the Department of Commerce."

"These massive subsidies include stainless steel producers as well," said David A. Hartquist, counsel to the Specialty Steel Industry of North America. "SSINA will shortly publish an updating of our April 2007 report documenting newly discovered Chinese government subsidies to the stainless steel sector."

EXECUTIVE SUMMARY
This unparalleled expansion is the direct result of the Chinese government's direction and control of the Chinese steel industry, and its bestowal of an extraordinary range of subsidies to Chinese steel producers. The growth of China's steel industry has been both financed and directed by the Chinese government.

Government ownership of the steel industry is far greater than previously reported. Eight of the ten largest Chinese steel groups are 100 percent owned or controlled by the Chinese government, while 19 *of the top 20 groups are majority owned or controlled by the government. In terms of production, 91 percent of the production of the top 20 steel groups is state- owned or controlled. This degree of state ownership allows the government to exert direct control over the steel industry.*

This report identifies more than RMB 393 billion (US$ 52 billion) in subsidies granted to Chinese steel producers. These documented subsidies include:

- *RMB 130.9 billion (US$ 17.3 billion) in preferential loans and directed credit. The Chinese government uses subsidized loans granted to steel producers to carry out government policy. These policy loans account for the majority of all loans in China, and leading Chinese steel producers have received between 60 percent to nearly 100 percent of their loans from policy banks. This report details subsidized loans received by 15 major Chinese steel producers.*

- *RMB 141 billion (US$ 18.6 billion) in equity infusions and/or debt- to equity swaps -- China regularly injects substantial cash subsidies into steel producers, acquiring additional ownership shares in return. The Chinese government has also made widespread use of debt-to-equity swaps since the mid- to late-1990s. At least 37 different Chinese steel companies have benefited, including all of the major producers.*

- *RMB 38.9 billion (US$ 5.1 billion) in land-use discounts – The physical purchase of land is nearly impossible in China. Instead, the Chinese government provides lease agreements, and then transfers land-use rights to the companies for little or no cost. Steel producers enjoy these land-use rights for no charge, or for as little as US$ 0.02 per square foot.*

- *RMB 9.5 billion (US$ 1.3 billion) in government-mandated mergers. The Chinese government is directing consolidation of the steel industry in China by permitting acquisitions for little to no cost. For example, in May 2007, Baosteel, China's second largest steel producer, received a 48.5 percent stake in Xinjiang, worth more than RMB 6 million, at no cost.*

- *RMB 2 billion (US$ 258.6 million) in direct cash grants – Chinese steel producers continue to report outright cash grants, as well as grants for specific steel construction projects, on their balance sheets.*

- *The actual total subsidy amount is undoubtedly many times larger than this figure, because of the limited number of companies reviewed and the partial nature of the data that even these companies reported.*[71]

146. The above Wiley Rein report is from 2007 but was updated in October 2010. The latter report concluded as follows:

'... Chinese steel producers continue to benefit from massive direct and indirect subsidies...' [72]

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[71] http://www.prnewswire.com/news-releases/new-report-details-massive-chinese-government-subsidies-to-its-steel-industry-52782252.html

[72] http://www.steel.org/~/media/Files/AISI/General%20Docs/reform%20myth.pdf

147. The Reuters commentary above is consistent with the major 2007 study "Chinese Subsidies to the Stainless Steel Industry April 2007. A 26-page summary of this document is at http://www.ssina.com/news/releases/pdf_releases/chinese_govt_subsidies0407.pdf, with the full 104-page document at Non-confidential attachment C-1.2.1 of the Tasman Sinkware Pty Limited application to the Australian Antidumping Commission of January 2014.

148. The June 2015 THINK!Desk report mentioned at paragraph 111 observes that scale of Chinese industry subsidization is very extensive, large, and growing. For example, the report identifies that in 2010, Chinese industry subsidies was a little over RMB 60 billion, but by 2014 had grown to over RMB 120 billion[73]. It also refers to the U.S. Department of Commerce being able to locate information on over 300 programmes which had not been disclosed in China's two subsidy notifications[74].

149. The positive China steel subsidy findings by Canada and the United States, and the above commentary by Liu Haiming, the Deputy Director of the China Steel Development and Research Institute are considered particularly compelling. While none of the preceding is determinative on whether the state-owned Tianjin Tiante Zhaer steel mill of Hebei province identified in this application is receiving subsidies which confer a benefit to it, and are countervailable, in Pacific Steel's view the information above nonetheless comprises reasonable evidence of a case requiring investigation.

150. Turning now to specifics, a schedule of 240 subsidies which Pacific Steel considers are being received by the Chinese rebar exporters to New Zealand appears at Appendix Five. This schedule is based on the work supplied by ArcelorMittal LCNA, Gerdau Longsteel North America, and Alta Steel Ltd in their case to the Canada Border Services Agency which was initiated on 13 June 2014. Minor edits have been made to that material. The ArcelorMittal et al work identified these subsidies based on previous CBSA decisions and similar information obtained by the relevant investigating authorities from the United States, the EU and Australia. ArcelorMittal et al provide details about the programs, including descriptions, reasons the program was found to be specific so as to be countervailable, and where available, previously determined ad valorem subsidy rates. The CBSA's investigation has resulted in countervailing duties of 469 Renminbi per tonne (US$74 per tonne) on importations of subject goods originating in/or exported from China for which the exporter has not been issued specific amounts of subsidy.

151. Pacific Steel submits that the subsidies at Appendix Five are being offered by Chinese public bodies to the Chinese steel industry, and accepted, and are conferring a benefit and are countervailable. Hebei Jingye is located in Hebei province, and Tiante Tianjin Zhaer is located in the Tianjin Municipality. Subsidy types 1 to 128 appear to be available in Hebei. Subsidies 129 through to 223 (95 subsidies) may not be available in Hebei, because the named provider is elsewhere. Mirror analysis applies to Tianjin Tiante Zhaer and its Tianjin Municipality location.

152. Pacific Steel considers that all programs will need to be investigated by the Ministry because a subsidy type in one province may be mirrored in other provinces by other sponsors, and Chinese steel makers other than Hebei Jingye or Tiante Tianjin Zhaer may be supplying to New Zealand but their identity and plant location not available because the identifying mill tags have been removed from the goods. Those suppliers may, or may not be located in Hebei or Tianjin Municipality.

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[73] "Assessment of the normative and policy framework governing the Chinese economy and its impact on international competition". THINK!DESK China Research & Consulting Prof. Dr. Markus Taube & Dr. Christian Schmidkonz GbR Merzstrasse 18 81679 München June 2015 at p 66.

[74] Ibid. p47.

153. The Tianjin Tiante Zhaer-made rebar being sold in New Zealand has been made by the integrated steel-making route. Pacific Steel thus contends that the Tianjin Tiante Zhaer-made rebar has been made in similar facilities to the large Chinese integrated mills producing goods subject to above CBSA investigation which fall within the scope of several of the CBSA subsidy investigations in respect of steel products. Pacific Steel thus believes that the CBSA findings of subsidies in Chinese steel cases are applicable to producers of the goods in this Pacific Steel complaint.

154. In the most recent CBSA final determination applicable to the subsidization of Chinese steel goods (this related to galvanized wire), the CBSA determined that the weighted average amount of subsidy was 14.9% of export price. CBSA found 10 subsidy programs to constitute a financial contribution and another 118 programs for which insufficient information was provided and which could not be ruled out as countervailable subsidies. In the CBSA investigations in respect of producers capable of producing wire rod in China, the amount of subsidy found was well in excess of de minimus. The CBSA found that 100% of steel piling pipe goods exported to Canada were subsidized at a weighted average amount of subsidy equal to 11.7% of export price. In the Pup Joints[75] case, the CBSA found that 100% of goods exported to Canada were subsidized at a weighted average 31.4% amount of the exported price.

155. Pacific Steel does not know and is not able to determine the actual amounts of the subsidies received by Tianjin Tiante Zhaer or Hebei Jingye or other Chinese rebar suppliers to New Zealand. As far as Pacific Steel is able to ascertain, they do not publish this information and Pacific Steel is not in a position to make such inquiry of them. The level of detail suggested in the Ministry Subsidy Investigation Guide be provided by Pacific Steel is not available to Pacific Steel. An amount can, however, be estimated by calculating the difference between the selling price of the Subject Goods and their cost of production. Goods sold below cost of production must be subsidized to a profitable or break-even level otherwise their sale would not be economically feasible and would thus not occur. The difference between the Chinese export price and cost (net of profit) shows that they are being sold into New Zealand from China at prices below the cost of production. This indicates a significant amount of subsidy and it accords with the outcome of a review of the 239 Chinese subsidy programs at Appendix Five.

156. Specific subsidy rates have been determined by the relevant authorities in one or more of the EU, Canada, United States and Australia for 91 of the 240 programs at Appendix Five. Rates are published for 57 of the 134 subsidies which appear to be available in Hebei, and 34 of the 105 subsidies which may not be available in Hebei.

157. It is thus possible to estimate a subsidy range for (for example) a Hebei-domiciled rebar maker such as Hebei Jingye. The lower bound may reasonably be the sum of the single value and the bottom of the range where a range exists, for those 56 subsidies which are rate-published and understood to be available in Hebei. That figure is 11.23%. The upper bound may reasonably be the sum of the single value and the top of the range where a range exists, for all 91 subsidies which are rate-published. That figure is 115.58%.

158. A further alternative and test for reasonableness of the subsidy amounts at paragraphs 121 and 127, Pacific Steel refers to subsidy amounts arising from the benefits to integrated Chinese steel manufacturers (such as Tianjin Tiante Zhaer) from billet, coking coal, coke inputs being provided at less than adequate remuneration. This matter is narrated at pages 1-18 of an appendix to the OneSteel Manufacturing

[75] Pup Joints are a type of short steel drill pipe used to adjust the length of the tubular drilling strings used in the oil and gas industry.

November 2015 China rebar countervailing duty application[76], and is commented upon in detail in the Final Report published by the Australian Government Anti-Dumping Commission[77].

159. The 2015 and 2016 Australian Government Anti-Dumping Commission work on rebar addresses elements of the subsidy, in-China legal basis, whether there has been a WTO notification regarding that subsidy, subsidy eligibility criteria, whether the subsidy is provided to the Chinese recipient by a Chinese government or Chinese public body, and whether the subsidy is specific or prohibited and countervailable. It also indicates estimated subsidy amounts. The Final Report was published on 19 September 2016 [78].

160. The Australian Commission investigated 177 subsidy programs for the rebar product group and 273 for the rod in coil product group at the mills dispatching the goods to Australia. The Commission found that 113 countervailable subsidies were received by exporters of rebar from China. It is not clear to Pacific Steel whether the mills examined by the Commission are also present in the New Zealand market, nor whether the two mills known by Pacific Steel to be dispatching rebar to New Zealand may be in receipt of a greater number of subsidies found by the Australian investigation, or lesser. That can only be established within a statutory investigation by the Ministry.

161. Based on the information and evidence available, the Australian Commission considers that rebar (like goods to that exported by China to New Zealand) has been exported from China to Australia at subsidised prices. Subsidy quantum found are: Shandong Iron and Steel Company Limited, Laiwu Company 22.96%; Hunan Valin Xiangtan Iron & Steel Co. Ltd 25.17%; Uncooperative and All Other Exporters 29.61%. The average subsidy margin found in this recent investigation is thus 25.61%.

162. Most recently, on 5 October 2016, the Canada Border Services Agency made the following findings of Chinese steel pipe subsidisation:

> *"[182] On the basis of the results of the subsidy investigation, the CBSA is satisfied that large line pipe originating in or exported from China have been subsidized and that the amount of subsidy is not insignificant"*[79]

163. That Canadian investigation found a subsidy rate of 30.3% expressed as a percentage of export price.

164. Lastly, Pacific Steel observes that several events recorded by the state-owned parent of Tianjin Tiante Zhaer which while not able to be clearly identified and matched to one of those on the subsidy schedule at Appendix Five (or seemingly accommodated within the CBSA information) are also suggestive of an event comprising a subsidy and as a result will require investigation by the Ministry. These events (some with italic

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[76] See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf

[77] See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/055%20Final-%20Report%20322%20Steel%20Reinforcing%20Bar.pdf

[78] See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/055%20Final-%20Report%20322%20Steel%20Reinforcing%20Bar.pdf

[79] Dumping: AD1408 / 4214-47 Subsidy: CVD143 / 4218-44 Large diameter carbon and alloy steel line pipe Statement of Reasons Ottawa, October 5, 2016 Dumping and Subsidy Final Determinations concerning Large Line Pipe from China and Japan

notes on the possible subsidy program under which the event may have conferred a countervailable benefit, and which are numbered identically to the 240 subsidies listed at Appendix Five)[80] are described below:

Date of Event	Description of Specified Event in Bohai Steel
26 February 2014	Sign Comprehensive Strategic Cooperation Agreement with TCCB to be awarded RMB 20 billion Yuan comprehensive credit line. *This is likely to relate to the Tangshan City Commercial Bank, Program 3, Equity Infusions*
18 February 2014	Visit Shenzhen Hongkong Macau Investment Company modern service cooperation area and discussion on company registration and preferential policies.
27 January 2014	Sign Strategic Cooperation Agreement with Sinopec.
11 July 2013	Sign Comprehensive Strategic Cooperation Agreement with Bank of China and awarded RMB 30 billion Yuan comprehensive line of credit. *(possibly) Program 3, Equity Infusions*
30 September 2012	On-line operation of fund management system of BHS to conduct centralized and unified management of fund of the Group headquarters and its subsidiaries.
29 November 2013	11th China's Steel Industry Chain Strategic Development and Investment Summit held by BHS with custeel.com and sign the Investment Agreement.
13 December 2013	Sign Investment Agreement with Tianjin Fangtong Investment Group Co., Ltd and Tewoo Metals International Trade Co., Ltd. *(possibly) Program 3, Equity Infusions*
15 April 2012	Publicity of "structural adjustment" of BHS via CCTV news. *(possibly) Program 1, Debt-to-Equity Swaps, and/or Program 2 Dividend exemption between qualified resident enterprises*
24 December 2012	Sign Cooperation Framework Agreement with Tianjin Port Nanjiang Iron Ore Processing Base.
30 March 2011	Sign Economy Operation Supply China Financial Strategic Cooperation Agreement with Bank of China; Bank of China firstly provide the Group and other four subsidiaries with RMB 10 billion Yuan operating supply chain financial line of credit. *(possibly) Program 3, Equity Infusions*
13 May 2011	Sign Cooperation Agreement for Establishing Close Strategic Partnership with Tianjin Trust Co., Ltd. *(possibly) Program 3, Equity Infusions*
22 July 2010	Sign Cooperation Agreement with Bank of China, Construction Bank, China Merchants Bank, Bank of Tianjin, Shanghai Bank, Industrial Bank, CITIC Bank and Huaxia Bank, awarded 100 billion Yuan line of credit. *(possibly) Program 3, Equity Infusions*
26 July 2010	Sign Strategic Cooperation Agreement with Tianjin Tewoo Group Co., Ltd and Northern International Group.

[80] Source: http://www.bohaisteel.com/en/About/history/id/10.html

Date of Event	Description of Specified Event in Bohai Steel
16 December 2010	Signing ceremony for cooperative construction of equipment manufacture project with China MCC20 Group Corp. Ltd.

165. Pacific Steel draws attention to the fact that Tianjin Tiante Zhaer is a subsidiary company of parent company Bohai Steel which centrally manages all subsidiary finances. The Ministry's subsidy investigation will therefore need to involve examination of its parent, in particular a Bohai Steel entity called the BHS Funds Settlement Centre.[81]

166. The level of countervailable subsidy one may reasonably estimate is set out in the below table. This table of eleven different data points refers to the values in preceding paragraphs and are expressed as a percent of the FOB export price in the Export Price section above.

Metric	Quantum	Export Price (average in F16)	Amount (US$/t)
CBSA rebar	6.10%	435.75	26.58
CBSA galvanized wire	14.90%	435.75	64.93
CBSA steel pipe	30.3%	438.75	132.03
US ITC (rebar in Hebei)	178%	435.75	775.64
US ITC (mid-point in 19% to 223% range)	121%	435.75	527.26
CBSA rebar level (US$74 per tonne)	17.00%	435.75	74.08
Hebei-specific, counterpart findings, lower	11.23%	435.75	48.93
Hebei-specific, counterpart findings, upper	115.58%	435.75	503.64
Australia Commission 2016 rebar (lowest)	22.96%	435.75	100.05
Australia Commission 2016 rebar (average)	25.91%	435.75	112.90
Australia Commission 2016 rebar (highest)	29.61%	435.75	129.03
Average	52.05%	436.75	227.34

167. Article 27.10 of the Agreement provides that in the case of investigations relating to products from a developing country Member, the de minimis level is 2% of its value, calculated on a per unit basis. China is a developing country in this context. The average quantum of subsidy in the table above (being 52.05%, which is US$227.34 of the export price of the rebar being exported by China to New Zealand in F16) exceeds the de minimis level in the Agreement by 50.05 points.

168. Pacific Steel submits that the above is evidence beyond mere assertion and that it is of a nature and extent that indicates the likely existence of subsidisation affecting the subject goods. Pacific Steel considers

[81] The Bohai Steel "BHS Find Settlement Centre" is described as follows: *"BHS establishes the Fund Settlement Center for centralized financial management, unifying fund, investment and financing, foreign investment guarantee, financial staff management and financial accounting and report. It concentrates its efforts on building up an efficient fund management center and financial settlement center, enhancing financial supervision and administration, reducing financial cost, controlling funding risks and making preparations for the declaration of a finance company"* See http://www.bohaisteel.com/en/About/index/id/18.html

the information above on subsidies is sufficient positive evidence of Chinese subsidies to warrant Ministry investigation.

Price Undercutting

169. Section 8(2)(b) of the Act provides that the Chief Executive shall have regard to the extent to which the prices of the dumped or subsidised goods represent significant price undercutting in relation to prices in New Zealand (at the relevant level of trade) for like goods of New Zealand producers.

170. The issue of the level of trade at which imported reinforcing bar competes with reinforcing bar produced by Pacific Steel has been the subject of extensive debate in the previous reinforcing bar and coil investigations. The Ministry normally considers the first point of competition (before the goods are distributed in the New Zealand market) to be the point at which the first potential buyer in the New Zealand market is faced with the economic choice of purchasing either the imported goods or the goods produced by the New Zealand industry, in other words, at the point where there are two or more businesses striving for the same market. An importer is faced with an economic choice of buying from Pacific Steel at ex-factory, or from an exporter and bearing the imports costs to ex-wharf.

171. A known current importer of [redacted] rebar ([redacted] of Pacific Steel. It purchased [redacted] tonnes of [redacted] from Pacific Steel in F16. The growth pattern in the F09 to F16 period is [redacted][82]. A known current importer of Chinese rebar [redacted] rebar customer of Pacific Steel [redacted] in the New Zealand reinforcing market using supply of imported Chinese reinforcing bar, [redacted] [*The redacted information in this paragraph relates to volumes in tonnes and customer names and rate of growth and country sources. This information is commercially sensitive because it would provide a competitor with a competitive advantage*]

172. Pacific Steel does not have access to the New Zealand import data for the subject goods which would ordinarily be the source information for price undercutting analyses. To measure the extent of price undercutting for three periods Pacific Steel has therefore used average exported FOB prices from Malaysia and China. Estimated costs from those origins to ex-wharf in New Zealand have been added. That has allowed comparison of estimated importers' prices at the ex-wharf level with Pacific Steel's average selling price per tonne for the years ended 30 June 2015 and 30 June 2016. This analysis is shown in the tables below. The ocean freight and New Zealand destinations cost information in the table below is sourced from a third party industry specialist.

Malaysian Undercutting (USD/t)	**F15**	**F16**
Export Price (FOB average)	643	499
Ocean freight estimate	[redacted]	[redacted]
New Zealand destination costs	[redacted]	[redacted]
Malaysian goods at ex-wharf in NZ	[redacted]	[redacted]
Pacific Steel selling price	[redacted]	[redacted]

[82] File "[redacted] [*This information is redacted for privacy reasons*] Sales Volume Export Volume Top 10 Customers [redacted] 5.10.15"

Malaysian Undercutting (USD/t)	F15	F16
Undercutting amount	[redacted]	[redacted]
Undercutting percent	[redacted]	[redacted]

China Undercutting (USD/t)	F15	F16
Export Price (FOB average)	586	436
Ocean freight estimate	[redacted]	[redacted]
New Zealand destination costs	[redacted]	[redacted]
China goods at ex-wharf in NZ	[redacted]	[redacted]
Pacific Steel selling price	[redacted]	[redacted]
Undercutting amount	[redacted]	[redacted]
Undercutting percent	[redacted]	[redacted]

173. The above tables show that Pacific Steel's selling price has been significantly undercut at the primary distributor and processor level of trade in F15 and F16 by an estimated [redacted]% to [redacted]% by the Malaysian goods and an estimated [redacted]% to [redacted]% by the Chinese goods. The undercutting margins are consistent and of material scale. [*The redacted information in this paragraph and in the table above is commercially sensitive because it would provide a competitor with a competitive advantage. PS's price is confidential and the release of the FOB export price in conjunction with the other figures in the tables (i.e. ocean freight, New Zealand destination costs which have been provided to PS on a confidential basis) and the price undercutting margins would enable the PS price to be back-calculated.*]

Material Injury - Data

174. Pacific Steel submits that evidence shows injurious effect of the dumped imports on the local market. These price effects have continued for some time due to the presence in New Zealand of the dumped Malaysian and the dumped and subsidized goods from China: while it is difficult to ascertain the precise point at which injury commenced, Pacific Steel nonetheless submits that:

(a) the data clearly shows material injury during F15 and F16 from price undercutting (which has caused price depression and suppression in those years);

(b) there were also price effects as shown in reduced EBIT per unit, during F12-F14; and

(c) the period F10-F12 shows the commencement of a significant industry decline and injury becoming present in the market. In Pacific Steel's submission this decline was as a result of dumping occurring during the F10-F12 period, although the downwards trends may also have been (in part) due to unusual circumstances (described below) including global structural adjustments in the steel industry. Pacific Steel has focussed in this application on providing evidence of injury in the most recent three years, and certainly does not concede that there was no pre-2013 dumping.

175. The injurious effects and material injury is shown in the below two tables is of Pacific Steel financial data and volume for years ending 30 June. F16 means the period ending 30 June 2016. This provides summary information on the difference between Pacific Steel's recent financial and other performance in

the years prior. This data up to and including F14 has been verified by the Ministry during prior verification visits, the most recent being to Pacific Steel's premises in Auckland on 20 and 21 January 2015.

176. The information arises from operations encompassing the manufacture of steel billet feed at Otahuhu and steel billet feed from New Zealand Steel at Glenbrook. The information excludes extraordinary items from plant reconfigurations and distributions to and contributions from owners. The information is prepared - period to period - on a consistent basis [83].

Metric	F10	F11	F12	F13	F14	F15	F16
Pacific Steel domestic rebar volume (t)	1	79%	113%	104%	128%	124%	95%
EBIT (domestic rebar only) (NZ$,000)	1	57%	76%	101%	144%	105%	43%
Selling price (NZ$/t)	1	104%	92%	89%	96%	95%	92%
Cost of production (NZ$/t)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross profit (NZ$/t)	1	78%	68%	100%	105%	81%	47%
Selling and administration (NZ$/t)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT (NZ$/t)	1	73%	67%	98%	113%	84%	45%

[Certain entire rows above have been redacted because to index these figures would unnecessarily expose Pacific Steel to commercial risk. Other data above is year-to-year percentage changes from the previous year's figure]

Metric	F10	F11	F12	F13	F14	F15	F16
Cost of production (as % of selling price)	100	108	115	112	111	113	124
Gross profit (as % of selling price)	100	76	56	64	68	60	28
EBIT (as % of selling price)	100	70	48	57	65	57	26

[Data above is indexed to F10 = 100]

177. Three elements of the above tables stand out:

a) Pacific Steel's unit profitability on its sales into its primary distributor/processor level of trade was significantly greater in the period F10-F12 than during the subsequent periods. For example, the two most recent periods (F15 and F16) had the lowest per unit EBIT across the periods shown. Pacific Steel submits that this decline in unit profitability is due, in large part, to the dumped goods from China and Malaysia.

b) Pacific Steel's unit price and profitability has been on an ever-decreasing (and steeper) downward path than costs. Again, Pacific Steel submits that the decline in selling price and profitability are an injurious effect of the dumped and subsidised goods, although it concedes that some of the downwards trend during the F10-F12 period may have been (in part) a result of industry adjustment.

[83] File "[redacted] *[this information is redacted for privacy reasons]* F16 Injury Spreadsheet Simple Form 17.10.16"

c) The New Zealand market was significantly smaller in F10-F12 than in more recent periods. The growth of the market between F14 and F15 is estimated at [redacted]%. Due to the presence of the dumped and subsidized goods however, Pacific Steel's profitability into its primary distributor/processor level of trade has been materially curtailed in F15 and F16 as the effects of the very strong local volumes has not occurred. These matters are further discussed below. [*The redacted information in this paragraph relates to market size and change and is commercially sensitive because it would provide a competitor with a competitive advantage*]

- ***Effect of dumped goods on Pacific Steel's rebar unit EBIT***

178. In the three years F10 to F12, the average EBIT for the domestic reinforcing bar part of the Pacific Steel business was [redacted]. In the following years, notwithstanding substantial New Zealand market growth, it was lower, at an average of [redacted]. [*The redacted information is commercially sensitive because it would provide a competitor with a competitive advantage*] This is an unusual circumstance because:

a) in F15, Pacific Steels reinforcing bar volumes were almost [redacted] [*This information is the relativity between the volume in F15 versus F11. This information is commercially sensitive because it would provide a competitor with a competitive advantage*] its F11 volumes, indicating that EBIT per unit sharply decreased during this period; and

b) primary commodity businesses selling into a primary distributor/processor level of trade (all other things being equal) normally improve their financial performance during times of particularly strong local demand and thus plant utilisation which, even with flat pricing which is of benefit to its customers, allows fixed costs to be spread over a greater volume. That situation has not occurred.

179. Pacific Steel submits the decline in EBIT for its rebar manufacturing business is evidence of the injurious effects in New Zealand of dumped and subsidized goods, with those goods undercutting Pacific Steel's prices into the primary distributor/processor level of trade and effecting price suppression and depression. The presence of dumped and subsidized import goods, priced into the New Zealand market (i.e. undercutting Pacific Steel's prices as they are evidenced), has caused Pacific Steel's EBIT to be lower than it otherwise would have been had the dumped and subsidized import goods not been present in the New Zealand market.

- ***Effect of dumped goods on Pacific Steel's selling price***

180. The unit circumstance decline is strong evidence of the material injury that has been suffered. Despite the volume of rebar sold into the domestic market growing significantly, and its cost of production continuing to decline, Pacific Steel's unit profitability has not approached the earlier levels. Pacific Steel has been profitable, but that profitability has been curtailed due to the presence of the unfairly traded goods against which Pacific Steel must set its price in the primary distributor/processor level of trade. The table below illustrates the effect of the imported dumped and subsidized goods which have undercut Pacific Steel's prices and thus affected Pacific Steel's profitability.

Metric	Average F10-F12	Average F13-F16	Change	%Change	Function (n=7)
Pacific Steel domestic rebar volume (tonnes)	[redacted]	[redacted]	[redacted]	39%	[redacted]
EBIT (domestic rebar only) (NZ$,000)	[redacted]	[redacted]	[redacted]	-24%	[redacted]

Metric	Average F10-F12	Average F13-F16	Change	%Change	Function (n=7)
Selling price (NZ$/t)	[redacted]	[redacted]	[redacted]	-21%	[redacted]
Cost of production (NZ$/t)	[redacted]	[redacted]	[redacted]	-15%	[redacted]
Gross profit (NZ$/t)	[redacted]	[redacted]	[redacted]	-43%	[redacted]
Selling and administration (NZ$/t)	[redacted]	[redacted]	[redacted]	-42%	[redacted]
EBIT (NZ$/t)	[redacted]	[redacted]	[redacted]	-43%	[redacted]

[*Certain data above has been redacted in order to not expose Pacific Steel to commercial risk*]

181. In the three years F10 to F12 which Pacific Steel indicates best represents a period pre-injury, the average per unit EBIT for the domestic rebar part of the Pacific Steel business was [redacted] per tonne. In the subsequent years it declined [redacted]% to an average [redacted] per tonne. In the most recent period F16 it is [redacted] per tonne. [*The redacted information in this paragraph and the table above is commercially sensitive because it would provide a competitor with a competitive advantage*]

182. In the three years F10 to F12, the average selling price was [redacted] per tonne. In subsequent years it declined [redacted]% to an average [redacted] per tonne. F16 it was [redacted] per tonne. The function in the seven years F10 to F16 is [redacted] Pacific Steel has responded to the price undercutting by reducing its prices to customers at the primary distributor/processor level of trade, resulting in price suppression and depression. [*The redacted information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

183. In the three years F10 to F12, the average gross profit was [redacted] per tonne. In subsequent years it had declined [redacted]% to an average [redacted] per tonne. The function is [redacted] [*The redacted information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

184. Operational efficiencies from Pacific Steel's significantly greater volume of sales being manufactured at a lower cost has also not been reflected in an improvement in overall profit and profitability. Volume has grown [redacted]% with a trend [redacted], but Pacific Steel's unit EBIT position has markedly diverged, and declined [redacted]% with function [redacted] [*The redacted information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

185. Pacific Steel submits that the above price effects are powerful evidence of material injury. The linkage between the dumped goods and the injury during the F13-F16 period can be clearly seen and one which is linked to the dumped and subsidized goods as the imports of the dumped and subsidized goods grows with [redacted], but gross profit per unit behaved inversely with [redacted] [*This information is commercially sensitive because it would provide a competitor with a competitive advantage*]

- ***Effect of dumped goods on Pacific Steel's per-unit price***

186. As further positive evidence of the assertion in the above paragraphs, Pacific Steel points to the strong and stable inverse relationship since F09 between the growth in volume of the dumped and subsidized goods, and the rate of squeeze between the material margin and per unit Pacific Steel selling price. That relationship is represented by the very high negative correlation coefficient [redacted] [*The redacted information in this paragraph is commercially sensitive*]

187. Aside from a [redacted]% decline in selling and administration costs between F10 to F12, and F13 to F16, the largest period-to-period declines and steepest downward trends have been in EBIT and gross profit per unit which have both declined [redacted]%. Pacific Steel believes that this decline in EBIT and gross profit since F13 (and probably since F10) is due, in large part, to the dumped goods from China and Malaysia, although, as noted above, the downwards trend during the F10-F12 period may have been (in part) a result of dumped and subsidised goods and (in part) due to industry adjustment during that period. [*The redacted information in this paragraph is commercially sensitive*]

188. Those measures all exceed [redacted]% [*The redacted information is commercially sensitive because it would provide a competitor with a competitive advantage*] downward movement in unit cost of production. This is positive evidence of a squeeze in the spread between price measures (which is where the dumped and subsidized product offers affect Pacific Steel's economics) and the manufacturing costs of the goods.

189. Pacific Steel contends that the above declines in selling price and profitability are a result of dumped and subsidised goods in New Zealand in material volumes since (at least) F13, and probably before that. Although profitability and selling price levels have fluctuated since F10, the F15 and F16 data clearly show that the local industry is continuing to suffer injurious effects from the dumped and subsidised goods.

Market Share Discussion

190. Pacific Steel submits that the Ministry will be correct to commence share analysis from a position where the domestic industry market share in a growing market is assumed constant, unless there is positive evidence which would reasonably set that conclusion aside. That approach focusses on taking account of the conditions of competition at the primary distributor/processor level of trade.

191. Some conditions are acknowledged able, if present, to set aside that assumption. These are listed below. Pacific Steel notes that the Ministry is aware of these matters, but has indicated a need for elaboration. One may observe that the items below include some elaboration upon the principle, however, that elaboration is limited by the self-evident inability to evidence everything which has not occurred:

i. The domestic industry lacking the necessary production capacity to service a growing volume of potential orders. Examples in this case would be:

   a) an inward goods billet yard constraint (perhaps it being too small or lacking in necessary forkhoists or other handling equipment);
   b) the reheat furnace being too small or too slow;
   c) an inadequate or too-slow rolling mill, for example it having inadequate roughing stands;
   d) limited gas to run the reheat furnace;
   e) limited electricity to run the equipment;
   f) limited labour;
   g) a limitation at the cooling bed;
   h) a materials handling constraint such as insufficient finished goods crane-age or handling capacity;
   i) an inability to store or transport the finished goods;
   j) constrained ability to exit finished goods from the site to customers.

   Any of the above would reduce the Pacific Steel plant capacity denominator.

   One may elaborate and observe that Pacific Steel's capacity denominator has not changed, and that utilisation in the period examined has not reached 100%. Pacific Steel's plant constraint, that is, the bottleneck[84], is at [redacted] tonnes per hour. If run at less than that, e.g. [redacted] tonnes per hour (for [redacted]), the Pacific Steel mill can make [redacted] tonnes of finished goods per annum. That calculation is [redacted] tonnes per hour equals [redacted] tonnes per day times [redacted] days times 50 weeks equals [redacted] tonnes. In F15 the total plant output was [redacted] In F16 it was [redacted] On those measures Pacific Steel had utilisation of [redacted]% and [redacted]% respectively. [*The redacted information in this paragraph is operational data of Pacific Steel relating to the plant bottleneck and is commercially sensitive because it would provide a competitor with a competitive advantage*]

ii. A step-change in product range or some technical development causing the domestic industry's product range to become less desired than the alternative import suppliers.

One may elaborate and observe that as far as Pacific Steel is aware, the import goods do not exhibit any advance in product range or technical development beyond that available in the goods from Pacific Steel. Were the imported goods to have such an advantage (i.e. be superior than Pacific Steel goods), then it seems reasonable to assume that the marketing material accompanying the imported goods would draw attention to that circumstance. The Ministry may satisfy itself on this matter by examining the websites at http://www.eurocorp.co.nz/products/reinforcing/ and http://www.brilliancesteel.co.nz/About

iii. Diminished ability of the domestic industry to manufacture goods to the necessary domestic standard, in this case AS/NZS 4671 grade 500E.

One may elaborate and observe that Pacific Steel has not had any diminished ability to make goods to AS/NZS 4671 grade 500E. Evidence of this stable-state can be seen in the undiminished [redacted] [*The metric. The redacted information in this paragraph is commercially sensitive*]

iv. The domestic industry suffering loss of domestic marketplace confidence.

One may elaborate that Pacific Steel's DIFOT performance average [redacted]% since [redacted]. It was [redacted]% in [redacted]. [*The redacted information is to do with Pacific Steel DIFOT performance and is commercially sensitive because it would provide a competitor with a competitive advantage*] Pacific Steel's service offer includes a willingness and ability to accept orders beyond the time/date when the rolling schedule has closed. The offer also includes an element where orders placed by midday of a normal working day will be despatched on the next working day. The latter program has its origin in the 'Radical Service" project of 2010.

v. Loss of major customer of the domestic industry followed by the domestic industry being unable to replace that loss of route-to-market.

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[84] Bottleneck is the term used to describe the individual item of equipment in a facility comprising many items of equipment, which constrains the total output of the facility.

[85] See Appendix One at Table 1.

[86] Ibid.

vi. A distribution or logistics constraint (i.e. in this case something external to Pacific Steel) which limits the domestic industry's ability to deliver the desired volume of goods into a growing market.

One may elaborate and observe that Pacific Steel believes the domestic New Zealand marketplace is confident using Pacific Steel goods.

vii. Force Majeure, or circumstances near that state which materially constrain the ability of a domestic industry to supply goods to a domestic market.

One may elaborate and observe that Pacific Steel has not in the period examined claimed Force Majeure, or circumstances near that state.

192. Any of the circumstances above (were they to present negatively in regard to Pacific Steel) would clearly hinder effort by domestic industry to hold a static market share in a growing market, that is, to grow company revenue in concert with the overall growth in market size. None of the circumstances above apply in this case.

193. One can also find evidence for a share constancy in some normal commercial realities where buyers at the primary distributor/processor level of trade typically qualify their suppliers against a range of factors such as quality, product support, and price. Purchasers of heavier, industrial and raw material input goods for processing also tend to consider how inputs from different suppliers behave when being processed in their plant, and they tune their manufacturing operations to those goods in order to maximise yield, machine up-time and finished goods quality. A buyer may also have a purchase policy in favour of a particular supply-side mix, for example using one primary supplier but having another pre-qualified supplier with ready ability as back-fill supply should the primary supply-side suffer disruption.

194. There is no nexus between the preceding dynamics, and any growth or (or shrinkage) in market size, which would make "no entitlement" the default position. Put another way, the single dynamic of market growth will – in of itself and with all other things being equal – likely leave the preferences and practices which have led to a particular share level within it, unchanged. All other things being equal, a growing market will thus reasonably reflect linearly upon the supply-side mix.

195. Further support for a constancy starting point can be found in the alternative: If the Ministry were to assume as a starting point that domestic industry sales would not (all other things being equal) grow in a growing market, then the Ministry would need to similarly assume that domestic industry sales would not (all other things being equal) shrink in a shrinking market. Pacific Steel suggests that the latter circumstance is unlikely.

196. Pacific Steel is aware of a Ministry view of market share reflects a reality that any market will be dynamic and that market shares will reflect a range of factors. Pacific Steel concurs with that view, but wishes to draw the Ministry's attention to some further aspects of market share in this case which it needs to take into account:

a) The first relates to the well-established market circumstances/dynamics of the New Zealand domestic rebar industry wherein Pacific Steel maintains market share. Price relativity of its goods to the undercutting dumped and subsidized goods is considered very carefully by Pacific Steel. The Ministry has examined and confirmed this practice at Pacific Steel in multiple verification visits and related examination of Pacific Steel's business over the prior fifteen years. The Ministry has met and interviewed the personnel leading Pacific Steel's sales and marketing function in multiple investigations. The verification visits since 2003 have occupied a total of circa 28 days, during which the market share and Pacific Steel and Wire's objectives thereto have been discussed and evidenced. The Ministry is thus aware, and has verified, that Pacific Steel has a strategy of maintaining market share, and it does so [87].

b) The second relates to the following statistical evidence:

(i) The datasets New Zealand domestic rebar market size (which across the F09 to F16 period has both expanded and contracted) and Pacific Steel market share therein are shown to be unrelated. That lack of relationship is proved by the Pearsons r (between rebar market size and Pacific Steel share therein) of [redacted] *[The redacted information is commercially sensitive]*

(ii) As an alternative to Pearson, the regression line between those two data series shows a near-nil relationship. The equation is [redacted] *[The redacted information is commercially sensitive]*

(iii) The two datasets have significantly different variability. New Zealand domestic rebar market size is highly variable. Pacific Steel market share is not. In other words, Pacific Steel has maintained share in a market which has changed. That view is supported by the σ of market size being [redacted] % of its mean, as compared to Pacific Steel market share whose σ is [redacted] % of the mean. [90] *[The redacted information is commercially sensitive]*

(iv) Price too, is unrelated to market share. That relationship is described by regression y = [redacted] *[The redacted information is commercially sensitive]* [91]. That relationship is near nil.

c) Last, Pacific Steel notes that its goods are fully and directly substitutable for the dumped and subsidized goods. It would be incorrect for the Ministry (without positive evidence) to assume otherwise. The Ministry may also note that importers promotional material (which includes material from the Department of Building and Housing) does not contain claim of Pacific Steel's goods not being substitutable for the imported goods.

Material Injury Analysis: Co-incidence or Counterfactual

197. This section discusses the methods by which the evidence of injury to Pacific Steel should be examined.

198. Pacific Steel's overall position is that:

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[87] Pacific Steel refers the Ministry to Final Report for Pacific Steel Reinforcing Steel Bar and Coil from Thailand, 2009 at paragraph 341, 345 and 347.

[88] The Pearson product-moment correlation coefficient is a measure of the strength of the linear relationship between two variables. Material in file "Market Share Column Chart 11.7.16 21.9.16" Cell D37.

[89] Graph at cell L30 of "Market Share Column Chart 11.7.16 21.9.16"

[90] Cells L26 and L28 of "Market Share Column Chart 11.7.16 21.9.16"

[91] Cells R48 to Y49 of "Market Share Column Chart 11.7.16 21.9.16"

a) the evidence clearly shows both dumping and injury occurring since F15, and there is therefore *prima facie* "coincidence" between the dumping and the local market effects; and

b) that being the case, the Ministry should then use the available counterfactual test to examine whether that injury would have occurred but for the dumping.

199. Pacific Steel is aware that the Ministry might assume in some circumstances that the single element EBIT, i.e. absolute profit (perhaps via Pacific Steel being profitable), via use of co-incidence analysis, could decisively guide a conclusion that Pacific Steel has not been materially injured by goods which are sold at significant undercutting margins at the same level of trade, and against which Pacific Steel is known to price its goods. Pacific Steel considers that potential Ministry approach would be insufficient in circumstances where, as here, the evidence appears to show contemporaneous dumping and injury during (at least) the F15-F16 period. Further analysis is then required to ascertain whether that injury would have occurred, "but for" the dumping. Reference is made to the need for such a two-stage analysis in the discussion, below, using some F15 data in order to most pertinently illustrate the topic.

200. Pacific Steel submits that the counterfactual approach to material injury analysis is best suited to the circumstances of this case, and that coincidence analysis is not suited. Pacific Steel will say and provide evidence in this section that:

a) Pacific Steel's injury is upon selling price, which is a matter mathematically and dynamically removed from sales revenue or EBIT. The conditions of competition in the New Zealand rebar market require close focus on the price nexus, not on matters downstream.

b) It would be inappropriate to focus on one subset of one element (for example absolute profit, which is two points removed from the nexus of injury) out of the sixteen in Section 8(2) of the Act for decisive guidance on economic impact.

c) A very closely aligned case in Australia provides useful guidance, that is, to use counterfactual analysis which focusses on selling price.

d) Co-incidence analysis is, at best, a useful screening tool for identifying possible dumping injury. Its use is not required by the relevant treaties.[92] Sole reliance on "coincidence analysis" may result in an incomplete assessment of material injury in the circumstances of the New Zealand domestic rebar industry, and the behaviour therein. It also has some specific, evidenced weaknesses.

e) Pacific Steel does not consider reference by the Ministry to coincidence/trend analysis being used in safeguards, where it is seldom not the primary analysis tool, is sound support to use coincidence/trend analysis in dumping and subsidizing.

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92 In particular, the WTO Antidumping Agreement, which requires an investigating authority to determine whether the *"dumped imports are, through the effects of dumping…causing injury"* (Art 3.5). This is an holistic enquiry and does not require the adoption of a specific methodology (such as coincidence analysis). Nothing in the NZ legislation changes that position: s 10 of the Act similarly requires an assessment of whether there is a likelihood that "by reason thereof material injury to an industry has been or is being caused or is threatened". Section 8(2) of the Act likewise requires a broad focus on all relevant types of economic impact.

f) With the identified support provided which is provided below, counterfactual, but for, analysis is preferred as most suitable in the circumstances of the New Zealand rebar market, and that has been an approach previously used by the Ministry.

Price Nexus and Conditions of Competition

201. By way of introduction, Pacific Steel wishes to note four matters:

202. First, the prior Ministry investigations evidence that the New Zealand rebar market comprises a local manufacturer (Pacific Steel) which meets on semi-regular basis with its customers to discuss price. That price nexus has a lengthy history known to the Ministry, which has, for example, reported so (at one end of the date spectrum) at section 5 of the March 2004 Final Report of Reinforcing Bar and Coil from Thailand and Malaysia, and (at the most recent juncture) in the May 2015 Final Report of Reinforcing steel bar and coil from Thailand. These reports (and the verification visit notes in those investigation files) evidence that the Ministry has examined and confirmed Pacific Steel's pricing practice in multiple verification visits and related examination of Pacific Steel's business over the prior fifteen years. The Ministry has met and interviewed the personnel leading Pacific Steel's sales and marketing function in those investigations. The verification visits since 2003 have occupied a total of circa 28 days, during which the market share and Pacific Steel and Wire's objectives thereto have been discussed and evidenced. The Ministry is thus aware, and has verified, that Pacific Steel has a strategy of maintaining market share (and it does so), and that the nexus of injury and consequence of undercutting dumped or subsidised goods is on Pacific Steel's selling price [93].

203. Second, the saliency of selling price, and its later consequence on profit (EBIT) is deeply recognised. Pacific Steel points, for example, to the following McKinsey illustration.[94] This highlights that it is sensible for the Ministry to focus on selling price.

[93] Examples can be found in Review Final Report Reinforcing Steel Bar and Coil from Thailand, August 2009 at 224, 341, 345 and 347; and the Final Report Galvanised wire from Malaysia December 2014 at 237.

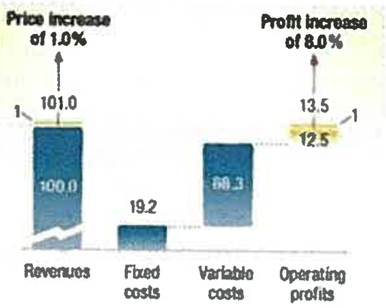
This price juncture is also referred to in the following manner: *"Pacific Steel competes with overseas suppliers of rebar directly. Reinforcing steel processors and merchants have the choice to buy the product either from Pacific Steel or to import it"* See http://www.mbie.govt.nz/info-services/business/trade-tariffs/trade-remedies/dumping-of-imported-goods/investigations-into-goods-dumping-or-subsidisation/pdf-document-library/completed-investigations/Final%20review%20report%20-%20rebar%20from%20Thailand.pdf at paragraph 129.

[94] At http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-power-of-pricing

EXHIBIT 1

The power of one

Typical economics of S&P 1500 company, percent



Source: Compustat, McKinsey analysis

204. Third, selling price is measured in a currency per a unit of mass (usually per tonne)[95]. That is a separate matter from volume, which is an independent measure, usually in tonnes. Selling price is also a separate matter from sales revenue which is a function of a) selling price, multiplied by b) volume. Aside from any [redacted] discount then, [*The redacted information is commercially sensitive because it would provide a competitor with a competitive advantage*] neither of those equation factors are related. Sales revenue is therefore one step removed and substantively unrelated to the juncture at which selling price injury is occurring to Pacific Steel.

205. Fourth, EBIT is further removed again, from selling price, as it operates off total revenue and accommodates multiple elements (for example decisions on lease versus buy, reinvestments, stock and capital valuations, depreciation policy and any change thereto, etc) and other dynamics significantly removed from where the undercutting price effect has taken place. EBIT, by mathematics, is not less than three steps distant from the nexus of selling price-related injury. Aspects of that mathematics appear in the McKinsey illustration above.

206. Pacific Steel notes that support exists for the distinction to be made between the price and volume components of revenue, and a finding of injury in a period of revenue growth. The WTO records that view as follows:

> *"<Actual and Potential Declines in Sales> Movements in sales revenue reflect changes in volumes and prices of goods sold. Dumped imports can affect either of these factors through increased supply of goods to the market and/or through price competition. An increase in sales during a period will not necessarily preclude a finding on material injury"* [96]

207. Guidance exists for the Ministry to look at *unit* profits when assessing profitability. For example:

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[95] Positive evidence of price (or prices) being measured in a currency per a unit of mass (usually per tonne) can be found at http://www.worldsteelprices.com/ and http://www.aksteel.com/pdf/markets_products/carbon/AK_Carbon_Steel_PB_201503.pdf and http://usa.arcelormittal.com/what-we-do/steel-products/price-lists and http://steelbenchmarker.com/files/history.pdf

[96] WTO A Handbook on Anti-Dumping Investigations. Czako J, Humam J, and Miranda J. 2003 ISBN 0521830427 p. 289.

'[p]rofitability reflected the trends in average unit value prices, which initially rose and then fell.'[97]

208. Pacific Steel submits in this application some additional material on its customer-selling price interactions which may assist the Ministry in its consideration of the selling price nexus and causal link, and provide good reason to consider this case using counterfactual analysis. The below excerpts evidence selling price leverage upon Pacific Steel. The material is sourced from [redacted][98]. Note that the term [redacted] refers [redacted] a customer [redacted] rebar selling price. These interactions invariably have the dumped/subsidized imported goods as backdrop to the conversation – a matter which will be evidenced below. [*The redacted information is marketing information and is redacted because it would provide a competitor with a competitive advantage*]

[*The matters below are all commercially sensitive marketing information and can be summarised thus: excerpts of Pacific Steel – customer interaction in various media comprising price leverage being placed on Pacific Steel. Themes in these six examples include market share, $ per tonne and imports*]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

209. Pacific Steel turns now to a series of interactions which reflect the New Zealand rebar market behaviour at the nexus of selling price.

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[97] https://www.wto.org/english/res_e/booksp_e/analytic_index_e/safeguards_02_e.htm at 135.

[98] [redacted] [*The redacted information is commercially sensitive because it would provide a competitor with a competitive advantage*]

[The matters below are all commercially sensitive and can be summarised thus: excerpts of various Pacific Steel – customer interaction comprising price leverage being placed on Pacific Steel. The number of interactions is mentioned. Themes in the ten examples include competition, offers, price, $ per tonne, volumes (i.e. tonnes), Malaysia, China, and time]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

210. Lastly on selling price nexus, Pacific Steel submits that the above interaction is not new, but has a lengthy history. Below, for example is the pre-email, postal form of the same dynamic from 1992.

[The matter on this page is commercially sensitive and can be summarised thus: It is a 1992 letter to Pacific Steel relating to price leverage being placed upon Pacific Steel. The source of leverage is mention of imported reinforcing bar. It mentions a particular grade of product and a volume in tonnes]

211. Pacific Steel considers that the items (i) to (vI) and 1. to 10. above represent positive evidence of the injurious effect and consequence of the dumped and subsidised rebar sold in New Zealand on the price at which Pacific Steel is able to sell its goods. Pacific Steel considers that the above evidence supports a finding by the Ministry that there is a genuine and substantial relationship between the dumped and subsidized goods, and material injury.

Section 8(2)(d)(ii) of the Act

212. Pacific Steel is aware that the Ministry might assume that assessment of a single type of economic impact (absolute EBIT, i.e. absolute profit) could, if examining F15, suggest a conclusion that Pacific Steel has not been materially injured by goods which are sold at significant undercutting margins at the same level of trade. In that regard, Pacific Steel notes that Section 8 of the Act is not narrow, but has a wide view and requires a holistic analysis of the overall effects of the dumped goods on the local industry.

213. This case and its history is selling price-effect focussed. The evidence (including the history back to early 2004, undercutting analysis and evidence of Pacific Steel-customer interaction and price leverage above) is consistently of selling price effects. That is, it relates to the generality of s.8(1)(b) and to the specifics of s.8(2)(d)(ii). It would be incorrect for the Ministry without compelling cause to place distance between price analysis and price effects contemplated by these sections of the Act, in deference to a subset (i.e. profits) within s.8(2)(d)(i).

214. A further matter arises from examination of s.8. The Ministry advises of a sound matter of principle, referenced to counterfactual – *"MBIE notes that a counterfactual analysis needs to be considered in light of the whole of the available evidence"*, and *"MBIE does not reject the use of counterfactual in any case in which it is raised, but any such analysis will be considered in light of the whole of the available evidence ..."* .

215. Pacific Steel submits that s8(2)(d) requires the *'whole of evidence'* to be taken into account when assessing the economic impact of dumping and subsidising, and extends three brief observations in this regard:

First, the same can and should be said, and taken to effect, in regard to coincidence analysis.

Second, the "*whole of the available evidence*" requirement is consistent with s.8 above.

Third, the "*whole of the available evidence*" requirement would not be met, if, for example, the Ministry were to single-element focus, with coincidence analysis, only absolute EBIT in relation to F15.

Relevant Australian Guidance

216. In Pacific Steel's view it is relevant to note the very recent work of the Australian Government Anti-Dumping Commission which supports the price-based material injury event and economic consequence, and use of a counterfactual 'if not for the presence' approach. The latter is observed in the Australian Ministerial Direction on Material Injury (Australian Minister for Home Affairs, 27 April 2012), which states:

> *"I note that anti-dumping or countervailing action is possible in cases where an industry has been expanding its market rapidly, and dumping or subsidisation has merely slowed the rate of the industry's growth, without causing it to contract. In cases where it is asserted that an Australian industry would have been more prosperous if not for the presence of dumped or subsidised imports, I direct that you be mindful that a decline in the industry's rate of growth may be just as relevant as the movement of an industry from growth to decline. I direct that it is possible to find material injury where an industry suffers a loss of market share in a growing market without a decline in profits. As in all cases, a loss of market share cannot alone be decisive. I direct that a loss of market share should be considered with a range of relevant injury indicators before material injury may be established." [at pp. 3-4]* [99]

217. Turning to the specifics, Pacific Steel draws attention to the Australian Government Anti-Dumping Commission which examined the matter of whether Chinese reinforcing bar imported into Australia was being dumped and subsidized and causing material injury. There are many similarities between that case and this. The Ministry may satisfy itself of the fact of that similarity by examining the Australian Final Report [100]. Briefly, however, those case similarities or factors (which in Pacific Steel's view assist a conclusion that the Australian findings in the matter it examined are relevant) are:

a) Australian-destined goods from China are descriptively the same as those injuring Pacific Steel in New Zealand, that is, the goods are rebar labelled to meet AS/NZS 4671. As positive evidence thereof, Pacific Steel refers to the Chinese label photos and product description in this application, and to the Australian Government Anti-Dumping Commission Final Report number 322 at page 8.

b) The country of goods origin – China – is the same. As positive evidence thereof, Pacific Steel refers to the TradeMap-sourced import information, and claim, in this application, and to the Australian Government Anti-Dumping Commission Final Report number 322 at page 39.

c) Like Pacific Steel in New Zealand, the Australian applicant Arrium is the sole industry representative in Australia. As positive evidence thereof, Pacific Steel refers to previous Ministry findings in relation to Pacific Steel (for example in http://www.mbie.govt.nz/info-services/business/trade-tariffs/trade-remedies/dumping-of-imported-goods/investigations-into-goods-dumping-or-subsidisation/pdf-document-library/completed-investigations/Final%20review%20report%20-%20rebar%20from%20Thailand.pdf at paragraph 40, and to the Australian Government Anti-Dumping Commission Final Report number 322 at pages 2 and 11.

d) Like Pacific Steel in New Zealand, Arrium markets its steel to domestic Australia to an import parity model. As positive evidence thereof, Pacific Steel refers the Ministry to the above Price

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[99] http://www.adcommission.gov.au/adsystem/referencematerial/Documents/ACDN2012-24.pdf

[100] At http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/055%20Final%-20Report%20322%20Steel%20Reinforcing%20Bar.pdf

Nexus section, and to the Australian Government Anti-Dumping Commission Final Report number 322 at pages 13 and 19.

e) Like Pacific Steel (in F15), Arrium's absolute EBIT had recently risen. As positive evidence thereof, Pacific Steel refers to the EBIT data in this application, and to the Australian Government Anti-Dumping Commission Final Report number 322 at pages 45 and 46.

f) Pacific Steel and Arrium's domestic market shares are similar. As positive evidence thereof, Pacific Steel refers to the market share graph in this application, and to the same in the Australian Government Anti-Dumping Commission Final Report number 322 at page 40.

g) The goods use in New Zealand is the same as the goods use in Australia. As positive evidence thereof, Pacific Steel refers to section 3 of the New Zealand Ministry report Reinforcing Steel Bar and Coil from Malaysia and Thailand of March 2004, and to the Australian Government Anti-Dumping Commission Final Report number 322 at pages 11 and 13.

h) The 'Memorandum of Understanding between the Government of New Zealand and the Government of Australia on the Coordination of Business Law' in part provides that "*Measures should deliver substantively the same regulatory outcomes in both countries in the most efficient manner*".

i) The Australian Government Anti-Dumping Commission has observed: "*Although the legislation of Australia and other administrations might differ in some ways in relation to the conduct of countervailing investigations, the findings of other jurisdictions may provide prima facie evidence of the existence of countervailable subsidies, the facts of which will be substantiated during the course of the investigation.*' [101]

218. With that backdrop, one turns to the Australian finding itself and how the Australian Commission assessed the price effect of the Chinese goods and the economic consequence. The material is substantial, but can be distilled to the following three excerpts from the Final Report. That report states:

> *"During the Australian industry verification visit to OneSteel, the Commission verified that OneSteel's pricing decisions are heavily influenced by the import offers in the market. The Commission has analysed OneSteel's prices by comparing them with prices of rebar imported from China. This analysis indicates that Australian industry's prices were undercut and that it would have achieved higher prices in the absence of sales of subsidised rebar exported from China."* [102], and
>
> *"The Commission's investigation considers that the profit results of OneSteel would have changed as follows based on the investigation: • Profit and profitability would have improved if OneSteel had not been suffering injury in the form of price suppression and depression as prices would have been higher than those actually received without any adverse effect on their cost structure or demand."* [103], and

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[101] At http://www.adcommission.gov.au/cases/Documents/005-CON144.pdf

[102] http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/055%20Final-%20Report%20322%20Steel%20Reinforcing%20Bar.pdf at 12.4.2

[103] Ibid. at 12.6

"The Commission has found that during the investigation period OneSteel has suffered price suppression and price depression. Further, the Commission has found that an inability for OneSteel to raises its prices has translated into less than achievable profit and profitability of OneSteel over the investigation period." [104]

219. Pacific Steel concurs with the above Australian Commission's approach to assessing price effects and economic consequence. Pacific Steel considers that the Australian Commission's approach is appropriate to apply to this case when considering material injury to Pacific Steel.

Coincidence Analysis

220. The Ministry may consider using co-incidence analysis and measure loss in profit through change in absolute EBIT in its review of this application. Coincidence analysis is a trend analysis which shows how the industry has performed since the time it claims dumped imports commenced injuriously. To be clear, Pacific Steel's view is not that the coincidence analysis should never be used. Rather, and to reiterate paragraph 200(d) of this Application, it should only be used as a "screening tool" for identifying possible dumping injury – coincidence analysis is (by definition) only suggestive, not determinative. Furthermore, the coincidence analysis has many limitations (many of which are outlined in paragraph 120 to 140 of this Application) and the applicability of such analysis will always depend on the particular case at hand. With respect to this particular case, Pacific Steel's view, is that coincidence analysis is an unsuitable analysis tool for the following reasons:

a) Coincidence analysis is not able to isolate, that is, to correct for or take account of, the material changes in New Zealand market size or other events. Specifically, Pacific Steel draws attention to the New Zealand market size having ranged from a low in F11 of [redacted] tonnes in F11 to a high of [redacted] tonnes in F15 and [redacted] in F16. That is a change in market size of [redacted]% (to F15) or [redacted]% (to F16) [105], all the while in which Pacific Steel's share has been stable. [*The redacted information in this paragraph comprises values and is commercially sensitive because it would provide a competitor with a competitive advantage*]

   To expand, coincidence analysis (if on absolute EBIT) does not assist examination of causation as it is poorly able to examine and exclude other factors which obscure, and have no connection with the price-related effects of dumped or subsidized goods. The [redacted]% [*The redacted information is commercially sensitive because it would provide a competitor with a competitive advantage*] increase in New Zealand market size between F14 and F15 is a significant factor that is not connected to the presence or absence of dumped or subsidized goods.

b) Coincidence analysis (if on absolute EBIT) is multiple step removed from the price-discussion point of injury. That distance from the point within steel industrial economics where deep undercutting takes effect is undesirable, and difficult to justify.

c) Coincidence analysis has no exhibited strength in taking account of, that is, taking into consideration, behaviour in industrial markets, or industrial marketing.

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[104] Ibid. at 12.8

[105] [redacted] minus [redacted] as a percent of [redacted] (in F15), and [redacted] minus [redacted] as a percent of [redacted] (in F16). [*The redacted information in this paragraph is values and change and is commercially sensitive because it would provide a competitor with a competitive advantage*]

d) Where, such as potentially in this case for the market size reason narrated above, a coincidence could reasonably be seen to not take account of some occurrence in the market, specific guidance exists to use an alternative. For instance, the Australian Commission will consider alternate approaches to the coincidence analysis *where no coincidence has been found* or a *coincidence analysis is not possible*. In such cases, the Australian Commission requires parties submitting information to demonstrate injury based on 'but for' grounds and counterfactual analysis.

e) In a similar vein, some jurisdictions offer further specific guidance, such as from a recent US law change. The Trade Preferences Extension Act of 2015 (passed on 4 March 2015) at section 503. "DEFINITION OF MATERIAL INJURY" is instructive. It states: "(a) Effect of Profitability of Domestic Industries. Section 771(7) of the Tariff Act of 1930 (19 U.S.C. 1677(7)) is amended by adding at the end the following:

> *``(J) Effect of profitability: The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.''*

This is relevant because for the market size reason narrated above, a coincidence may not be found. Both reasons in s.503 – the industry being profitable, and the performance of the industry having (in F15, measured in absolute EBIT) recently improved – have recently presented at Pacific Steel.

f) Coincidence analysis has limited rigour and is known to be generally inconclusive and poorly able to determine whether imported goods have caused material injury. The reference below is representative of that known lack of rigour in coincidence analysis:

> *"Other critics have noted a lack of analytical rigorousness in the bifurcated approach* <the trend-form sometimes known as coincidence – bracket added>. *It has been suggested that a stronger examination of causation may lead to discovery of other factors affecting an industry, and that the emphasis on comparing import volumes and domestic industry health is inconclusive."* [106]

g) Lastly, co-incidence analysis has a known technical weakness. While causal link needs to be established (or not), coincidence is a correlation test where a negative correlation is sought between undercutting price leadership by the dumped or subsidized goods, and declining financial conditions of the industry. Negative (or any) correlation between the two does not, however, necessarily provide a cause-effect link. The Ministry may examine that matter in the reference provided below. [107]

The correlation – causation technical weakness view is supported by the following commentary:

> *"The Panel acknowledges that an overall correlation between dumped imports and injury to the domestic industry may support a finding of causation. However, such a coincidence analysis is not dispositive of the causation question; causation and correlation are two*

[106] Narayanan, P. Injury Investigations in "Material Retardation" Antidumping Cases. Northwestern Journal of International Law & Business Volume 25 Issue 1 Fall 2004 p. 53.

[107] Trade Remedies in North America. Gregory Wells Bowman. Kluwer Law International, 2010 p. 491.

> *distinct concepts.* <emphasis added> *In the circumstances of this case, even accepting China's position that the domestic industry experienced injury as the dumped imports entered the market at large volumes and low (albeit increasing) prices, in the Panel's view, the causation question is not resolved by such a general finding of coincidence."* [108]

Safeguard-Related Coincidence Discussion

221. Pacific Steel notes some Ministry observations regarding coincidence analysis. It refers to some safeguards-related jurisprudence as being consistent with use of coincidence analysis in this case, offering detail from the *US — Steel Safeguards* Panel Report [109], the *US — Wheat Gluten* Panel Report, and the Appellate body in *Argentina Footwear (EC)*. Pacific Steel interprets the Ministry to have considered that this safeguards-based perspective supports use of coincidence analysis in this case. For the reasons given below however, Pacific Steel considers that reference to safeguards jurisprudence does not assist the use of coincidence analysis use in a dumping and subsidy case.

222. By way of introduction, Pacific Steel notes that safeguard measures are emergency actions with respect to increased imports of particular products, where such imports have caused or threaten to cause serious injury to an importing Member's domestic industry.[110] The provisions arise in Article XIX of the General Agreement on Tariffs and Trade (GATT) and the WTO Agreement on Safeguards. The focus in safeguards is on the absolute and relative rate and amount *of **an increase in imports*** <emphasis added>.[111] This is generally taken to refer to an import surge. The Ministry, for example, refers to a safeguard application requiring import information including a period of at least one year prior to ***"the time from when import volumes began increasing significantly"*** <emphasis added>[112]. The New Zealand Act giving effect to these measures is the Trade (Safeguard Measures) Act 2014. The test is of serious injury.

223. This case is not an application for safeguards, but for dumping and subsidising, which are based on Article VI of the GATT and The Agreement on Subsidies and Countervailing Measures. The New Zealand Act giving effect to these measures is Dumping and Countervailing Duties Act 1988. The test here is of material injury (i.e. not, as in safeguards, serious injury).

224. Pacific Steel considers that because a safeguard case in of itself relates to an increased import trend, then a coincidence against that trend (that is, trend-based analysis) may well be the logical default analysis. Safeguards are anchored in temporal analysis. This case, however, is dumping and subsidy-related where an increased import trend, and temporally-focussed analyses are not required. Nor is a safeguards-level increased import trend, (against which a co-incidence might be sought), asserted by Pacific Steel as the primary cause of injury in this dumping and subsidy case.

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[108] WTO Panel in China – X-Ray Equipment (WT/DS425/R), para. 7.247

[109] WTO panel Reports, US Steel Safeguards, WT/DS428/R-11, para. 10.300

[110] https://www.wto.org/english/tratop_e/safeg_e/safeint.htm

[111] Ibid.

[112] http://www.mbie.govt.nz/info-services/business/trade-tariffs/documents-image-library/Application%20form%20for%20a%20safeguard%20investigation%20-PDF%20389KB.pdf at 8.1

225. Pacific Steel does not consider reference by the Ministry to coincidence/trend analysis being used in safeguards, where it is seldom not the primary analysis tool, is sound support to use coincidence/trend analysis in dumping and subsidizing.

226. There are further difficulties with the safeguard-coincidence jurisprudence referred to by the Ministry, because the Ministry discussion omits the following points, all of which either offer limitations to use of coincidence, even within safeguards, or make clear that in safeguards while coincidence can play a central role in determining whether or not a safeguards causal link exists, other analytical tools may also come in to play, in particular with reference to the conditions of competition as between imports and domestic products – that is, at the price nexus and conditions of competition matters described above. Some examples are:

> The Panel in US — Steel Safeguards said *"There may also be cases where a competent authority considers that it is necessary to support its coincidence analysis with another analysis because, for example, coincidence cannot be established with a sufficient degree of certainty. In such situations, the competent authority may rely upon analysis of the conditions of competition to reinforce its causal link demonstration. In such situations, a panel will review the conditions of competition analysis performed by the competent authority with a view to assessing whether it provided a reasoned and adequate explanation that, overall, a genuine and substantial relationship of cause and effects exists between increased imports and serious injury."* [113]
>
> The Panel Report in US — Wheat Gluten said: *"The existence of slight absences of coincidence in the movement of individual injury factors in relation to imports would not preclude a finding by the USITC of a causal link between increased imports and serious injury."* [114] and
>
> US — Wheat Gluten, also noted that: *"In our view, even when coincidence does not exist or an analysis of coincidence has not been undertaken, a competent authority may still be able to demonstrate the existence of a causal link if it can offer a compelling explanation that such causal link exists."* [115]
>
> Lastly, the Panel Report in US — Steel Safeguards also said *"The Panel considers that there are situations where a coincidence analysis may not suffice to prove causation or where the facts may not support a clear finding of coincidence and that, therefore, such situations may call for further demonstration of the existence of a causal link. Indeed, there may be situations where a competent authority, as part of its overall demonstration of the existence of a causal link, undertakes different analyses, with a view to proving that a genuine and substantial relationship of cause and effect exists between increased imports and serious injury."* [116]

Counterfactual Analysis

227. In light of the above issues with co-incidence analysis, Pacific Steel's strong view is that counterfactual analysis is the more appropriate tool for the Ministry to use with respect to this application.

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[113] Panel Reports, *US — Steel Safeguards*, para. 10.314–10.315.

[114] Panel Report, *US — Wheat Gluten*, para. 8.101.

[115] (*footnote original*) Panel Report, *US — Wheat Gluten*, para. 8.95.

[116] Panel Report, US — Steel Safeguards, para. 10.303–10.306.

228. By way of general comment and introduction, counterfactual asks the question – given how pricing takes place in this market, would Pacific Steel's economic performance been different if the dumped/subsidized goods not been undercutting Pacific Steel's selling price? In Pacific Steel's view, that is a highly material question to be addressed, which co-incidence inappropriately avoids. Put another way, counterfactual analysis is well-suited, by asking this question, to take into account behaviour in industrial markets, and industrial marketing.

229. Turning now to the specifics, several reasons and support exists for counterfactual being the most suitable means to analyse material injury and causation in this case. They are:

a) Counterfactual analysis can remove unrelated factors such as change in market size from the material injury, case and economic consequence analysis. Pacific Steel submits that it is a superior tool to coincidence when there have been specific material and unrelated events (in particular a major change in market size as detailed above) which require exclusion.

   As an aside, a Ministry observation assists here. The Ministry has stated *"A counterfactual analysis also needs to take particular care in assessing the effect of factors other than the dumped or subsidized goods that might be injuring the industry"*. Pacific Steel concurs with the Ministry, and takes that view to its logical corollary, which is, that a counterfactual analysis (or co-incidence) needs to take particular care in assessing, that is, take into account, the effect of factors other than the dumped or subsidized goods that might *obscure* injury to the industry. New Zealand's increasing rebar market size is one such factor.

   The Australian Commission approach can be used to illustrate the corollary matter slightly differently. It indicates that *"To complete the causation analysis Customs and Border Protection examines other factors that cannot be attributed to the dumped or subsidised imports and does not take the effect of those factors into consideration when determining causation."* [117] The corollary here is to not take account (as the Ministry would if it focussed on EBIT) of the effect of factors such as market size which obscure the injurious effect.

   The need in this case to correct for, or take account of, market size change is further supported by the following WTO jurisprudence, which refers to intervening factors (that is, a factor which "Takes part in something so as to prevent or alter a result or course of events" [118]) as follows:

   > *"[I]f intervening trends are not systematically considered and factored into the analysis, the competent authorities are not fulfilling Article 4.2(a)'s requirement to analyse 'all relevant factors', and in addition, the situation of the domestic industry is not ascertained in full"* [119]

b) When (in the case of F15) co-incidence focussed on absolute EBIT alone may suggest no coincidence, the alternative, but for analysis, is available and should be turned to. This is couched with positive mind as follows:

[117] http://www.adcommission.gov.au/accessadsystem/Documents/Dumping%20and%-20Subsidy%20Manual%20-%20November%202015_20%20Nov%202015%20-%20final%20on%20website.pdf p. 120

[118] https://en.oxforddictionaries.com/definition/intervene

[119] https://www.wto.org/english/res_e/booksp_e/analytic_index_e/safeguards_02_e.htm at 170.

"Where no co-incidence has been found, or a 'coincidence analysis' *is not possible, Customs and Border Protection may accept an alternative analytical method – such as* 'but for' *analysis – when examining causation."* [120]

c) Counterfactual analysis focusses the analysis at the point at which the price of the dumped and subsidized goods affects the Pacific Steel business. Put another way, it is acute to the import goods alternative price discussions and customer meetings, and the per tonne price leverage which takes place at that juncture.

d) Counterfactual analysis use will be consistent with Australian guidance described above at paragraph 218.

230. Support for use of counterfactual can also be found in academic literature. For example, a University of Manchester publication notes that:

"In addition to a positive dumping margin, authorities must also show that there is material injury or a threat of material injury to the home industry. In practice, a `But-For' approach is generally used to define material injury. In this approach, the authority conducts a counter-factual analysis to compare conditions of the targeted industry in the presence of dumped goods with an estimate of conditions of the industry without such goods. Material injury is said to exist when the targeted home industry would have been better off `but for' the sales of dumped commodities." [121]

231. Pacific Steel understands that the Ministry may not be inclined to accept that reference. The Ministry appears to consider that the reference above is not, on its own, salient. The Ministry indicates that the University of Manchester-authored commentary requires support by explanation and reference to its use by any particular authority.

232. In response to that indicated need for support by explanation, Pacific Steel draws attention to the following:

"C. The "Unitary" or "But For" Approach
The unitary approach, that was developed by some of the USITC Commissioners, unlike the bifurcated method, only requires a determination of whether the import dumping has had a material impact on the domestic industry. The chief inquiry, therefore, looks to the effect of dumping on the domestic industry with the necessary question being whether the dumping materially injures the industry. Analysis focuses on what would have happened to the domestic industry but for the existence of the dumped imports. Framing the issue in this manner identifies the dumping and not the imports themselves (as in the case of the bifurcated approach) as the target of the causal factor analysis. The "but for" test is also unlike the bifurcated approach in its focus on the materiality of the injury, rather than requiring a mere threshold finding of "correlation" between the unfair practice and the condition of the industry. To arrive at a finding of materiality, the conditions of the domestic industry in the

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[120] http://www.adcommission.gov.au/accessadsystem/Documents/Dumping%20and%-20Subsidy%20Manual%20-%20November%202015_20%20Nov%202015%20-%20final%20on%20website.pdf p. 123

[121] University of Manchester in its Economics Discussion Paper Series EDP-1013 p. 20.

presence of "unfair" imports are compared with a hypothetical estimate of the industry's condition absent such dumping." [122]

233. Further explanation of counterfactual can be found in the Australian Customs and Border Protection Service Dumping and Subsidizing Manual as follows:

"Under a 'but for' analytical method it may be possible to compare the current state of the industry to the state the industry would likely have been in if there had been no dumping. Such analysis also inquires about the likely effects of the dumping or subsidisation alone. Parties submitting information to demonstrate injury based on 'but for' grounds must provide, and explain, the evidence on which this claim rests. For example, how they estimated the effects of the dumping by using suitable accounting methods and counterfactual analysis." [123]

234. Further explanation of counterfactual is as follows:

"The "but for" test is also unlike the bifurcated approach in its focus on the materiality of the injury, rather than requiring a mere threshold finding of "correlation" between the unfair practice and the condition of the industry. To arrive at a finding of materiality, the conditions of the domestic industry in the presence of "unfair" imports are compared with a hypothetical estimate of the industry's condition absent such dumping." [124]

235. Further explanation can also be found in the 2016 Australian Government Anti-Dumping Commission Final Report number 322. The 'but for' counterfactual is the analysis used in that investigation (which mirrors this case) is as follows at Statement of Essential Facts stage:

"Given that OneSteel establishes its selling prices into the market on the basis of the price of imports, the Commission's assessment is that prices are lower than they otherwise may have been had rebar not been exported to Australia at dumped prices. This assessment leads the Commission to conclude that dumping, in and of itself, has caused material injury to OneSteel." [125]

And as follows in the Final Report:

"During the Australian industry verification visit to OneSteel, the Commission verified that OneSteel's pricing decisions are heavily influenced by the import offers in the market. The Commission has analysed OneSteel's prices by comparing them with prices of rebar imported from China. This analysis

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[122] Northwestern Journal of International Law & Business Volume 25 Issue 1 Fall 2004 Injury Investigations in "Material Retardation" Antidumping Cases Prakash Narayanan

[123] http://www.adcommission.gov.au/accessadsystem/Documents/Dumping%20and%-20Subsidy%20Manual%20-%20November%202015_20%20Nov%202015%20-%20final%20on%20-website.pdf p. 121

[124] Narayanan, P. Injury Investigations in "Material Retardation" Antidumping Cases. Northwestern Journal of International Law & Business Volume 25 Issue 1 Fall 2004 p. 54.

[125] http://www.adcommission.gov.au/cases/EPR%20251%20%20300/EPR%20264/078-Report-SEF%20264-Case264.pdf at 8.10.

indicates that Australian industry's prices were undercut and that it would have achieved higher prices in the absence of sales of subsidised rebar exported from China." [126], and

"The Commission's investigation considers that the profit results of OneSteel would have changed as follows based on the investigation: • Profit and profitability would have improved if OneSteel had not been suffering injury in the form of price suppression and depression as prices would have been higher than those actually received without any adverse effect on their cost structure or demand." [127], and

"The Commission therefore concludes that OneSteel has suffered injury in the form of less than achievable profit and profitability when compared to what would have occurred in normal market conditions if the identified price and volume injuries had not occurred." [128], and

"The Commission has found that during the investigation period OneSteel has suffered price suppression and price depression. Further, the Commission has found that an inability for OneSteel to raises its prices has translated into less than achievable profit and profitability of OneSteel over the investigation period." [129]

236. Further explanation can also be found in discussion of the role of economic analysis in material injury estimation. For example, the Ministry may examine the matter and discussion at page 489 of Trade Remedies in North America. Gregory Wells Bowman. Kluwer Law International, 2010.

237. Further explanation and support for counterfactual is as follows:

"The central question the unitary approach poses is as follows: Would the industry have been established sooner but for the dumping, i.e., if the imports were priced so as to eliminate the margin of dumping?" [130]

238. In response to the Ministry's indicated need (in relation to the University of Manchester Economics Discussion Paper) for Pacific Steel to reference but for, counterfactual use *"by any particular authority"*, Pacific Steel refers the Ministry to the above 2016 Australian report 322. The Ministry may observe counterfactual use in that report.

239. In further response to the Ministry's indicated need for Pacific Steel to reference but for, counterfactual use by any particular authority, Pacific Steel refers the Ministry to Australian steel grinding balls report 316 [131]. That steel-related example using counterfactual also offers some particularly relevant

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[126] http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/055%20Final-%20Report%20322%20Steel%20Reinforcing%20Bar.pdf at 12.4.2

[127] Ibid. at 12.6

[128] Ibid.

[129] Ibid. at 12.8

[130] Narayanan, P. Injury Investigations in "Material Retardation" Antidumping Cases. Northwestern Journal of International Law & Business Volume 25 Issue 1 Fall 2004 p. 59.

[131] At http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20316/054%20-%20Final%20Report%20316.pdf

narrative because it is an investigation (like that now requested by Pacific Steel), where the counterfactual analysis tool used *in a circumstance of market expansion*. In that regard it offers additional guidance. The Australian Commission said:

> *"The Commission considers that, in an expanding market and in absence of the dumped and subsidised Chinese imports, the Australian industry would be able to achieve improved prices as the price point of its competitors would be higher. Accordingly, the Commission considers that the Australian industry would be in a position to increase revenue without incurring additional costs based on increased unit selling prices being generated. In turn, this would improve profits and profitability.*
>
> *As such, the Commission considers that the Australian industry has suffered injury in the form of reduced profits and profitability caused by dumped and subsidised imports of grinding balls from China."* [132]

240. In further response to the Ministry's indicated need for Pacific Steel to reference but for, counterfactual use by any particular authority Pacific Steel points to the WTO handbook in relation to examining the impact of dumped imports. It states:

> *"In particular, econometric analyses are often used for testing causality and, and so-called "partial equilibrium" models (portraying the market concerned in isolation) are used for separating injury caused from the dumped imports from injury caused by other factors. Essentially, these methodologies attempt to approximate what the condition of the domestic industry would be in the absence of the dumped imports. They usually depend on simulating and increase in domestic prices not greater than the dumping margin, and then tracing the effects of this hypothetical increase in domestic prices on certain economic variables outlined under Article 3.4, most often, production and revenue. The difference between the hypothetical values for these variables in the absence of dumped imports, and the actual values determined in the course of the investigation would indicate the injury attributable to the dumped imports."* [133] [134]

241. Pacific Steel notes that this reference further states that *"It is important to note that the conclusion drawn from such models are seldom conclusive, since some of the inputs into the analysis, such as "elasticities" of supply and demand which may determine the magnitude of the effect of the hypothetical price increases on industry performance, are usually estimates, and often a range of estimates."* In response to that caution, Pacific Steel notes that the key market size and share elements of the price-based counterfactual proposed in this case are actual, not estimate-based. Also, this Pacific Steel case is uncommon vis-à-vis the WTO's view, as Pacific Steel is the sole representative of the New Zealand industry, the number of countries of dumped/subsidized goods origin is only two, and the price-point of injury comprises very few customers and on Pacific Steel's side a maximum of only three personnel.

242. In Pacific Steel's view, the above WTO reference is consistent with and thus assists the bonafide of the University of Manchester publication cited above.

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[132] Ibid. p. 59.

[133] WTO A Handbook on Anti-Dumping Investigations. Czako J, Humam J, and Miranda J. 2003 ISBN 0521830427 p. 285

[134] Ibid.

243. Lastly in response to the Ministry's indicated need for Pacific Steel to reference but for, counterfactual use by any particular authority Pacific Steel refers to the Canadian International Trade Tribunal report into the Gypsum Board Preliminary Injury Inquiry (the Ministry may note that this is a stage *into* the investigation, i.e. it is post initiation). That report states:

> *<Under "Resultant Impact on the Domestic Industry "> As stated above, CertainTeed provided a number of examples of specific instances where it allegedly lost sales or accounts to imports of the subject goods or had to lower prices in order to maintain sales or accounts in competition with the lower-priced subject goods. This evidence, subject to being fully assessed in the context of a final injury inquiry, reasonably indicates support for the conclusion of a preliminary determination of injury to the domestic industry.*
>
> *On balance, the Tribunal finds that the evidence on the record discloses a reasonable indication that the dumping of the subject goods has caused injury to the domestic industry."* [135]

Ministry Approach

244. By way of further support for the use of counterfactual, Pacific Steel notes that the analysis used by the Ministry to ascertain non-injurious pricing ("NIP") on Pacific Steel and Wire goods has historically accommodated a counterfactual approach. A NIP is an unsuppressed selling price that is achievable in the absence of competition from dumped product in the New Zealand market. Such an approach is likewise appropriate here, both for reasons of consistency and because the local steel market has similar characteristics to other markets in which the Ministry has previously adopted a counterfactual approach in review decisions. Pacific Steel refers, for instance, to the Pacific Steel rebar reassessment in 2009 [136], and, for example, the extensive examination of injurious effects in the New Zealand gypsum plasterboard industry. The Ministry does not refer to "coincidence" in any of the 22 final reports it has published in the decade to 2016.

245. As a further point of guidance, the 1997 Settlement Agreement between the Ministry of Commerce and Winstone Wallboards Limited at paragraph 1, under "General Principles" states that *"In determining whether or not any material injury to an industry has been or is being caused or is threatened in accordance with section 8 of the Act, Commerce must have regard to the position the industry would or would likely be in but for the dumping".*

246. That statement was agreed jointly and severally by the Minister of Commerce, the Secretary of Commerce and the Ministry of Commerce. Pacific Steel considers that while that statement of principle does not have legislative effect such that it binds the Ministry in this present case, it is not null. It would be surprising were the Ministry to introduce distance between it, now, and that public statement of a key principle in its administration.

Price Effects and Economic Impact

247. Section 8(2)(d) of the Act provides that the Chief Executive shall have regard to the economic impact of the dumped or subsidised goods on the industry, including –

[135] http://www.citt-tcce.gc.ca/en/node/7827 at paras 51 and 52.

[136] At http://www.mbie.govt.nz/info-services/business/trade-tariffs/trade-remedies/dumping-of-imported-goods/investigations-into-goods-dumping-or-subsidisation/pdf-document-library/completed-investigations/Final%20reassessment%20report%20Reinforcing%20steel%20bar%20and%20coil%20from%20Thailand.pdf

(i) Actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilisation of production capacity; and
(ii) Factors affecting domestic prices; and
(iii) The magnitude of the margin of dumping; and
(iv) Actual and potential effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investments.

248. Pacific Steel's view is that since F13 (and probably before) dumped goods have caused it to suffer price undercutting and price depression / price suppression at the level of trade at which it sells – the distribution level. Other economic effects include loss of sales revenue and profits leading to significant adverse effects upon Pacific Steel's return on investments, cash flow, and (looking forward) growth and ability to raise capital and investments.

249. As the distribution-level industry can purchase either from Pacific Steel or from an import supply source, import offer levels and movement in the price of import offers are used by customers to negotiate prices with Pacific, and as a result, in order to remain competitive, Pacific Steel is obliged to respond to the selling price of imported products at that level of trade. The New Zealand distribution-level rebar market is evidenced in this application below in the Price Nexus and Conditions of Competition section as being very selling-price sensitive, and any dumped and/or subsidized prices directly cause Pacific Steel to suffer price injury at the distribution level, resulting in reduced profits relative to a circumstance absent those dumped and/or subsidized goods[137].

Metric	Average F10-F12	Average F13-F16	Change	% Change	Function (n=7)
Pacific Steel domestic rebar volume (tonnes)	[redacted]	[redacted]	[redacted]	39%	[redacted]
EBIT (domestic rebar only) (NZ$,000)	[redacted]	[redacted]	[redacted]	-24%	[redacted]
Selling price (NZ$/t)	[redacted]	[redacted]	[redacted]	-21%	[redacted]
Cost of production (NZ$/t)	[redacted]	[redacted]	[redacted]	-15%	[redacted]
Gross profit (NZ$/t)	[redacted]	[redacted]	[redacted]	-43%	[redacted]
Selling and administration (NZ$/t)	[redacted]	[redacted]	[redacted]	-42%	[redacted]
EBIT (NZ$/t)	[redacted]	[redacted]	[redacted]	-43%	[redacted]

[*The redacted information in the table above is commercially sensitive because it would provide a competitor with a competitive advantage*]

[137] As an aside, Pacific Steel notes, and concurs with a Ministry perspective in this regard. The Ministry has observed that *"In terms of whether an anti-dumping regime is unfair to domestic purchasers of diaries and prevents a vibrant and competitive manufacturing industry, the Ministry considers that anti-dumping duties are designed specifically to remedy any dumping causing injury to domestic producers because dumping is considered to be an unfair trading practice under international rules. In this respect anti-dumping duties act to level the playing field by establishing conditions in the New Zealand market to enable domestic producers to fairly compete with unfairly-priced imports"*. See Sunset Review: Diaries from China and Malaysia. April 2013 at paragraph 369.

Sales

250. Movements in sales revenue can reflect changes in volume and the selling price of goods sold. Dumped imports can affect both of these factors through increased supply of goods to the distribution level of the market and through price competition. Pacific Steel submits that it has strategy of retaining volume by competing on price (plus other assured quality and service elements). Injury effects are therefore reflected in sales revenue decrease rather than sales volume.

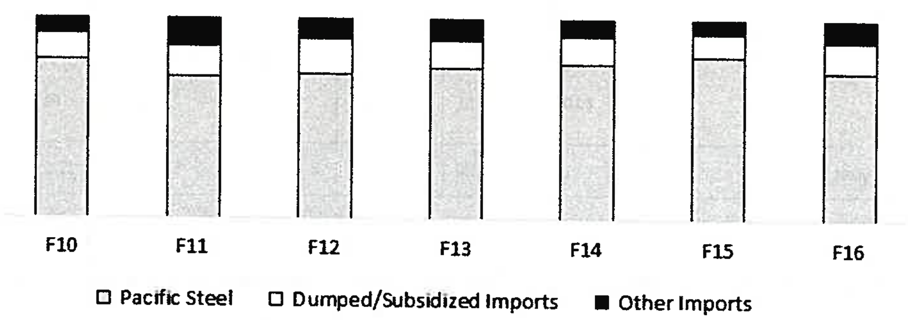
251. Selling price per tonne has been declining near-linearly since F10 (and also since F09). The function to F16 is [redacted] The R^2 is [redacted] In only one year (F11) has Pacific Steel per unit selling price been higher than in the preceding year. [*The redacted information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

252. Pacific Steel considers that the selling price decline F10 is due, in large part, to the arrival of the dumped goods from China and Malaysia. Although, as noted above, Pacific Steel considers that some components of the downwards trend during the F10-F12 period may have been (in part) a result of dumping and also due (in part) to industry adjustment during that period. Aside from the market dynamics during that earlier period, the post-F13 data (and particularly F15 and F16) clearly shows the deleterious selling price and per-unit EBIT effects on the local industry resulting from the arrival of the dumped goods.

253. In particular, the evidence of significant price undercutting by imports into the primary distributor and processor level of trade from Malaysia and China in both F15 and F16, alongside the decrease in sales revenue experienced by Pacific Steel as a result of lower selling price per tonne, suggests the sales revenue decline can only be attributed to the imports from Malaysia and China. This is consistent with the strategy adopted by Pacific Steel to counter the dumped and subsidized imports, that is, to hold volume and lower selling prices to maintain market share and recover costs through maintenance of volume rather than price.

Market Share

254. Estimated market share trends over recent years are shown below. These are calculated by adding the estimated New Zealand reinforcing bar and coil imports to Pacific Steel's domestic sales volume to obtain the total New Zealand market size, then reflecting Pacific Steel's domestic sales volume as an estimated percent thereof. Pacific Steel estimates that its market share in the period F11 to F12 has averaged [redacted]%. It was in the [redacted] in F15 and is [redacted]70's in the most recent period. [*the redacted information is marketing information and is redacted because it would provide a competitor with a competitive advantage*]



Profits

255. Pacific Steel submits that it has suffered material injury which can be traced to the presence in the New Zealand market from the dumping and subsidized goods in the period F13 through to and including F16. Again, it is not possible to precisely identify a specific time "pre or post" such injury, although the adjustment period F10-F12 is probably generally reflective of the pre-injury market dynamics, and it is

against those years that this discussion is therefore anchored. Pacific Steel reiterates, however, that it believes dumping occurred during the F10-F12 period as well, and contributed to downwards price and revenue trends during that time.

256. By way of introduction to profit discussion, Pacific Steel notes the following Ministry view:

> *"MBIE has historically focussed on EBIT as a measure of profitability because it reflects operating profits for the activity under investigation. EBIT is considered more relevant as a measure of profitability than the material margin, since the latter includes cost elements relating to the production and sale of the goods concerned, and is therefore only indirectly relevant as a measure of profitability. On the other hand, EBIT is the return on the activity under review exclusive of costs and expenses and before tax, interest and other enterprise factors come into play."*

257. Pacific Steel is not convinced by the Ministry rationale for distance between material margin and profitability in industrial economics. Pacific Steel offers the following perspective:

> *"Raw material margin, which is the difference between our net selling price and the cost of our raw materials, is an* ***extremely important factor*** <emphasis added> *in determining our operating results"*[138]

258. That theme perhaps most acutely put in the oil refining industry, where what Pacific Steel has referred to as material margin, is described as "crack spread". One commentator reports it as follows:

> *"A common commodity-product spread is the "crack spread". This is the spread between the price of crude oil and the price of refined oil products."* [139]

259. The effect of this in a 2011 reports highlights the saliency in material margin / crack spread:

> **"It's all about the profit margins**
> *Refineries are doing so well right now because of high profit margin spreads, also known in the industry as the "crack spread." In simple terms, the crack spread is the difference in the value of the raw material (crude oil) and the value of the processed good (gasoline, kerosene, etc.). It's basically the profitability of refining oil. Right now, the crack spread is about $34, its highest level in years."* [140]

260. Pacific Steel now turns to selling price and profitability data. The two tables below illustrate the effect of the deep price undercutting and leverage when the completely-unrelated effect of change in market size is removed. The first table addressed Pacific Steel's foregone EBIT relative to a range of circumstances in the years F10 to F12 inclusive.

Metric	F10	F11	F12	F13	F14	F15	F16
Rebar sales volume (t) <year-year % Δ>	1	79%	113%	104%	128%	124%	95%

[138] http://www.wikinvest.com/stock/Wellman_(WLM)/Reduced_Raw_Material_Margins_-_Adversely_Affect_Operating_Results

[139] At http://www.investopedia.com/terms/c/commodity-product-spread.asp

[140] At http://www.stockhouse.com/opinion/independent-reports/2011/07/29/conocophillips-(cop)-playing-the-crack-spread

Metric	F10	F11	F12	F13	F14	F15	F16
Rebar selling price ($/t) <year-year % Δ>	1	104%	92%	89%	96%	95%	92%
EBIT margin per unit ($/t) <year-year % Δ>	1	73%	67%	98%	113%	85%	45%
EBIT margin as a % of selling price	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT margin as a % of F10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT margin as a % of F11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT margin as a % of F12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT (actual) ($m) <year-year % Δ>	1	57%	76%	101%	145%	105%	43%
Implied EBIT (actual vol. @ F10 EBIT margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied EBIT (actual vol. @ F11 EBIT margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied EBIT (actual vol. @ F12 EBIT margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Differential actual EBIT versus F10-implied EBIT ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	146%	138%
Differential actual EBIT versus F11-implied EBIT ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	179%	181%
Differential actual EBIT versus F12-implied EBIT ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-67%	900%

[*For certain rows figures for the first year in the table have been redacted because they are confidential and the subsequent years' figures in the table are year-to-year percentage changes from the previous year's figure. The six shaded cells are year-to-year percentage changes from the previous years' figure in the row. Where the figures along the entire row have been redacted it is because to index these figures would unnecessarily expose Pacific Steel to commercial risk*]

261. The below table mirrors the above, but addresses foregone gross profit at Pacific Steel.

Metric	F10	F11	F12	F13	F14	F15	F16
Rebar sales volume (t) <year-year % Δ>	1	79%	113%	104%	128%	124%	95%
Rebar selling price ($/t) <year-year % Δ>	1	104%	92%	89%	96%	95%	92%
Gross Profit margin per unit ($/t) <year-year % Δ>	1	79%	68%	100%	105%	81%	47%
Gross Profit margin as a % of selling price	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Profit margin as a % of F10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Profit margin as a % of F11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Profit margin as a % of F12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Profit ("GP") (actual) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied GP (actual vol. @ F10 GP margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied GP (actual vol. @ F11 GP margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied GP (actual vol. @ F12 GP margin) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Metric	F10	F11	F12	F13	F14	F15	F16
Differential actual GP versus F10-implied GP ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	154%	136%
Differential actual GP versus F11-implied GP ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	183%	163%
Differential actual GP versus F12-implied GP ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-375%	380%

[*For certain rows figures for the first year in the table have been redacted because they are confidential and the subsequent years' figures in the table are year-to-year percentage changes from the previous year's figure. The six shaded cells are year-to-year percentage changes from the previous years' figure in the row. Where the figures along the entire row have been redacted it is because to index these figures would unnecessarily expose Pacific Steel to commercial risk*]

262. Pacific Steel draws attention to the six shaded cells in each table at lower right. That data estimates the EBIT and gross profit foregone, that is, un-achieved, due to the depressive effects of the dumped and subsidized goods. Those cells illustrated that as measured against any of F10 to F12's EBIT or gross profit per unit performance, the Pacific Steel profit in both F15 and F16 is adverse.

263. Specifically, and as per the shaded cells at lower right in the above tables, Pacific Steel's EBIT performance is injured by the dumped and subsidized goods in the periods F15 - F16, relative to the period F10 to F12, by between $[redacted] and $[redacted]. This is material-scale injury as the $[redacted] average of that band (i.e. the relative quantum of injury) is [redacted] the business entire $[redacted] EBIT is F15, and [redacted] the F16 EBIT [redacted]$[redacted] [*The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

264. Turning to Pacific Steel's gross profit performance, as shown in the above table, that illustrates injury by the dumped and subsidized goods in the periods F15 - F16, relative to the period F10 to F12, by between $[redacted] and $[redacted] [*The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

265. EBIT per tonne averaged [redacted] in the three years F10-F12. Since that period the evidence shows a significant decline in EBIT per tonne, which Pacific submits results from the dumped and subsidized goods. In F15 EBIT per tonne was [redacted] per tonne, and in F16 it was [redacted] per tonne. Those figures are [redacted]% and [redacted]% respectively of the F10-F12 average. [*The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

266. Gross profit per tonne averaged [redacted] in the three years F10-F12 which Pacific submits best reflects a period pre-injury. In F15 it was [redacted] per tonne. In F16 it was [redacted] per tonne. Those figures are [redacted]% [redacted]% respectively of the F10-F12 average. [*The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

267. Pacific Steel is aware that the Ministry may examine some financial performance measures in F15 against earlier years as a % of selling price. Pacific Steel notes that if not corrected for the greater plant throughput in F15 (which is unrelated to the dumping/subsidising), such comparisons will not assist any Ministry consideration.

268. The correlation between Pacific Steel's volume (which has been increasing) and EBIT profitability (which has been declining) is a [redacted]. This is consistent with the statistical analyses presented in the Market Share Discussion section above. That relationship of materially increasing plant

volume not having any effect on profitability is highly unusual [141], and is consistent with some other effect or dynamic taking place. Pacific Steel asserts that the other effect or dynamic taking place, that is, the cause of the highly unusual, [redacted], is price undercutting from the dumped and subsidized goods from China and Malaysia. [*The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage*]

269. Lastly on the matter of profit effects, Pacific Steel notes a matter on which the Ministry reports, and perhaps takes some support from. Specifically, the Ministry has claim-summarised the Government of China (in relation to injury in F15) as indicating that "*The applicant's increase in sales volume, sales revenue, profits ... over the last three years proves it has not been injured*". Insofar as profit goes, that statement is believed to be incorrect. Such a claim may have been verbally made by the Government of China to the Ministry, but Pacific Steel observes that the Government of China's 16 written pages of consultation points (which Pacific Steel understands the Government of China read to, in the two consultation sessions in mid-2016), does not make such a claim in relation to profit.

Productivity

270. Pacific Steel may have suffered an economic impact upon productivity, but for the dumping and subsidizing. Such injury will be less than the effects of the dumped and subsidized goods on sales revenue and profit.

Return on Investments

271. Pacific Steel considers it has suffered an economic impact as diminished return on investments proportional with the injury to price and EBIT margin. That impact however, is difficult to sensibly evidence because the more recent years encompass a period pre business sale, a business sale/purchase event, and investments post a business purchase. The denominator in any ROI series is thus non-continuous, and on that ground does not produce sensibly-reading data. In this circumstance, Pacific Steel submits that the Ministry may use (as a proxy for ROI matters) the EBIT and gross profit in the shaded cells of the tables above, and the same from the cashflow table below.

Utilisation of Production Capacity

272. Pacific Steel may have suffered an adverse economic impact upon utilisation of production capacity, but for the dumping and subsidizing. Such injury will be less than the effects of the dumped and subsidized goods on Pacific Steel's selling price and profit.

Cashflow

273. Pacific Steel submits that it has suffered an economic impact via impaired cashflow, proportional with the above economic effects from the dumped and subsidized goods on Pacific Steel's sales revenue and profit. That impact, however, is difficult to evidence because the more recent years encompass a period pre business sale, across a business sale/purchase, and some investments post business purchase. Those events affect cashflow measures. That said, set out below is what Pacific Steel considers a reasonable estimate of the cashflow adverse effect of the dumped and subsidized goods.

274. Cashflow per tonne is estimated to averaged [redacted] in the three years F10-F12 which Pacific submits most reflects a period pre-injury from the dumped and subsidized goods. In F15 it is estimated at [redacted] per tonne, and in F16 it is estimated at [redacted] per tonne. Those figures are [redacted]% and [redacted]% respectively of the F10-F12 average. The lower right shaded cells indicate that in F15 Pacific Steel's rebar cashflow is estimated

[141] This assertion is underpinned by profit and loss mathematics, where an industrial plant operating at less than name-plate capacity can serve growing orders with, to some degree, marginally-costed goods.

[redacted] lower than the position Pacific Steel would have experienced had the average F10-F12 cashflow return prevailed. The equivalent F16 differential to the F10 to F12 period most reflective of pre-injury, is [redacted] *[The information in this paragraph is commercially sensitive because it would provide a competitor with a competitive advantage]*

Metric	F10	F11	F12	F13	F14	F15	F16
Rebar sales volume (t) <year-year % Δ>	1	79%	113%	104%	128%	124%	95%
Rebar selling price ($/t) <year-year % Δ>	1	104%	92%	89%	96%	95%	92%
EBIT margin per unit ($/t) <year-year % Δ>	1	73%	67%	98%	113%	85%	45%
Depreciation (estimate, constant) [142]	1	100%	100%	100%	100%	100%	100%
Cashflow (proxy) ($/t)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cashflow (off proxy in row above) ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cashflow ("cf") (proxy) ($/t) (average F10-F12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implied cf. (proxy) ($m) (on average F10-F12 $/t)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Differ. cf. proxy vs cashflow @ F10-F12 rate ($m)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	161%	161%

[For certain rows figures for the first year in the table have been redacted because they are confidential and the subsequent years' figures in the table are year-to-year percentage changes from the previous year's figure. The two shaded cells are year-to-year percentage changes from the previous years' figure in the row. Where the figures along the entire row have been redacted it is because to index these figures would unnecessarily expose Pacific Steel to commercial risk]

275. Pacific Steel suggests that the above exceeds what is sufficient for the Ministry to make a finding that it has suffered an injurious effect upon cashflow. As support, Pacific Steel points to the following Ministry finding of likely adverse effects on cashflow in a previous investigation, where a likely finding was made, on no direct cashflow evidence:

> *"608. Croxley did not provide information on cash flow because of the difficulty in allocating cash flow to its domestic production and sale of like goods. There is therefore no direct evidence of an adverse impact on cash flow attributable to dumped imports. It is likely, however, that the decline in Croxley's profits will have flowed through into a decline in Croxley's cash flow from operations."* [143]

Inventories

276. Pacific Steel does not point to an adverse economic impact related to inventory.

Employment and Wages

[142] Cell N50 in file "Malaysia F16 30.9.16" This is F15 Pacific Steel rolling mill depreciation only, actual. The quantum of depreciation in this is not material to the conclusion.

[143] http://www.mbie.govt.nz/info-services/business/trade-tariffs/trade-remedies/dumping-of-imported-goods/document-image-library-completed-investigations/Final%20report%20Diaries%20from%20China-%20Hong%20Kong-%20Indonesia-%20Korea%20and%20Malaysia%20-1298%20kB%20PDF.pdf

277. Pacific Steel does not point to material-scale adverse economic impact related to employment and wages.

Growth and Ability to Raise Capital

278. Pacific Steel has no comment to make on growth and capital-related matters during the period when Pacific Steel was not under its current ownership.

279. Pacific Steel nonetheless observes that any un-remedied presence in New Zealand of dumped or subsidized rebar (that is, unfairly traded Malaysian and Chinese rebar) has adversely affected growth prospects for the Pacific Steel business, and any requests Pacific Steel might make to its owner for capital. As illustrated above in the EBIT, gross profit and cashflow tables, Pacific Steel has suffered considerable economic damage relative to a circumstance in which the dumped and subsidized goods may have been absent or remedied per the intent of the WTO Agreement and New Zealand Act.[144] Pacific Steel notes that its potential source of growth funding has a choice to direct capital to geographies where dumped and subsidized rebar is trade-remedied.

Other Economic Effects

280. The primary economic impact from the dumped and subsidized goods has been on Pacific Steel's selling price and profit. Pacific Steel does not point to economic effects other than those described above.

Causal Link

281. A causal link between dumped imports of reinforcing bar was established in the 2003 and 2009 investigations. Pacific Steel is not aware of any material difference between the commercial activities and practices which established the 2003 and 2009 causal link, and the conditions in the New Zealand industry today.

282. In support of that view Pacific Steel notes that the New Zealand rebar industry structure and commercial practice has not undergone material change since 2003. The principal New Zealand importers remain active. [redacted] *[The redaction relates to a particular business. This information is commercially sensitive because it would provide a competitor with a competitive advantage]* but later grew its business using dumped and subsidized goods. The primary dynamic of unfairly traded imported goods being available at the primary distributor and processor level of trade, and effecting price depression continues to exist.

283. The price-depressive and suppressive effects occur in the market comment and intelligence feedback regarding whether the Pacific Steel goods are competitive against the imported dumped and subsidized goods. This can include requests that Pacific Steel lower its prices on jobs receiving bids by Pacific Steel's customers, where alternative bids comprise dumped and subsidized unfairly traded goods. These requests arise when Pacific Steel's customers consider that without a lower price on then Pacific Steel goods, they will lose some or all of the business to the unfairly traded imported goods. Depressive effects also occur in the building trade sector where the unfairly traded imported goods undercut pricing into the building trade. These matters are positively evidenced in the [redacted] *[The redacted information is marketing information and is*

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[144] Pacific Steel refers to its EBIT performance being injured by the dumped and subsidized goods in the periods F15 - F16, relative to the period F10 to F12, by between $[redacted] and $[redacted]. This is material-scale injury as the $[redacted] average of that band (i.e. the relative quantum of injury) is near the same as the business entire $[redacted] EBIT in F15, and it is precisely twice the F16 EBIT of $[redacted] *[This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

redacted because it would provide a competitor with a competitive advantage] excerpts in the Price Nexus and Conditions of Competition section above.

Provisional Measures

284. Section 16(1) of the Dumping and Countervailing Duties Act 1988 provides as follows:

'If, at any time after 60 days from the date on which an investigation has been initiated by the Secretary under section 10 (not being an investigation that has been terminated under section 11),—

> *(a) the Minister has reasonable cause to believe, in relation to the importation or intended importation of goods into New Zealand, that—*
> *(i) the goods are being dumped or subsidised; and*
> *(ii) by reason thereof material injury to an industry has been or is being caused or is threatened or the establishment of an industry has been or is being materially retarded; and*
>
> *(b) the Minister is satisfied that action under this section is necessary to prevent material injury being caused during the period of investigation, -*
>
> *the Minister may, by notice, give a provisional direction that payment of duty in respect of the goods shall be secured in accordance with sections 156 and 157 of the Customs and Excise Act 1996, except that the rate or amount of duty to be secured shall not exceed the difference between the export price of the goods and their normal value, or the amount of the subsidy, as the case may be.'*

285. Pacific Steel seeks a determination of provisional anti-dumping and countervailing measures, and the imposition of provisional countervailing measures. Pacific Steel considers that the Ministry will find positive evidence in this application for the existence of conditions meeting the requirements of section 16(1)(a) and section 16(1)(b). Without limitation, Pacific Steel points to marketplace events originating from the dumped and subsidized goods which are currently causing it to lower its prices and suffer consequential injury.

286. Pacific Steel requests that the rate or amount of the provisional countervailing duty be the amount of the subsidy, as provided under section 16(1) of the Act.

Duty Application – Lesser Duty

287. Pacific Steel requests that the Minister exercise the discretion available at section 14(5) of the Act, and impose a duty amount not exceeding the amount of the subsidy on the goods.

288. The discretion asserted arises from section 14(5) of the Act expressing a 'regard to the desirability', which is a different state to mandatory.

289. Pacific Steel also submits that the requested use of Ministerial discretion will be consistent treatment in this circumstance to the Australian Antidumping Commission regarding business rules, as can be examined in REP 237 Silicon Metal.[145] It is acknowledged that the relevant Australian Act is prescribed in this matter whereas the New Zealand Act is silent. Pacific Steel nonetheless submits that the alignment of business rules specified in the inter-Government 'Memorandum of Understanding between the Government of New

[145] At http://adcommission.gov.au/cases/EPR%20193%20%20250/EPR%20237/044-Final%20Report%20-%20Other%20-Final%20Report%20237.pdf from p.64.

Zealand and the Government of Australia on the Coordination of Business Law'[146] contemplates the use of discretion in the manner here requested.

Confirmation of Application

I hereby apply on behalf of Pacific Steel for the initiation of an investigation into the dumping of reinforcing bar and coil from Malaysia and China, and the subsidizing of reinforcing bar and coil from China.

This application and its attachments provide positive evidence of:

(a) Dumping of the goods from Malaysia and China; and

(b) Subsidizing of the goods from China; and

(c) Injury to the New Zealand industry; and

(d) The causal link between dumped and subsidized goods and the injury.

Pacific Steel makes this application as the New Zealand industry manufacturing like goods to those subject to the application.

Pacific Steel (New Zealand) Limited

Robin Davies
General Manager Pacific Steel

[146] http://dfat.gov.au/trade/agreements/anzcerta/Pages/memorandum-of-understanding-between-the-government-of-new-zealand-and-the-government-of-australia-on-the-coordination-of-bu.aspx That memorandum replaces the Memorandum of Understanding between the Government of New Zealand and the Government of Australia on Coordination of Business Law signed on 22 February 2006.

Appendix One: Injury Spreadsheet

	F10	F11	F12	F13	F14	F15	F16
Table 1: Production							
Bar total	1	90%	113%	112%	104%	102%	89%
Wire Rod total	1	80%	106%	93%	111%	91%	82%
Total production	[redacted]						
Domestic rebar volume (sales)	1	79%	113%	104%	128%	124%	95%
Table 15: Profit and loss ($,000, all domestic rebar)							
Revenue	1	82%	104%	92%	122%	118%	87%
Cost of production	1	89%	111%	91%	120%	122%	94%
Gross profit	1	62%	77%	104%	134%	101%	45%
Selling and administration	[redacted]						
Cost of sales	1	89%	110%	91%	119%	121%	94%
EBIT (domestic sold rebar only)	1	57%	76%	101%	144%	105%	43%
Table 16: Unit basis ($ per tonne, all domestic rebar)							
Selling price	1	104%	92%	89%	96%	95%	92%
Cost of production	1	113%	98%	88%	94%	98%	99%
Gross profit	1	78%	68%	100%	105%	81%	47%
Selling and administration	[redacted]						
Cost of sales	1	113%	97%	88%	93%	97%	99%
EBIT (domestic sold rebar only)	1	73%	67%	98%	113%	84%	45%
Table 17: Percent of selling price (all domestic rebar)							
Selling price	1	100%	100%	100%	100%	100%	100%
Cost of production	1	108%	106%	98%	98%	103%	108%
Gross profit	1	75%	74%	112%	110%	85%	52%
Selling and administration	[redacted]						
Cost of sales	1	109%	105%	99%	97%	102%	108%
EBIT (domestic sold reinforcing bar)	1	70%	73%	110%	118%	89%	49%
Table 18: Other factors							
Net cashflow (from ops) (total Pacific)	1	24%	103%	213%	123%	72%	0%
Bar capacity	1	100%	100%	100%	100%	100%	100%
Bar utilisation	1	90%	113%	112%	104%	102%	89%
Rod capacity	1	100%	100%	100%	100%	100%	100%
Rod utilisation	1	80%	106%	93%	111%	91%	82%
Employment (head count) (total Pacific Steel)	1			102%	97%	100%	93%
Inventories - qty fin. goods @ balance date	1	110%	85%	103%	71%	100%	
Average assets (total Pacific Steel)	1	114%	83%	107%	92%	69%	
EBIT (total Pacific Steel)	1	0%	-1356%	-1712%	164%	114%	
EBIT as % average assets	1	0%	-1632%	-1606%	178%	166%	
Note: Figures are year-on-year percentage changes							

[For certain rows figures for the first year in the table have been redacted because they are confidential and the subsequent years' figures in the table are year-to-year percentage changes from the previous year's figure. Where the figures along the entire row have been redacted it is because to index these figures would unnecessarily expose Pacific Steel to commercial risk]

Appendix Two: Excerpt Australian Report[147] re Section 5(2)(b) of the Act

3.4 Steel industry: Chinese government interventions

The Chinese Government has played a central role in the development of the Chinese steel industry over an extended time period.

A 2014 CBSA report noted that the Chinese Government classified the 'Iron and Steel Industry' as a 'fundamental or pillar' industry.[148] As such, the Chinese Government has been heavily involved in directing and controlling the structure, composition, growth and financial viability of the steel industry through numerous plans and directives,[149] subsidy programs, taxation arrangements and the significant number of state owned steel companies, and the National Development Reform Commission's (NDRC) responsibility for approving all large steel projects.[150] More information on these interventions is set out below. Concerns regarding the role of the Chinese Government involvement within the Chinese steel sector have been expressed by five American trade associations.[151] Analysis by these associations identified numerous programs through which the Chinese Government is alleged to have provided support to the sector and directly contributed to high levels of overcapacity and producer fragmentation. Support mechanisms included: cash grants; equity infusions; government-mandated mergers and acquisitions; preferential loans and directed credit; land use subsidies; subsidies for utilities; raw material price controls; tax policies; currency policies; and lax enforcement of environmental regulation.

3.41. Chinese Government subsidies and tax concessions

The Commission has found evidence of a range of different subsidies and tax concessions provided by the Chinese Government to the Chinese steel industry, including:[152]

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[147] http://www.adcommission.gov.au/adsystem/referencematerial/Documents/MASTER%20-%20Steel%20aluminium%20report%20%20-%2031%20August%202016%20-%20for%20public%20release.pdf p. 44-49.

[148] CBSA, 2014, p 14.

[149] 2011-2015 Development Plan for the Steel Industry (2011), Guiding Opinions on Pushing Forward Enterprise Mergers and Acquisitions and Reorganisation in Key Industries (2013), Directory Catalogue on Readjustment of Industrial Structure (Version 11) (2013 Amendment), Steel Industry Adjustment Policy (2015 Revision). Some of these plans and directives cover other key industries as well as the steel industry.2011-2015 Development Plan for the Steel Industry (2011), Guiding Opinions on Pushing Forward Enterprise Mergers and Acquisitions and Reorganisation in Key Industries (2013), Directory Catalogue on Readjustment of Industrial Structure (Version 11) (2013 Amendment), Steel Industry Adjustment Policy (2015 Revision). Some of these plans and directives cover other key industries as well as the steel industry.

[150] CBSA, 2014, p. 17.

[151] Steel Industry Coalition, Steel Industry Coalition Report on Market Research into the People's Republic of China Steel Industry, Part 1, Final Report, 2016. Associations contributing to the report included the: American Iron and Steel Institute; Steel Manufacturers Association; Committee on Pipe and Tube Imports; Speciality Steel Industry of North America; and the American Institute of Steel Construction.

[152] Anti-Dumping Commission, 2013, Report Number 198: Dumping of Hot Rolled Plate Steel Exported from the People's Republic of China, Republic of Indonesia, Japan, The Republic of Korea and Taiwan and Subsidisation of Hot Rolled Plate Steel Exported from The People's Republic of China, pp. 41-43; Australian

- subsidisation of raw inputs (such as coal and electricity)
- land use tax deductions
- tariff and value-added tax (VAT) exemptions on imported materials and equipment
- preferential tax policies for enterprises with foreign investment
- preferential tax policies for specific regions
- preferential tax policies for high and new technology enterprises
- special support funds for non-state-owned enterprises.

These subsidies and tax concessions reduce the operating costs of Chinese steel enterprises, confer a competitive advantage through the ability to offer steel products at lower prices, and increase the profitability of steel production.

By altering the VAT rebates or export taxes applied to steel exports, the Chinese Government has altered the relative profitability of different types of steel exports and of exports compared to domestic sales. This has changed steel producers' relative incentives to sell steel products in domestic compared to export markets. Through these mechanisms for altering the relative supply of particular steel products in the domestic market, the Chinese Government has been able to influence the domestic price for those products.

For example, in January 2015, the Chinese Government reduced the VAT rebate on steel products containing boron, which accounts for around 40 per cent of exports.[153] While these VAT rebates have been reduced, they remain in place for other additives such as chromium.[154] Such rebates increase the profitability of alloyed steel products compared to non-alloyed products.

The Chinese Government also influences the domestic price for steel products through the application of export taxes on Chinese billets, which accounts for a significant proportion of the cost of steel fabricated products. For example, 80 to 85 per cent of the total production cost of steel such as rod in coils is accounted for by the cost of billets.[155]

Previous investigations by the Commission found evidence of export taxes and export quotas on a number of key inputs in the steel making process including coking coal, coke, iron ore and scrap steel.[156] The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products into the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed under normal competitive market conditions.

The extent to which lower raw material prices would have a depressing effect on domestic Chinese steel prices will depend on the degree to which lower input costs are passed through into prices and the degree to

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Customs Service, 2013, Report Number 193: Alleged Subsidisation of Zinc Coated Steel And Aluminium Zinc Coated Steel, pp. 4041

[153] Department of Industry and Science, Resources and Energy Quarterly, March 2015, p. 24.

[154] Metals Insight, 14 May 2015, p. 4.

[155] Anti-Dumping Commission calculations.

[156] Anti-Dumping Commission, 2013, Report Number 198: Dumping of Hot Rolled Plate Steel Exported from the People's Republic of China, Republic of Indonesia, Japan, The Republic of Korea and Taiwan and Subsidisation of Hot Rolled Plate Steel Exported from The People's Republic of China, pp. 41-43.

which steel producers are able to retain the lower raw material costs in the form of increased profit. Where lower input costs are able to be retained as increased profit, this would increase steel producers' incentives to expand production.

The Chinese Government was reported to be planning to reduce the export tax on steel with effect from 1 January 2016, from 25 per cent to 20 per cent for steel billet and 10 per cent for pig iron.[157] This was expected to improve returns to Chinese steel producers, reducing the pressure on the industry to cut capacity and making exporting relatively more attractive. As at August 2016, the Commission has not been able to confirm whether export taxes applied to Chinese steel billet and pig iron were reduced.

3.4.2 Chinese Government involvement in strategic enterprises

The Chinese Government maintains significant interests in a number of major Chinese steel producers. As a 'fundamental or pillar' industry, the Chinese Government retains a minimum of 50 per cent equity in the principal enterprises. State-owned steel producers constituted a majority of the top ten steel producers in China and accounted for a significant share of total steel production and capacity.[158] Through its involvement in these companies, the Chinese Government is able to exert significant influence over the Chinese steel industry. The importance of these state-owned steel producers is reflected in the Chinese Government's Guiding Opinions on Pushing Forward Enterprise Mergers and Acquisitions and Reorganisation in Key Industries (2013) document, which calls for the top ten steel producers to further consolidate control over Chinese steel production and hence increase their influence over domestic steel markets.

While there is limited transparency about the operations of Chinese state-owned corporations, the Commission understands that these companies can receive loans at less than commercial rates, that dividend policies can be set to pursue government objectives and that extended periods of lossmaking may be tolerated—all of which reduce the normal commercial pressures for companies to operate efficiently and for poorly performing firms to cut back or cease operations.

The OECD has found that China's steel industry has one of the lowest operating margins compared not only to the steel industries of many other economies but also relative to other domestic industries. China's steel industry is ranked 85th out of 94 Chinese service and manufacturing sectors, but is last amongst all domestic manufacturing industries.[159] As noted in chapter 2 of this report, average margins for Chinese steel producers were negative in 2015. The Commission notes that low and negative margins have been recorded despite the subsidies and tax concessions outlined in section 3.4.1 above.

The weakening of normal commercial pressures on state-owned corporations may also lead to investments that would be unlikely to meet commercial rate of return criteria. These corporations' investment decisions may instead be directed towards implementing the objectives of the Chinese Government's planning directives. Examples include the involvement of Chinese state-owned steel companies in projects which have either been recently commissioned or are under development, despite the magnitude of global and Chinese overcapacity. These projects include: Anshan Iron & Steel's Bayuquan Steelworks (6.5 million tonnes per

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[157] http://finance.yahoo.com/news/chinas-export-tax-cuts-could-worsen-global-steel-082427033-business.html

[158] CBSA, 2014, p. 14. World Steel Association figures. In 2010, eight of the largest ten Chinese steel producers were state owned; these companies included Hebei Steel Group; Baosteel Group; Ansteel Group; Wuhan Steel Group; Shougang Group; Maanshan Steel; Tianjin Bohai Steel; and Benxi Steel Group. In 2013 the top steel companies accounted for 45 per cent of total Chinese crude steel production.

[159] OECD, Steel Market Developments, Q4 2015, 2016, p. 17.

annum (mtpa), Liaoning Province, commissioned 2008); the Shougang Jingtang United Iron & Steel's Steelworks (Hebei Province, commissioned 2010); and the Fangchenggang Steel Company Limited (Wuhan Iron & Steel Group) Steelworks (9.2 mtpa, Guangxi Province, commissioned September 2014).[160] Significant Chinese steelworks with a focus on flat products currently being developed or planned include: Baosteel's Zhanjiang steelworks (Guangdong Province, expected commissioning in 2016); the Baotou Iron & Steel steelworks (5 mtpa, Inner Mongolia); and the Chongqing Iron & Steel (Chongang) and POSCO signed Investment MOU (USD 3.3 billion, signed July 2014).[161]

3.4.3 Chinese Government plans and directives for the steel industry

The nature and extent of the Chinese Government's influence within the Chinese steel industry is demonstrated by the major themes and objectives of its series of plans and directives for the industry (summarised in the text box below).

Early plans and directives focussed on developing the Chinese steel manufacturing industry, supporting economic stability and employment (particularly during the 2009 GFC).

However, the emphasis of more recent Chinese Government plans and directives is on promoting the orderly restructuring and reorganisation of the Chinese steel industry to address the issue of persistent overproduction and excess capacity.

China's 13th Five Year Plan, covering the period 2016-2020, was endorsed at the National People's Congress held in March 2016. Detailed plans for each region and major industry were expected to be released later in the year; as at August 2016, they were yet to be released.

Media summaries of the 13th Five Year Plan[162] report that it maintains the Government's focus on reform, including reducing excess capacity and improving environmental performance. The Plan also targets the maintenance of relatively solid economic growth of 6.5 to 7 per cent per annum. Actions to address overcapacity in Chinese industry include reforms to state-owned enterprises and greater market discipline. Similar objectives for the Chinese steel industry were identified by the Chinese Ministry of Industry and Information Technology in the draft Steel Industry Adjustment Policy (2015 Revision).

If implemented according to the indicated timeframes, the Chinese Government's policies would reduce overcapacity in the steel industry over time. However, the Commission considers that the Chinese Government's desire for a 'soft landing' for the economy, its economic growth and employment objectives, and evidence of continued state-sponsored investment in steel production facilities suggest that the significant structural adjustment in the Chinese steel industry is unlikely to occur in the near-term.

The difficulties facing the Chinese Government in restructuring the industry were demonstrated in the first four months of 2016, when an estimated 50 million tonnes of previously closed Chinese capacity was restarted. A Chinese news portal, MySteel, reported that the restarting of this capacity, as a result of

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[160] OECD, Excess Capacity in the Global Steel Industry and the Implications of New Investment Projects, OECD Science, Technology and Industry Policy Papers, No. 18, OECD Publishing, 2015, p. 15.

[161] ibid.

[162] A final translated version of the 13th Five Year Plan was not publicly available at the time of writing this report.

improved profitability and access to credit, accounted for almost all of the 60 million tonnes of capacity taken off line in 2015.[163]

Themes and objectives of Chinese government plans and directives for the steel industry

National Steel Industry Development Policy (2005): Structural adjustment of the Chinese steel industry; industry consolidations through mergers and acquisitions; regulation of technological upgrading to new standards; Government supervision and management.

Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009): Domestic market stability; control of total steel production output and elimination of backward capacity; enterprise reorganisation and greater industry concentration; technical transformation and technical progress; guidelines for steel industry layout and development, steel product mix and product quality; iron ore import stability and 'rectifying' the market order; development of domestic and overseas resources.

2011-2015 Development Plan for the Steel Industry (2011): Increased mergers and acquisitions to create larger, more efficient steel companies; minimum capacity requirements to reduce the number of small steel producers; restrictions on steel capacity expansions; upgrades of steel industry technology; greater emphasis on high-end steel products; relocation of iron and steel companies to coastal areas.

Guiding Opinions on Pushing Forward Enterprise Mergers and Acquisitions and Reorganisation in Key Industries (2013): Top ten companies to account for 60 per cent of production; three to five major steel corporations with core competency and international impact; six to seven steel corporations with regional influence; steel corporations to participate in foreign steel companies' mergers and acquisitions.

Steel Industry Adjustment Policy (2015 Revision): Upgrades to product mix; rationalisation of steel production capacity; lift in capacity utilisation rates to 80 per cent by 2017; guidance for market exit; industry consolidation; orientation and oversight of mergers and reorganisations; improved organisational structures; Government supervision and administration; energy conservation, emission reductions, and environmental protection. Sources: CBSA, 2014, pp. 17-18;

http://www.eurofer.eu/Issues%26Positions/Trade/ws.res/Steel Industry Adjustment Policy Comments Appendix.fhtml/Steel Industry Adjustment Policy Appendix.pdf; Dept. of Industry and Science, 2015, China Resources Quarterly, Southern Autumn – Northern Spring, p. 15.

The Commission also notes that provincial and local governments implement a number of plans and measures to control the development of the iron and steel industry. The plans and directives issued at the central government level have often, in the past, been integrated and reinforced at the provincial level.[164] The Commission understands that provincial and local governments have recently prioritised policies to maintain or grow production and employment, sometimes in a manner contrary to central government policies to improve efficiency or increase the scale of production.

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[163] Australian Financial Review, 'China reopens steel mills as profits surge', 28/04/2016, p. 11.

[164] Anti-Dumping Commission, Statement of Essential Facts No. 301: Alleged Dumping of Certain Steel Rod in Coils Exported from The People's Republic of China, 15 February 2016, pp. 54-55. For example, the Chinese Government's 'Blueprint for the Adjustment and Revitalisation of the Steel Industry' (2009) and the 'Shandong Province Iron and Steel Industry Revitalisation Plan' (2009) identified a number of corresponding policy measures.

For example, there have been increasing reports in recent times of so-called 'zombie' companies in steel (and aluminium) manufacturing. These companies are financially unviable, or unable to repay debts, but are being supported and prevented from bankruptcy by local governments, in the hope that a recovery in steel (and aluminium) prices would allow them to return to profitable operation.[165] The Commission considers that such actions are likely to further delay the necessary structural adjustment within the Chinese steel industry.

Such actions have been identified as explaining, in part, the limited success of China's 2013 plan to reduce steel capacity, supporting doubts about China's ability to reduce steel-making capacity and steel production:

> The limited attempts that were made to reduce capacity in accordance with the 2013 plan were largely ineffectual. For example, in late 2013, China's Hebei province staged an event during which demolition squads blew up blast furnaces owned by 15 mills, all on Chinese state television. According to the Wall Street Journal, however, "[a]ll of the furnaces targeted for destruction turned out to be so outmoded that the companies that owned them didn't consider them spare capacity, steel-industry officials [said], meaning they didn't help reduce the province's extra volume." In part due to the lack of progress closing capacity in Hebei, "there is no reason to assume that [the government's 80-million ton closure] target will be met," let alone the larger level of capacity closure envisioned by China's newly announced plan.[166]

[165] http://www.theaustralian.com.au/business/economics/debtladen-zombie-companies-imperil-chinasgrowth/news-story/4083e25e12ae4cff07cb447551079eac; http://www.ejinsight.com/20160312-how-chinacould-put-zombie-companies-to-rest/

[166] A Price, C Weld, L El-Sabaawi and A Teslik, Unsustainable: Government intervention and overcapacity in the global steel industry, op. cit., pp. 7-8.

Appendix Three: Excerpt from Canada Border Services Agency Statement of Reasons 4214-42 AD/1403 & 4218-39 CV/138, December 23, 2014 [167]

[93] Therefore, the margin of dumping for Habas Petrol was determined pursuant to section 29 of SIMA based on the All Other Exporters' margin of dumping methodology described below.

China

Section 20 Inquiry

[94] Section 20 of SIMA may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(*a*) of SIMA,[7] it is applied where, in the opinion of the President, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Where section 20 is applicable, the normal values of goods are not determined using domestic prices or costs in that country.

[95] For purposes of a dumping proceeding, the CBSA proceeds on the presumption that section 20 of SIMA is not applicable to the sector under investigation absent sufficient information to the contrary. The President may only form an opinion where there is sufficient information that the conditions set forth in paragraph 20(1)(*a*) of SIMA exist in the sector under investigation.

[96] The CBSA is also required to examine the price effect resulting from substantial government determination of domestic prices and whether there is sufficient information on the record for the President to have reason to believe that the resulting domestic prices are not substantially the same as they would be in a competitive market.

[97] For the purpose of this investigation, the Complainants requested that section 20 be applied in the determination of normal values due to the alleged existence of the conditions set forth in paragraph 20(1)(*a*) of SIMA. The Complainants provided information to support these allegations concerning the long products steel sector in China, which includes concrete reinforcing bar.

[98] At the initiation of the investigation, the CBSA had sufficient evidence, supplied by the Complainants, from its own research and from past investigations, to support the initiation of a section 20 inquiry to examine the extent of GOC involvement in pricing in the long products steel sector, which includes concrete reinforcing bar. The information indicated that prices in China in this sector have been influenced by various GOC industrial policies. Consequently, the CBSA sent section 20 RFIs to the GOC and all known long products steel producers in China to obtain information on the matter.

[7] China is a prescribed country under section 17.1 of the Special Import Measures Regulations

[167] See http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1403/ad1403-i14-fd-eng.pdf

Results of the Section 20 Inquiry

[99] The CBSA sent questionnaires to 83 exporters and producers in the long products steel sector in China. One producer[8] provided a response and their total production figures account for a fraction of the total production of concrete reinforcing bar in China.[9] The GOC did not provide a response to the section 20 RFI. In the absence of complete information the CBSA's sources of information are constrained. Accordingly, the CBSA has relied on its own research and information that was on the administrative record, notwithstanding its efforts to obtain more comprehensive data.

[100] The following is the CBSA's analysis of the relevant factors that are present in the Chinese steel industry and which affect the long products steel sector, which includes concrete reinforcing bar.

[101] The GOC classifies the iron and steel industry to be a "fundamental or pillar" industry and therefore the government maintains a degree of control over the industry, through a minimum of 50% equity in the principal enterprises.[10]

[102] Information on the record indicates that in 2010 eight of the top ten steel companies in China were state-owned.[11] In 2013 it is estimated that the top ten steel companies accounted for 45% of the total Chinese crude steel production.[12] The complainants also provided supporting documentation that demonstrates that state owned enterprises produce steel billet and/or rebar themselves or through their subsidiaries. This indicates that the GOC exerts control over the Chinese steel industry, which encompasses the long products steel sector, including concrete reinforcing bar.

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[8] Dumping Exhibits 56 (PRO) and 57 (NC) - Response to Section 20 RFI - Shandong Shiheng Special Steel Group Co., Ltd.
[9] Dumping Exhibits Exhibit 78 (PRO) – Document 41; Exhibit 54 (PRO) - A14 (b)
[10] Dumping Exhibit 147 (PRO) - 2007-07 Money for Metal - Chinese Steel Industry
[11] Dumping Exhibit 2 (NC) – Complaint, Attachment 24, p. 9
[12] Dumping Exhibit 36 (PRO) – Document 5 - 2013 Top Steelmakers in the World (Top 50); Exhibit 78 (PRO) – Document 50 - 2014-02 MIIT - 2013 Report on the economic operation of the steel industry

[103] As cited in previous section 20 inquiries relating to the steel industry[13], the National Steel Industry Development Policy (2005 National Steel Policy)[14] dated July 8, 2005, outlines the GOC future plans for the domestic steel industry in China. The major objectives of the 2005 National Steel Policy are:

- the structural adjustment of the domestic steel industry in China;
- industry consolidations through merger and acquisitions;
- the regulations of technological upgrading with new standards for the steel industry;
- measures to reduce material and energy consumption and enhance environmental protection; and
- government supervision and management in the steel industry.

[104] On March 20, 2009, the GOC promulgated the Blueprint for the Adjustment and Revitalization of the Steel Industry (2009 Steel Revitalization/Rescue Plan)[15], issued by the General Office of the State Council. This macro-economic policy was the GOC's response to the international financial crisis and is also the action plan for the steel industry for the period between 2009 and 2011. This plan includes the following major tasks:

- maintain the stability of the domestic market and improve the export environment;
- strictly control the total output of steel and accelerate the process of eliminating what is backward (obsolete);
- enhance enterprise reorganization and improve the industrial concentration level;
- spend more on technical transformation and promote technical progress;
- optimize the layout of the steel industry and overall arrangements of its development;
- adjust the steel product mix and improve the product quality;
- maintain stable import of iron ore resources and rectify the market order; and
- develop domestic and overseas resources and guarantee the safety of the industry.

[105] There are common measures between the two GOC policies but, in addition, the 2009 Steel Revitalization/Rescue Plan is an acceleration of some major objectives of the 2005 National Steel Policy, in that there continues to be the strict control of new additions to steel production capacity, more stipulated mergers and acquisitions to consolidate the steel industry in China into larger conglomerates and also a focus on product quality.

[13] Certain Seamless Steel Casing (2008), Certain Oil Country Tubular Goods (2010), Certain Carbon Steel Welded Pipe (2008 & 2011), Certain Pup Joints (2011), Certain Piling Pipe (2012) and Certain Galvanized Steel Wire (2013).

[14] Dumping Exhibit 36 (PRO) – Document No. 25 - 2005-07 NDRC [2005] 35 - Steel Industry Development Policy

[15] Dumping Exhibit 36 (PRO) – Document No. 55 - 2009-03 SC [2009] 6 - 2009 Steel Industry Restructuring and Revitalization Plan

[106] There are also provincial versions to the 2009 Steel Revitalization/Rescue Plan. An example of the provincial version of the national plan is the Shandong Province Iron and Steel Industry Restructuring and Revitalization Plan.[16] This 2009 provincial plan mirrors the policy objectives of the national 2009 Steel Revitalization/Rescue Plan, but is tailored to reflect the conditions for the iron and steel industry in Shandong Province.

[107] Further support that the domestic prices are substantially determined by the GOC and are not substantially the same as they would be in a competitive market in the steel industry in China can be found in the GOC's new macro-economic policy entitled, 12th Five-Year Plan: Iron and Steel (2011-2015 Development Plan for the Steel Industry).[17]

[108] The 2011-2015 Development Plan for the Steel Industry is the most recent five year plan for the steel industry that was released by the GOC's Ministry of Industry and Information Technology on November 7, 2011. It serves as the guiding document for the development of the Chinese steel industry for the 2011-2015 period and its directives include:

- increased mergers and acquisitions to create larger, more efficient steel companies;
- GOC restrictions on steel capacity expansion;
- upgrading of steel industry technology;
- greater GOC emphasis on high-end steel products; and
- GOC directed relocation of iron and steel companies to coastal areas.

[109] Also included in this plan are minimum requirements for steel production in order to eliminate smaller players in the market. Through this plan, the GOC is continuing its reform and restructuring of the Chinese steel industry. The GOC's target is that by 2015, China's top 10 steel producers will represent 60% of the country's total steel output. According to the 2005 National Steel Plan, the long-range GOC target for mergers and acquisitions is to have the top 10 Chinese steel producers account for 70% of total national steel production by 2020. This plan is the next development stage of GOC directives aimed at achieving this long-range 2020 target.

[110] The 2011-2015 Development Plan for the Steel Industry also addresses ongoing issues in the steel industry with the directive to strictly control expansion of steel production capacity, accelerate the development of higher value steel products and to continue to advance mergers and restructuring.

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[16] Dumping Exhibit 36 (PRO) – Document 58 - 2009-04 Shandong [2009] No. 45 - Shandong Provincial Steel Industry Restructuring and Revitalization Plan.
[17] Dumping Exhibit 36 (PRO) – Document 100 - 2011-11 MIIT [2011] 480 - Steel Industry 12th Five Year Development Plan

[111] Therefore the main task of the 2011-2015 Development Plan for the Steel Industry is to control total volume by eliminating obsolete production and controlling new production capacity. The scope of the GOC's reforms in the steel sector in China is to be obtained by industry concentration targets through mergers and acquisitions by the end of 2015. These GOC objectives are likely to conflict with the commercial interests of producers in the long products steel sector, which includes concrete reinforcing bar. These objectives will likely affect production volumes, competition and ultimately prices.

[112] In October 2011, a pilot project was launched by the National Development and Reform Commission (NDRC) to restructure the steel industry in Shandong Province.[18] The main objectives of the restructuring plan is to phase out backward production thereby improving energy conservation, control new production capacity in order to stop blind investment, improve industrial concentration through mergers and plant relocations and increase the production of higher value added steel products. The objective is to establish one large provincial steel company (Shandong Iron and Steel Group) and five regional steel companies (Zibo, Weifang, Laiwu, Linyi, Binzhou).[19] This would be achieved through the merger of state owned and privately owned steel mills through equity swaps or partnership agreements.[20] The GOC objective of merging and consolidating the steel industry is likely to conflict with the commercial interests of producers in the long products steel sector, which includes concrete reinforcing bar.

[113] The GOC has also provided value added tax (VAT) export rebates on various steel products to promote their export. In addition, the GOC has also imposed export taxes on various steel products to curtail their export.

[114] In general terms, China's VAT system is similar to a consumption tax, with the end consumer ultimately paying the tax. A manufacturer in China pays 17% VAT on its purchases of raw materials, processes the goods, and then sells the end-products, collecting 17% VAT in the process. The manufacturer then remits the difference between the VAT collected and the VAT paid on the purchases of the raw materials. In this manner, a manufacturer does not incur any VAT related costs on his production materials. However, VAT on export sales is treated differently.

[115] With exports, the exporter still pays the same 17% VAT on their purchases of raw materials, however, when they export the goods, they only receive a VAT refund of a fixed percentage, which is established by the GOC. In addition, the VAT refund cannot exceed the VAT paid on raw materials. Consequently, the VAT refund on exports would offset the VAT paid on the raw materials.[21]

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[18] Dumping Exhibit 80 (NC) – Document 23 – Shandong [2012] No 8 - Implementation of the Restructuring of the Steel Industry in Shandong Province

[19] Dumping Exhibit 80 (NC) – Document 35 – Shandong Province Steel Industry Restructuring to Start.

[20] Dumping Exhibit 80 - (NC) – Document 34 – Shandong Iron and Steel Industry Restructuring News

[21] Dumping – Exhibit 78 (PRO) – Document 9 – OECD Steel Trade Policy Measures

[116] Since 2007, China has eliminated VAT export rebates on some, but not all steel products, resulting in a shift in production towards products that still qualified for this rebate.[22] This has the effect of promoting certain types of production while at the same time reducing the level of exports of other steel products, ultimately affecting pricing of these goods.

[117] An important effect of these tax changes is that it increases the cost of exports and reduces their profitability, which in turn reduces the volume of material that is exported and leaves additional capacity to serve the domestic market. While the GOC has stated that many of these policies are intended to address environmental and resource efficiency issues, these measures are changing the demand and supply balance in the domestic market and affecting the domestic prices of affected products.[23]

[118] The GOC does not provide any VAT export rebate for steel billets[24] or non-alloy rebar, while alloy rebar currently receives a VAT export rebate. Steel billet and non-alloy rebar are both subject to an export tax. The absence of a VAT export rebate, coupled with an export tax, on steel billets further demonstrates the GOC's objective of increasing the domestic supply of unfinished steel products by discouraging their export. A higher supply of steel products such as billets in the domestic market causes a downward pressure on domestic prices of these goods. Further since billet comprises a large percentage of the cost of rebar[25], the low cost of billet in China impacts the price of rebar in China.

Analysis of Domestic Prices in China

[119] The CBSA requested domestic market pricing of concrete reinforcing bar from the GOC and producers in China. The GOC did not provide a response to the RFI, but the CBSA did receive information on the domestic market pricing of concrete reinforcing bar from one producer in China.

[120] The complaint provided information from the Steel Business Briefing (SBB), a global independent source of steel pricing information, comparing worldwide concrete reinforcing bar prices for the POI. This information indicated that domestic prices of concrete reinforcing bar in China were consistently lower when compared to pricing in other markets.[26]

[121] The CBSA was also able to obtain domestic pricing information from MySteel Weekly[27] for the concrete reinforcing bar market in China for the POI. The prices reported in MySteel Weekly were in line with what the SBB reported.[28]

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[22] Dumping – Exhibit 78 (PRO) – Document 7 – China's Value-added Tax System
[23] Dumping Exhibit 2(NC) - Complaint, para. 126
[24] Steel billet is used in the manufacture of long products such as plain bars, rebar, rods, tubes, pipes and wire.
[25] Dumping Exhibit 2(NC) - Complaint, para. 132
[26] Dumping Exhibit 1(PRO) Complaint, Attachment 29
[27] MySteel Weekly is an independent observer of the Chinese steel market.
[28] Dumping Exhibit 67 (PRO) - MySteel Weekly, Issue #, 301, 305, 307, 311, 314, 319, 323, 328, 332, 336, 340, 344, 349, 353 and 357

Appendix Four: Comparison of MS 146:2006 and GB 1449.2:2007 with AS/NZS 4671:2001

	MS 146:2006	AS/NZS 4671:2001
Clause	**Provision**	**Provision**
1. Scope	Hot rolled steel bars • 250MPa plain • 460MPa def. • 500MPa def.	Steel bars (hot & cold reduced) • 250MPa plain & def. • 300MPa plain & def • 500MPa plain & def
2. Normative References	MS ISO 6892 (tensile testing) MS 1492 (steel welding)	AS 1391 (tensile testing) AS/NZS 1554.3 (steel reinforcing welding) + 10 other Standards as normative & informative references
3.1 Batch	One size/grade from one manufacturer presented at one time	One size/grade/geometry/ductility class/cast/production run and <50 tonnes
3.13 Yield stress	Measured as stress at a prescribed total extension	Lower yield stress, or 0.2% proportional proof sress
7.1 Cross-sectional area/mass per metre	• Area prescribed to one decimal place • Mass prescribed to three decimal places	• Area prescribed to one decimal place <12mm, whole numbers above that diameter • Mass prescribed to three decimal places<16mm, two decimal places above that diameter
9.1 Cast analysis	• No Standard reference. • Carbon max. 0.25% or 0.30%. • N max. 0.012%, unless micro-alloyed • Welding carbon equivalent 0.42% & 0.51%.	• Determined to AS/NZS 1050. • Carbon max. 0.22%. • No N limit • Welding carbon equivalent 0.39% , 0.43%, 0.44% & 0.49%.
9.2 Product analysis	Variation on carbon equivalent max.0.03%	Variation on carbon equivalent max.0.02%
11. Weldability	To MS 1492	To AS/NZS 1554.3
12.2 Cross-sectional area	Allowance for bars of varying mass/metre	No allowance made for varying mass bars

	MS 146:2006	AS/NZS 4671:2001
13.2 Bar lengths	• ±25mm on specified length • -0, +50mm on specified max. length • -50mm, +0 on specified min. length	• ≤7m - -40mm, +0 or -0, +50mm • >7, ≤12m -40mm, +40mm or • >12m - -40mm, +60mm or -0, +100mm
14.3.1 Geometrical classifications	Type 1 – twisted bar Type 2 – deformed bar • rib spacing ≤ 0.8*diam. • Projected rib area min. 0.15*diam	Twisted bar is not covered Indented & deformed bar. • rib spacing (0.5 – 1.0)*diam • Specific projected rib areas greater than limits in diameter ranges. Equivalent to less than MS requirement for diameters <10mm, but greater than MS requirement for all larger diameters
15. Routine inspection & testing	Material not covered by a third party certification scheme must be assessed by acceptance tests on each batch @15 per test unit (same steel grade/diameter/cast, up to 100t)	Material not covered by long-term quality level must be assessed by acceptance tests on each batch @15 per test unit (same steel grade/diameter/cast, up to 100t)
16.1 Tensile properties	• Minimum characteristic yield strength given for each grade • Tensile ratio minimum of 1.05, not a characteristic value • Minimum total elongation after fracture specified and not a characteristic value.	• Minimum and maximum characteristic yield strengths given for each grade • Tensile ration range specified, minimum and maximum • Minimum uniform elongation at maximum load specified, approximately equivalent to 15% total elongation as determined in MS 146.
16.2 Bend test	• Required on all diameters around 3*diam mandrel for 500MPa steel • Test piece is not to show sign of fracture (is cracking a sign of fracture?)	• Required on diameter >16mm around 4*diam mandrel for all grades • Test piece is not to show sign of cracking
16.3 Rebend test	• Required on all diameters around 5*diam mandrel for 500MPa steel • Initial bend through 45°, age 30 minutes and rebend 23° • Test piece is not to fracture	• Required on diameter < 20mm over 4*diam mandrel for all grades • Initial bend through 90°, age 60 minutes and rebend 90° • Test piece is not to show sign of cracking

	MS 146:2006	AS/NZS 4671:2001
17. Fatigue properties of deformed bars	Fatigue test required on every geometric shape of deformed bars, three yearly	Fatigue tests are not mandated, but left to supplier/purchaser agreement.
18 Retests	Two additional test pieces taken per batch in case of a failure, all must pass.	Double the number of test pieces taken per batch (six for tensile tests, two for bend tests), all must pass.
19. Verification of characteristic strength	In case of dispute, three samples taken and all need to be greater than 93% of the specified characteristic strength.	Not covered.
20. Report of purchasers' and other non-routine tests	Details to be included on the purchaser's test report.	Not covered.
21. Examination after delivery	Purchaser must retain test samples for examination by the supplier.	Purchaser inspection by arrangement with supplier, but should be able to inspect the steel during manufacture, select test samples and witness testing.
22. Marking of bars	Deformed bars shall be identified by rolled-in marks or thickened ribs at intervals 1.5m maximum.	All bars shall be identified by either alphanumeric system or by surface features as prescribed in the Standard.
Annex A – Bond performance test for deformed bars		
	Specifies a pull out test in 40 – 45MPa concrete. Embedded length 17.9*diam. for 500MPa bars, 8.9*diam. for 250MPa bars.	Specifies a pull out test in 32 – 40MPa concrete. Embedded length 35.6*diam. for 500MPa bars, 21.3*diam. for 300MPa bars.

	MS 146:2006	AS/NZS 4671:2001
Annex B – Inspection, testing and certification		
B1.1Certificate of routine testing	Test certificate should include:- • Cast analysis • Carbon equivalent value • Tensile test and bend test results • Cross-sectional area • Bar marking of deformed bars	Test certificate should include:- • Cast analysis • Carbon equivalent value • Tensile test and bend test results • Deviation from nominal cross-sectional area • Projected rib area or pull-out test results • Bar marking of the steel • Nominal diameter, strength grade and ductility class • Cast number • Date of testing and mass of test unit • The producer/processor's name or trademark
B1.2 Selection of test samples	Test unit size as follows, but at least one test per cast:- • For tensile tests, one per 25 to 55 tonnes depending on diameter • For bend and rebend tests, one per 50 to 110 tonnes depending on diameter	Test unit size as follows:- • For tensile tests, three per cast or maximum 50 tonnes • For bend and rebend tests, one per cast or maximum 50 tonnes
B1.4.1 Tensile testing	In case of no distinct yield and in case of dispute calculate yield strength from 0.2% strain on gauge length of bar diameter or greater.	In case of no distinct yield and in case of dispute calculate yield strength from 0.2% proportional strain.
B1.4.2 Tensile testing	Tensile properties calculated on cross-sectional area calculated from actual bar mass per metre.	Tensile properties calculated on nominal cross-sectional area.
B1.5.1 Evaluation of tensile test results	a) individual test results ≥ 0.93*characteristic strength b) average test result per cast ≥ 510MPa for 500MPa steel (although usually only one test per cast?)	a) individual test results ≥ 0.95*characteristic strength b) average test result per cast ≥ 510MPa for 500MPa steel (minimum three tests per cast)

	MS 146:2006	AS/NZS 4671:2001
B2.1 Consistency of production	Long term quality shall be assessed at regular intervals, but "no conclusion regarding compliance with this Standard shall be made on the basis of this assessment".	Long term quality is assessed continuously, and must comply with the Standard requirements.
B2.2.1 Extent of testing	The yield stress results collated at intervals of 3 months or 200 results.	Yield, ratio and elongation results collated and assessed on a continual basis (at intervals of not more than one month) covering six months or at least 200 results.

	GB 1449.2:2007	AS/NZS 4671:2001
Clause	**Provision**	**Provision**
1. Scope	Hot rolled ribbed (deformed) steel bars for the reinforcement of concrete including fine grained steel. Is not applicable to quenched & tempered bars. Coiled reinforcing must be ≤12mm diameter.	Steel bars (hot & cold reduced) for the reinforcement of concrete: • Deformed or plain bars and coils • Machine-welded mesh • Continuously threaded bars
2. Normative References	Over 20 Chinese Standards. Tensile and bend test Standards given as being equivalent to the ISO Standards	AS 1391 (tensile testing) AS/NZS 1554.3 (steel reinforcing welding) + 10 other Standards as normative & informative references
3. Definitions	Normal industry terms, few in common	Many industry terms referring to mesh, few in common.
4. Classification and Designation	By characteristic yield stress value and if fine grained steel • 335 (HRB335 or HRBF335) • 400 (HRB400 or HRBF400) • 500 (HRB500 or HRBF500)	By geometry, characteristic yield stress value, ductility class and size. All can be plain, ribbed or indented:- • 250 (N-class) • 300 (E-class) • 500 (L, N or E-classes)
5. Purchasing Content	Basic specifications and details (normative)	Informative only, but more detailed.

	GB 1449.2:2007	AS/NZS 4671:2001

6.1 – 6.3 Size, Appearance, Weight & Tolerance	• 6 to 50mm, but preferred 6, 8, 10, 12, 16, 20, 25, 32, 40 &50mm.
	• Nominal masses identical to AS/NZS
	• Geometry
	  o Rib inclination and flank inclination as per AS/NZS
	  o Rib spacing <0.7 x diam'
	  o Projection of rib gaps <20% of circumference
	  o Rib Specific projected area – range given, but calculated differently from AS/NZS
	  o Longitudinal ribs optional
		• No range specified, NZ prefer d sizes 10, 12, 16, 20, 25, 32, & 40mm
		• Nominal masses calculated identically
		• Geometry
		  o Inclinations identical
		  o Rib spacing allowed up to 1.0 x diam'
		  o Projection of rib gaps <25% of circumference
		  o Rib Specific projected area – range given, calculated differently than GB

	◦ Rib heights: ≤25mm height exceeds, 40 & 50mm fall below AS/NZS ◦ Rib spacing:≥20mm allow shorter spacing than AS/NZS ◦ Longitudinal rib heights: ≤25mm too low for AS/NZS • Allows bars outside of weight tolerance as long as core diameter tolerances are met.	◦ Longitudinal ribs optional, but required when rib inclination is >45° & <70° ◦ Rib heights: sometimes exceeding GB min., sometimes lower than GB max. ◦ Rib spacing: generally longer spacing allowed ◦ Longitudinal rib heights: min. requirements exceed GB for ≤25mm • No bars can be outside of weight tolerances
6.4 Bar length	Length tolerance options: ±25mm, -0 +50mm or -50 +0mm	Different length tolerances allowed depending on option selected and vary with length. Usually wider than the GB tolerances.
6.5 Bar straightness	<0.4% bar length	<2% (diam ≤16mm) <1% (diam ≥20mm)
6.6 Weight tolerance	• 6 - 12mm ±7% • 14 – 20mm ±5% • 22 – 50mm ±4%	±4.5%

	GB 1449.2:2007	AS/NZS 4671:2001
7.1 Chemical composition	• Carbon max. 0.25%. • Si & Mn max. included, quite wide • S & P max. 0.045% • Welding carbon equivalent 0.52 to 0.55%. • Tolerances allowed on chemical limits as per GB Standard, including +0.03% on the welding carbon equivalent. • N limit 0.012% unless binding elements present.	• Carbon max. 0.22%. • No Si or Mn limit • S & P max. 0.050% • Welding carbon equivalent 0.39% , 0.43%, 0.44% & 0.49%, depending on strength grade & ductility class. • No tolerance allowed on cast analyses • No N limit.
7.1 Mechanical properties	Sets out limits for characteristic values for standard grades: - • Lower yield stress – 335, 400 & 500MPa – min'only • Tensile stress – 455, 540 & 630MPa	Sets out limits for characteristic values for : - • Lower yield stress – 300 & 500MPa, min' & max' • Tensile ratio – L & N classes min' only, E class min' & max'

	• Total elongation – 17, 16 & 15% • Elongation at max' load (Agt)– 7.5% Additional limits are presents for seismic requirements (carrying an "E" suffix"). These do not appear to be characteristic values. • Tensile ratio min' 1.25 • Tensile Strength max' – 436, 520 & 650MPa • Elongation at max' load – 9% min' Note – the elongation is a choice of total or Agt, but Agt in case of dispute.	• Elongation at max' load (Agt) - L & N classes min' only, E class min' & max' (300E @ 15%, 500E @ 10%)
Elongation exceptions	• The elongation is a choice of total or Agt, but Agt in case of dispute • Bars larger than 28mm and then 40mm are allowed a lower total elongation by 1% and 2%.	No exceptions permitted

	GB 1449.2:2007	**AS/NZS 4671:2001**
7.4.1 Bend test	A 180° bend test for all diameters, over a range of mandrel diameters varying with diameter and grade. Minimum mandrel for 500MPa grade = 6 bar diameters.	A 180° bend test for diameters ≥20mm, over a mandrel diameter = 4 bar diameters, all strength grades.
7.4.2 Reverse bend test	Only when required by the purchaser. Bend angles 90° & 20°. Minimum mandrel for 500MPa grade = 7 bar diameters. Aging at 100°C for minimum 30 minutes.	For diameters ≤16mm, over a mandrel diameter = 4 bar diameters, all strength grades. Aging at 100°C for minimum 60 minutes.
7.7 Grain size	Grain size no coarser than 9 for grain refined grades	No specification for grain refined grade steels
8 Test methods	Test methods refer to other GB Standards	Test methods refer to AS or ISO Standards
9 Inspection rules	Either Characteristic inspection (by the manufacturer, purchaser, or third party), or Delivery inspection (by batch). Characteristic inspection based on test units tested as per the delivery inspection.	Either Characteristic inspection (by the manufacturer or a third party), or by batch analysis (the same as "delivery inspection").
9.2 Delivery	• Two tensile and bend property tests and one chemistry test per	• Fifteen tensile tests per maximum 100t of the same

inspection	60t of the same cast/grade/diameter and one test for every 40t over that. • Mixed cast test units are permitted though if the cast chemistries meet carbon & manganese variation limits.	cast/grade/diameter for tensile and bend property testing and two chemistry tests. • No mixed casts permitted.
10.1 Bar marking – ribbed bars	• English characters & Arabic numerals. • Prescriptive code for the strength grade. • First letter of the manufacturer's name. • Nominal bar diameter. • Marking not required on diameters ≤10mm • The seismic "E" grading needs to be marked on labels and test certificates only.	• English characters & Arabic numerals if using alphanumeric markings. • Ductility strength grade by alphanumeric markings or prescribed surface features. • Unique producer's marking (alphanumeric marking or distinct surface features).
	•	•

***NB: -** An important difference between the two Standards relates to how the two Standards can be applied to product. The AS/NZS Standard was written with the intention of having compliance through the application of long-term-quality requirements as the preferred means of claiming conformity with AS/NZS 4671, while still allowing compliance through batch testing. However, batch testing compliance, which does not have the increased confidence developed from long-term testing to prove process consistency, requires the application of much more onerous testing frequencies. In contrast, the GB Standard allows the same testing frequency for both long-term-quality assessment as it does for a single batch of steel, which could see 60 tonnes of reinforcing bar complying with GB 1449.2 based on two tensile/bend tests and one chemistry test. As mixed casts are also permitted by the GB Standard, the batch size could be a much larger volume, with a tensile/bend test frequency of just one test per 30 – 40 tonnes of material.*

Appendix Five: Subsidy Schedule

This schedule is sourced from the material supplied by ArcelorMittal LCNA, Gerdau Longsteel North America, and Alta Steel Ltd in their case to the Canada Border Services Agency which was initiated on 13 June 2014, and (in the case of subsidy numbers 82 and 221-240) the material in the OneSteel Manufacturing Pty Ltd application to the Australian Anti-Dumping Commission dated 20 November 2015.

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
1	Debt-to-Equity Swaps	Direct Transfer of Funds - Equity infusion	The debt-to-equity swap was a measure used in the financial restructuring of China's state owned enterprises (SOE) and state-owned banks. Pursuant to the Regulations of Asset Management Companies (promulgated by decree on November 20 2000), the State Council established four asset management companies (AMC's) that were directed to purchase certain non-performing loans from state-owned banks. The four AMC's were supervised and managed by the People's Bank of China, China's MOF and the China Securities Regulatory Commission. One of the authorized business activities available for the management of non-performing loans purchased by the AMC's was the debt- to-equity swap. A debt-to-equity swap is a transaction in which a creditor, in this case an AMC, forgives some or all of a company's debt in exchange for equity in the company. The OneSteel China subsidy application program 43 corresponds to this subsidy number 1. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Program is restricted only to selected entities participated by the State and the award of this financing is discretionary and no objective criteria exist	Canada-Carbon Steel Welded Pipe. Canada-Metal Bar Grating, Canada-Oil Country Tubular Goods, Canada-Pup Joints, Canada-Seamless Casing, Canada - SS Sinks, Canada-SPP, EU-Organic Steel	0.05% (EU - Organic Steel)
2	Dividend exemption between qualified resident enterprises	Direct Transfer of Funds - Equity infusion	This program consists of a preferential tax treatment for Chinese resident enterprises that are shareholders in other Chinese resident enterprises in the form of tax exemption on income from certain dividends, bonuses and other equity investments for the resident parent enterprises.	Legislation limits its access only to enterprises resident in China receiving dividend income from other resident enterprises, as opposed to enterprises investing in non-resident enterprises.	EU-Organic Steel	0.77% (EU - Organic Steel)
3	Equity Infusions	Direct Transfer of Funds - Equity infusion	GOC has provided over the year's substantial amounts of cash to steel producers through equity infusions. The GOC is alleged (through various state-owned entities) to have acquired shares in companies in which it was already the main shareholder without acquiring additional shareholder rights. The OneSteel China subsidy application program 44 corresponds to this subsidy number 3. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Program is specific because funds were provided to a limited number of selected entities in which the government participated.	EU-Organic Steel	0.08% (EU - Organic Steel)
4	Unpaid Dividends	Direct Transfer of Funds - Equity infusion	State-owned enterprises, including certain steel companies, do not have to pay dividends to the government as their owner even when they earn profits. The OneSteel China subsidy application program 45 corresponds to this subsidy number 4. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Program provided benefits to a limited number of selected entities in which the government participated.	Canada-Metal Bar Grating, GSW, OCTG, Pup Joints, SS Sinks, SPP, EU-Organic Steel	1.36% (EU - Organic Steel)
5	"Large and	Direct	"Large and Excellent" Enterprises Grant (no	Due to lack of cooperation from	Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	Excellent" Enterprises Grant	Transfer of Funds - Grant	further information available from investigating authorities)	exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.		
6	2008 National Science & Technology Support Fund	Direct Transfer of Funds - Grant	2008 National Science & Technology Support Fund	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	US-Concrete Steel Wire Strand	0.45% (US - Concrete Steel Wire Strand)
7	Advanced Science/ Technology Enterprise Grant	Direct Transfer of Funds - Grant	Advanced Science/Technology Enterprise Grant (no further information available from investigating authorities)	In a CBSA investigation, due to lack of cooperation from exporters and the GOC, the CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
8	Assistance for Optimizing the Structure of Import/Export of High- Tech Products	Direct Transfer of Funds - Grant	Grants for the Assistance for Optimizing the Structure of Import/Export of High- Tech Products, which is contingent upon export sales.	The grant is contingent upon exports.	US-Concrete Steel Wire Strand, Canada-GSW	0.02% (US Concrete Steel Wire Strand)
9	Assistance for Technology Innovation - R&D Project	Direct Transfer of Funds - Grant	Grants for the Assistance for Technology Innovation - R&D Project, which is contingent upon export sales. In the 2014 Canadian China rebar subsidy investigation, the CBSA found that *"During the POI, the exporter who provided a complete response to the RFI received a grant (through its related raw material supplier) for the development of energy saving technology, increasing energy use efficiency, encouragement of technology innovation, and reduction of pollutant emissions. This program was administered by the Financial Bureau of Feicheng."*	The grant is contingent upon exports.	US-Concrete Steel Wire Strand	0.02% (US - Concrete Steel Wire Strand)
10	Award for Advanced Enterprises	Direct Transfer of Funds - Grant	Insufficient information was provided to the Canada Border Services Agency for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Canada-SPP	
11	Award for Baotou Rare Earth High and New Technology Industrial Development Zone for Excellent Construction Projects	Direct Transfer of Funds - Grant	Grant for excellent construction projects.	Insufficient information was provided by exporters and the GOC when investigated by the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	US-Wind Towers	0.02% (US - Wind Towers}
12	Awards for the Contributions to Local Economy and Industry Development	Direct Transfer of Funds - Grant	Awards for the Contributions to Local Economy and Industry Development (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
13	Awards to Enterprises Whose Products Qualify for "Well-Known Trademarks of China" or "Famous Brands of China"	Direct Transfer of Funds - Grant	This program was established in 2007 for the purpose of rewarding enterprises whose brands were recognized as well-known trademarks. Specifically, enterprises first apply for well-known trademark status and then apply for grants under this program. Tianjin Tiante Zhaer is a "Famous Brand of China". Website states "Produced by "double anchor" brand hot-rolled ribbed steel bars of the "Tianjin Famous Brand" title" See http://www.tjyezg.cn/en/Company/Company_Browse.aspx?id=1 The OneSteel China subsidy application program 10 corresponds to this category number 13. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	The subsidy is limited to companies designated as having well-known trademarks.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, US-Concrete Steel Wire Strand, US-Steel Grating, Australia-HSS, EU-Organic Steel, Canada-GSW,	0.01% (US - Concrete Steel Wire Strand) - 0.03% (US - Citric Acid and Certain Citrate Salts)
14	Business Bureau 2012 Market Monitoring System of Subsidies	Direct Transfer of Funds - Grant	Business Bureau 2012 Market Monitoring System of Subsidies	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
15	Circular on Issuance	Direct	Firms with an annual export value of	Grant provided by the GOC under	US-Concrete Steel	0.05% (US -

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	of Management Methods for Foreign Trade Development Support Fund	Transfer of Funds - Grant	$1,000,000 to $5,000,000 are eligible to receive grants from the Ministry of Foreign Trade and Economic Cooperation.	the Support Fund is contingent on export activity.	Wire Strand	Concrete Steel Wire Strand)
16	Debt Forgiveness	Direct Transfer of Funds - Grant	The GOC forgives certain debts owing by certain companies.	Limited to particular companies.	US-Carbon and Alloy Steel Standard, Line, and PP, US-CWCQSP, US-Oil Country Tubular Goods	0.07% (US - Carbon and Alloy Steel Standard, Line, and PP) - 1.08% (US - CWCQSP)
17	Energy Saving Grant 2008	Direct Transfer of Funds - Grant	An award for investment in energy-saving projects.	CBSA found that 19 companies received grants for investments made in energy-saving projects under this program during a POI	Canada-Metal Bar Grating, Canada-OCTG,US-Steel Grating	0.14% (US - Steel Grating)
18	Enterprise Technology Centers (e.g. Nanjin City and Jinnan District)	Direct Transfer of Funds - Grant	This program was established in the Notice on the Confirmation of the 15th Enterprise Technology Centres at the Municipal Level,Jin Jing Ke (2008), No. 15, which was issued on June 30, 2008. This program was established to setup and approve enterprise technology centres in Tianjin and Jinnan District. The granting authorities responsible for this program are Tianjin City Economic Committee and Tianjin City Science & Technology Committee.	Insufficient information was provided by the exporters and the GOC to the Canada Border Services Agency to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Metal Bar Grating, Canada - OCTG, Canada-SS Sinks, Canada-SPP, Canada-GSW	
19	Export Assistance Grant	Direct Transfer of Funds - Grant	The funds provided under this program are for the purpose of: (i) holding or participating in overseas exhibitions, (ii) accreditation fees for quality management system, environment management system or for the product, (iii) promotion in the international market, (iv) exploring a new market, (v) holding training seminars and symposiums, and (vi) overseas bidding.	Grants under this program are export-related, and CBSA determine that this program is contingent upon export and, therefore, specific (sinks)	Canada-Carbon Steel Welded Pipe, GSW, Metal Bar Grating, OCTG, Pup Joints, SS Sinks, Canada-SPP, US-GSW, US- SS Sinks.	0.04% (US - SS Sinks) - 0.21% (US - GSW)
20	Export Brand Development Fund	Direct Transfer of Funds - Grant	This program appears to be established by the State government and administered by the provincial authorities. A document entitled Notice on Issuing the Directive on Supporting the Development of Name Brands for Export, within its Foreign Trade Development fund, the state shall arrange a special item under the heading "export brand development fund" to support enterprises in building up their independent brands and nurture and develop name brand exports.	Favours particular enterprises, being eligible enterprises involved in the manufacture and export of famous international brands.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
21	Export Credit Subsidy Programs: Export Buyer's Credits	Direct Transfer of Funds - Grant	Export-Import Bank of China (EX-IM Bank) provides loans at preferential rates for the purchase of exported goods from the PRC.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable. The export oriented nature of the subsidy suggests that it is specific.	US-Carbon and Alloy Steel Standard, Line, and PP, Carbon Quality Steel Line Pipe, Oil Country Tubular Goods, US- Wind Towers	0.08% (US - Carbon and Alloy Steel Line & PP) - 10.54% (US - Crystalline Silicon PV Cells)
22	Export Grant 2006, 2007, 2008	Direct Transfer of Funds - Grant	A grant amount that is fixed at a rate per dollar of exports. These export grants are not exceptional and the company can expect to receive them on an ongoing basis.	GOC did not challenge that these programs are countervailable.	US-Steel Grating	0.09% (US - Steel Grating)
23	Financial Special Fund for Supporting High and New Technology Industry Development Project	Direct Transfer of Funds - Grant	Financial Special Fund for Supporting High and New Technology Industry Development Project (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
24	Foreign Trade Development Fund Program (FTDF) - Grants	Direct Transfer of Funds - Grant	The FTDF supports projects undertaken by exporting enterprises to improve the competitiveness of their exported products, to develop an export processing base, to support the registration of trademarks in foreign countries, to support the training of foreign trade professionals, and to explore international markets.	The grant is contingent upon exports.	US-Carbon Quality Steel Line Pipe	0.05% (US - Carbon Quality Steel Line Pipe) - 0.08% (US - Carbon Quality Steel Line Pipe)
25	Foreign Trade Grant 2008	Direct Transfer of Funds - Grant	The grant was contingent upon reaching a minimum level of export sales.	Grant was contingent upon reaching a minimum level of export sales.	US-Steel Grating	0.01% (US - Steel Grating)
26	Fund for SME Bank-Enterprise	Direct Transfer of	Under the program, financial institutions in the PRC decide whether to extend credit to	500 SMEs deemed the "greatest potential" as well as enterprises that	Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	Cooperation Projects	Funds - Grant	certain eligible SME's. If they decide to do so, the PGOG provides loan assistance to the SME that received the financing from the financial institution.	manufacture key equipment, or pursue creative technologies, or engage in advanced manufacturing activities backed by both the PGOG and the city will receive preferential treatment.		
27	Funds for Outward Expansion of Industries in Guangdong Province	Direct Transfer of Funds - Grant	The purpose of the program is to provide eligible private enterprises in Guangdong Province special funding for the development of export activities. The Implementing Measures indicate that this program supports the development of international trade and economic cooperation through the establishment of different funds to provide payments to enterprises for international market exploration, export credit insurance assistance, the development of trade through science and technology, export product research and development, support for defence expenses in antidumping duty cases, loan interest grants for various export-related loans and development of outward- looking enterprises.	The subsidy is specific because it is contingent on export performance.	Canada-GSW	
28	Government Export Subsidy and Product Innovation Subsidy	Direct Transfer of Funds - Grant	Chinese producers may receive grants based on export performance.	Limited to a certain number of enterprises.	Canada-Metal Bar Grating, GSW, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP.	
29	Grant - Cleaning-production Qualified Enterprise Reward	Direct Transfer of Funds - Grant	Grant - Cleaning-production Qualified Enterprise Reward - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
30	Grant - Ecological Garden Enterprise Reward	Direct Transfer of Funds - Grant	Grant - Ecological Garden Enterprise Reward - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
31	Grant - Large Taxpayer Award	Direct Transfer of Funds - Grant	Insufficient information was provided to the Canada Border Services Agency for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
32	Grant – Municipal Construction Reward	Direct Transfer of Funds - Grant	Grant - Municipal Construction Reward - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
33	Grant - Patent Application Assistance	Direct Transfer of Funds - Grant	This Program's purpose is to: Strongly implement the strategy of intellectual property right; Encourage invention and creation; Promote independent innovation; Promote development of patent technology and products; Accelerate commercialisation of patent.	Specific because the criteria or conditions providing access to the subsidy favours particular enterprises, over all other enterprises.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
34	Grant - Provincial Foreign Economy and Trade Development Special Fund	Direct Transfer of Funds - Grant	Grant - Provincial Foreign Economy and Trade Development Special Fund - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
35	Grant - Provisional Industry Promotion Special Fund	Direct Transfer of Funds - Grant	Grant - Provisional Industry Promotion Special Fund - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
36	Grant - Resources Conservation and Environment Protection Grant	Direct Transfer of Funds - Grant	Grant - Policy on Value-added Tax for Recyclable Resources - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
37	Grant - State Service Industry Development Fund	Direct Transfer of Funds - Grant	Grant - State Service Industry Development Fund - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
38	Grants for Export Activities	Direct Transfer of Funds - Grant	Government grants for market promotion and trade development.	Favours particular enterprises, particularly eligible FIE's that establish headquarters or regional headquarters in Guangzhou	Canada-Metal Bar Grating, GSW, OCTG, Pup Joints, SS Sinks, SPP.	0.49% (Canada - Pup Joints)
39	Grants for International Certification	Direct Transfer of Funds - Grant	Due to lack of response to information requests, the Canada Border Services Agency did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Insufficient information was provided by the exporters and the GOC to the Canada Border Services Agency to allow it to determine the subsidy was not specific and countervailable and thus it was considered specific and countervailable. The export oriented nature of the subsidized activities suggested that the subsidy is specific because it is based on export performance.	Canada-Metal Bar Grating, Canada – OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
40	Grants to Privately-Owned Export Enterprises	Direct Transfer of Funds - Grant	Under this program, enterprises located in Tianjin city and elected as "Top Ten Privately-owned Export Enterprises of Tianjin for the Year of 2008" may receive grants from the local government. The granting authority responsible for this program is the Government of Tianjin City.	Insufficient information was provided by the exporters and the GOC to the Canada Border Services Agency to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The requirements that the enterprises be exporting, be privately owned and be a large tax-payers suggests that the subsidy is specific.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-Steel Piling Pipe, Canada-GSW	
41	Grants Under Regulations for Export Product Research and Development Fund Management	Direct Transfer of Funds - Grant	A grant from the Ministry of Finance pursuant to the Notice on Publishing Management Fund Used in Research and Development of Export Mechanical and Electrical Products. Provided Under Cao Qi No. 479 Decree.	The grant is contingent upon exports.	US-Concrete Steel Wire Strand	0.03% (US - Concrete Steel Wire Strand)
42	Grants under the Science and Technology program of Hebei Province	Direct Transfer of Funds - Grant	Two grants were provided under the Science and Technology program of Hebei to a producer in 2009 under this program for RMB 700.000 and RMB 2.080.000.	Regionally specific to the Hebei province.	EU-Organic Steel	
43	Guaranteed Growth Fund	Direct Transfer of Funds - Grant	Due to lack of response to information requests, the Canada Border Services Agency did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Due to lack of response to information requests, CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-Pup Joints	
44	International Market Fund for Small- and Medium-sized Export Companies) [Matching Funds for International Market Development for SMEs)	Direct Transfer of Funds - Grant	This program was established in a document titled 'Measure Cai Qi [2010) No. 87' in order to provide support for export companies identified as small and medium- sized enterprises. The funds are provided for developing international markets including overseas exhibitions certification of enterprise management system, various product certifications, foreign patent applications, promotional activities in international markets, electronic business, foreign advertisement and trademark registration, international investigation, bids (negotiations) abroad, enterprise training, foreign technology and brand acquisition, etc. Benefits granted to an enterprise under this program shall not exceed 50% of the total expenditure paid by the enterprise. This program is administered jointly by the Ministry of Finance and Ministry of	Contingent on eligible enterprises meeting certain criteria included the size of the company and a focus on exports.	Canada-SS Sinks, Canada-SPP. US-SS Sinks US-Wind Towers. Australia-HSS. Canada - GSW, Canada-GSW	0.01% (US - Aluminium Extrusions) - 0.04% (US - SS Sinks)

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			Commerce. The OneSteel China subsidy application program 11 corresponds to this category number 44. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
45	Local and Provincial Government Reimbursement Grants on Export Credit Insurance Fees	Direct Transfer of Funds - Grant	Local and Provincial Government Reimbursement Grants on Export Credit Insurance Fees.	Subsidy is contingent upon export performance.	Canada-Pup Joints, SS Sinks, SPP, US-Concrete Steel Wire Strand, US-Steel Wheels, Canada-GSW	0.04% (US - Concrete SWS) - 0.06% (US - Steel Wheels)
46	Miscellaneous Grants	Direct Transfer of Funds - Grant	Received numerous small grants from provincial and local governments that were not part of any of the other programs included.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	US-Carbon and Alloy Steel Standard, Line, and PP	0.03% (US - Carbon and Alloy Steel Standard, Line, and PP)
47	Modern Service Grant	Direct Transfer of Funds - Grant	A grant from an unknown level of government for marketing activities.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
48	Municipal Government - Exhibition Grant	Direct Transfer of Funds - Grant	Grant from the local government for participating in exhibitions to promote its product.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
49	Municipal Government - Export Grant	Direct Transfer of Funds - Grant	An export awarded provided by the local government.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
50	Municipal Government - Insurance Fee Grant	Direct Transfer of Funds - Grant	A grant from the local government for purchasing insurance.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
51	National Environmental Protection and Resources Saving Program: Grants for the Optimization of Energy Systems	Direct Transfer of Funds - Grant	National Environmental Protection and Resources Saving Program: Grants for the Optimization of Energy Systems	Due to lack of cooperation, the US Department of Commerce's ITA considered that this program was specific based on adverse inferences.	US-Concrete Steel Wire Strand	0.03% (US - Concrete Steel Wire Strand)
52	National Innovation Fund for Technology Based Firms	Direct Transfer of Funds - Grant	National Innovation Fund for Technology Based Firms - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable. The apparent focus on "technology-based firms" makes the subsidy specific.	Canada-Metal Bar Grating Canada-OCTG, Canada-Pup Joints, Canada -SS Sinks, Canada-SPP, Canada-GSW	
53	Pension Fund Grants	Direct Transfer of Funds - Grant	Based on company's conversion from a government agency to an SOE, it receives annual pension grants.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	US-High Pressure Steel Cylinders	0.02% (US - High Pressure Steel Cylinders)
54	Product Quality Grant	Direct Transfer of Funds - Grant	Insufficient information was provided to the US and Canadian investigating authorities, and therefore the program was considered to be a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US and Canadian investigating authorities and therefore the program was considered to be a countervailable subsidy based on adverse inferences.	Canada-Metal Bar Grating, GSW, Pup Joints, SS Sinks, SPP, US-Steel Grating	0.02% (US - Steel Grating)
55	Provincial Fund for Fiscal and Technological Innovation	Direct Transfer of Funds - Grant	The program provides grants to firms for the purpose of promoting technological and fiscal innovation.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	Canada-GSW	
56	Provincial Government - Equipment Grant	Direct Transfer of Funds - Grant	The purpose of the grant was for the company to install and use equipment for the production of subject goods.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
57	Provincial Loan	Direct	Program provides interest subsidy grants in	Insufficient information was	Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	Discount Special Fund for SMEs	Transfer of Funds - Grant	order to promote and support SMEs.	provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.		
58	Provincial Scientific Development Plan Fund	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level and was established to provide financial assistance to research and development projects. The granting authorities responsible for this program are the Science and Technology Departments located in Liaoning province and Tianjin.	Favours particular enterprises, being eligible enterprises involved in the manufacture and export of 'high-tech' products.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
59	Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments	Direct Transfer of Funds - Grant	Subsidy provided by regional/provincial financial bureau in order to facilitate company's participation in the US anti-dumping investigation.	Limited to enterprises which incurred expenses in an anti-dumping proceeding.	Canada-Carbon Steel Welded Pipe, GSW, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, Australia-HSS, EU-Organic Steel,	
60	Repaying Foreign Currency Loan by Returned VAT	Direct Transfer of Funds - Grant	This program was established in the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Policy of Repaying Foreign Currency Loans (Incurred prior to December 31, 1994) by Returned VAT during the "Tenth Five-Year" Period, Cai Qi (2002), No. 368, which was published on September 10 2002. The "Tenth Five-Year" period covers the five years from 2001to 2005. The granting authority responsible for administering this program is the MOF and the State Administration of Taxation. Under this program, industrial enterprises are eligible to receive a VAT refund if the enterprise had outstanding foreign currency loans as of Dec 31, 1994, and the refund can be used to repay the outstanding foreign currency loans. The amount of the VAT refund shall not exceed 12% of the total amount of the principal and interest payment for the foreign currency loan in any given year.	Specifically limited to the certain enterprises listed in the Notice of the Name List of Companies which are Entitled to Repay Foreign Currency Loans by Returned VAT in 2004 and on the Amount VAT Returned issued by Ministry of Financial and the State Administration of Taxation, Cai Qi (2005), No. 218 and the Notice of on the Name list of Companies which are Entitled to Repay Foreign Currency Loans by Returned VAT in 2005 and on the Amount VAT Returned issued by Ministry of Financial and the State Administration of Taxation, Cai Qi (2006), No. 491.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada- GSW	
61	Science and Technology Fund – Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area	Direct Transfer of Funds - Grant	The fund's purpose as follows: 1) promote the construction of the science; 2) enhance science-technology renovation and Tianjin Economic and Technological service abilities; 3) improve the business environment of renovation Development Area entrepreneurship; and 4) construct a new science-technology renovation system.	Regionally specific.	US-Carbon and Alloy Steel Standard ,Line, and PP, US-Oil Country Tubular Goods	0.03% (US - Carbon and Alloy Steel Standard, Line, and PP)
62	Small and Medium-sized Enterprise Direct Transfer of Funds -Grant	Grant from unknown level of govt for being a small to medium sized Support Funds	A grant from an unknown level of government for being a small to medium sized enterprise.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
63	Special Funds for Development of Science and Technology	Direct Transfer of Funds - Grant	Special Funds for Development of Science and Technology	Due to lack of cooperation, the US Department of Commerce's ITA considered that this program was specific based on adverse inferences.	Canada-Pup Joints, GSW, Canada-SS Sinks, Canada-SPP, US-Wind Towers,	0.01% (US - Wind Towers)
64	Special Supporting Fund for Commercialization of Technological Innovation and Research Findings	Direct Transfer of Funds - Grant	Practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Pup Joints, Canada - SS Sinks, Canada-SPP, Canada -GSW	0.0005% (Canada - SPP)
65	State Special Fund for Promoting Key Industries and Innovation Technologies	Direct Transfer of Funds - Grant	A lump-sum grant from the National Development and Reform Commission (NDRC) and the Ministry of Industry and Information Technology (MIIT}. The grant is a one-time grant that is intended to assist a producer's development of new facilities.	Export performance is one of the conditions for receiving grants under the program.	United States-Steel Wheels, Canada-Galvanized Steel Wire	0.21% (US - Steel Wheels)

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
66	Subsidies provided in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area	Direct Transfer of Funds - Grant	Aims to promote the construction of science-technology infrastructure in the Tianjin Binhai New Area (TBNA) and the Tianjin Economic and Technological Development Area (TETDA) and build a science-technology renovation system and service abilities.	Regionally Specific.	EU-Organic Steel	0.61% (EU - Organic Steel)
67	Subsidy for Promoting Energy-saving Buildings	Direct Transfer of Funds - Grant	Subsidy for Promoting Energy-saving Buildings (no further information available from investigating authorities)	Due to Jack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
68	Subsidy for the Technology Development	Direct Transfer of Funds - Grant	Subsidy for the Technology Development (no further information available from investigating authorities). In the 2014 Canadian China rebar subsidy investigation, the CBSA found that: *"During the POI, the exporter who provided a complete response to the RFI received a grant under this program. This program was established in the document titled 'Document of Feicheng Bureau of Finance F.C.Y.Z. [2013] No. 13, 50, 89, 119 - Notice on Disbursement of Science and Technology Development Fund for Bureau of Science and Technology'. This program was administered by the Science and Technology Bureau of Feicheng."*	Due to lack of cooperation from exporters and the GOC, in the GSW investigation the CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
69	Superstar Enterprise Grant	Direct Transfer of Funds - Grant	Award based on the total value of its sales. The OneSteel China subsidy application program 12 corresponds to this category number 69. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Limited to enterprises that exceed certain sales values during a year.	Canada-CSWP, OCTG, Pup Joints, SS Sinks, SPP, GSW. US-CWCQSP, Australia-HSS	0.02% (US - CWCQSP)
70	Taxpayer Grant	Direct Transfer of Funds - Grant	This program was established by governments at the local level to provide a one-time grant.	Due to lack of response to information requests, CBSA had insufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-OCTG	
71	Technical Renovation Loan Interest Discount Fund	Direct Transfer of Funds - Grant	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada -SPP, Canada-GSW	
72	Technology Project Assistance	Direct Transfer of Funds - Grant	This program is available to enterprises that undertake a scientific research project which meets the scope of the projects encouraged under this program. The OneSteel China subsidy application program 27 corresponds to this category number 72. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Limited to eligible enterprises that undertake certain scientific research projects	Australia-HSS	
73	The State key technology project fund	Direct Transfer of Funds - Grant	The purpose of the program is to "support the technological renovation of key industries key enterprises and key products...The enterprises shall be mainly selected from large-sized state-owned enterprises and large-sized state holding enterprises among the 512 key enterprises, 120 pilot enterprise groups and the leading enterprises of the industries."	This program is limited as a matter of law to certain enterprises i.e. large-sized state owned enterprises and large-sized state holding enterprises among the 512 key enterprises.	Canada-CSWP, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, GSW, SPP, US-Carbon and Alloy Steel Standard, Line, and PP, US-OCTG	0.01% (US - Carbon and Alloy Steel Standard Line, and PP)
74	Water Fund Refund/Exemption 2008	Direct Transfer of Funds - Grant	Monthly grants were received under this program, which were contingent on the company being an exporting company.	Program is contingent on the recipient being an exporting company.	US-Steel Grating	0.14% (US - Steel Grating)
75	Export Seller's Credit for High- and New-Technology Products by China EMIX Bank	Direct Transfer of Funds - Loan	Export Seller's Credit for High- and New-Technology Products by China EMIX Bank (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
76	Loan From Local Finance Bureau	Direct Transfer of	Insufficient information was provided to the CBSA for the program to be eliminated as a	Insufficient information was provided to the CBSA for the	Canada-SPP, Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
		Funds - Loan	countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy. The regionally specific nature of the subsidy supports it being specific.		
77	Policy Lending to particular industries	Direct Transfer of Funds - Loan	Program of preferential policy lending specific to particular producers in particular regions.	Program of preferential policy lending to particular industries.	Canada-OCTG, Seamless Casing, US-Carbon and Alloy Steel Standard, Line, & PP,CWCQSP, Concrete Steel Wire Strand, Drill Pipe, OCTG, SS Sinks, Steel Wheels, Wind Tower. EU-Organic Steel	0.01% (US - Oil Country Tubular Goods) 1.99% (US - Carbon and Alloy Steel Standard, Line, and PP)
78	Preferential Loans Characterized as a Lease Transaction	Direct Transfer of Funds - Loan	The leases provide a benefit equal to the difference between what the company paid on the leases and the amount the company would have paid on comparable commercial loans.	The leases are specific because of the GOC's policy, as illustrated in the government plans and directives to encourage and support the growth and development in particular industries.	US-Carbon and Alloy Steel Standard, Line, and PP	0.01% (US - Carbon and Alloy Steel Standard, Line, and PP)
79	Preferential Loans for SOEs	Direct Transfer of Funds - Loan	That loans from State Owned Commercial Banks (SOCBs) to SOEs provide a benefit equal to the difference between what the recipients paid on their loans and the amount they would have paid on comparable commercial loans.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	US-Carbon Quality Steel Line Pipe, US- High Pressure Steel Cylinders	0.16% (US - Pipe) - 0.32% (US - HP Steel Cylinders)
80	Acquisition of Government Assets at Less than Fair Market Value	Government provides goods or services or purchases goods	Numerous exporters have changed their ownership status from that of SOEs to either FIEs or private limited enterprises. During this time, China's state-owned oil companies shifted their focus toward core businesses and moved to divest themselves of peripheral operations such as production of OCTG. During the privatization process, the majority of the government-owned assets had been distributed to company employees at no cost.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP	
81	Export Restrictions on raw materials (e.g. Coke)	Government provides goods or services or purchases goods	The GOC's export restraints on coke constitute a financial contribution (i.e., provision of goods) to PRC producers of downstream goods that incorporate coke.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable. That producer's whose products incorporate coke are the beneficiaries of this program suggests that the program is specific.	US-Carbon and Alloy Steel Standard, Line, and PP	2.75% (US - Carbon and Alloy Steel Standard, Line, and PP) - 7.11% (US - Carbon and Alloy Steel Standard, Line, and PP)
82	Input Materials Provided by Government at Less than Fair Market Value	Government provides goods or services or purchases goods	GOC providing raw materials (such as steel) at less than fair market price. The government provides goods or services, other than general infrastructure, or purchases goods. This program relates to the acquisition cost of major raw materials from SOEs and subsequently used in the production of finished subject goods. When exporters or producers of subject goods acquire raw material inputs at less than fair market value directly or indirectly from SOEs and those SOEs are considered to be possessing, exercising, or vested with governmental authority, a subsidy may be found to exist. This subsidy is equal to the difference between the fair market value of the goods and the price at which the goods were provided by the SOE. The OneSteel China subsidy application programs 1 to 3 at "Category One Provision of Goods" correspond to this category number 82. For further narrative see http://www.adcommission.gov.au/cases/EPR	Input materials being provided to a limited number of industries or enterprises, thus subsidy is specific.	Canada-GSW, Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, SS Sinks, SPP, US-Austenitic Stainless PP, Carbon and Alloy Steel Standard, Line, and PP, Carbon Quality Steel Line Pipe, CWCQSP, US-Concrete Steel Wire Strand, Drill Pipe, GSW, High Pressure Steel Cylinders, Kitchen Appliance Shelving and Racks, Light-Walled Pipe and Tube, OCTG, SS	0.103% (Canada - SPP) - 60.22% (US - Steel Grating). Alternatively, for billet, coal and coke US$233 per tonne as identified at paragraph 134.

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf		Sinks, Steel Grating, Steel Wheels, Wind Towers. Australia-HSS. EU-Organic Steel,	
83	Preferential Costs of Services and/or Goods Provided by Government or State-owned Enterprises (SOEs) in SEZs and Other Designated Areas	Government provides goods or services or purchases goods	This program was identified at the initiation of the CBSA investigation as possibly having provided actionable benefits to the exporters of subject goods. There is information that state-owned enterprises (SOEs) may be providing goods and/or services to certain types of producers. SOEs can be considered as acting on behalf of government in cases in which the majority of the shares of the company are owned by the government or the company is controlled either directly or indirectly through government directors.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada-GSW	
84	Utilities Provided by Government at Less than Fair Market Value	Government provides goods or services or purchases goods	Electricity: electricity rates were set differently in different provinces and also that preferential rates were used as an industrial policy tool to encourage high added-value steel products and discourage outdated production capacities. Water: water prices in China are exclusively determined by public authorities and that the pricing structure is set according to industrial macro-policies. It also reported that water prices were different in the various local areas and that there was also a differentiation of rates on a company-by- company basis. The OneSteel China subsidy application program 4 at "Category One Provision of Goods" corresponds to this category number 84. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Electricity: This lower rate is limited to certain enterprises in certain specified sectors (mainly producers of ferroalloy in electronic furnace and fertilizer companies). Water: the possibility for a certain enterprise producing the product concerned to obtain water supply for less than adequate remuneration, coupled with the apparent discretion conferred with the local authorities to waive part of the rate normally paid for water, makes the subsidy in fact specific.	Canada-GSW, Metal Bar Grating, Pup Joints, SS Sinks, SPP, US-Carbon and Alloy Steel Standard, Line, and PP, US-Concrete Steel Wire Strand, Drill Pipe, GSW, High Pressure Steel Cylinders, Kitchen Appliance Shelving and Racks, OCTG, SS Sinks, Steel Grating, Steel Wheels, Wind Towers. EU-Organic Steel,	0.04% (US - Kitchen Appliance Shelving and Racks) - 4.22% (US - Carbon and Alloy Steel Standard, Line, and PP) Alternatively, US$xx per tonne as identified at paragraph 134.
85	Accelerated Depreciation on Fixed Assets	Government Revenue Foregone	Accelerated Depreciation on Fixed Assets (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
86	Accelerated Depreciation on Fixed Assets in Binhai New Area of Tianjin	Government Revenue Foregone	Under this program, enterprises located in the Binhai New Area of Tianjin are eligible to reduce the depreciation period of eligible fixed assets (excluding houses and buildings) by up to 40%.	Regionally specific.	Canada-OCTG, Seamless Casing, Canada-SPP, US-Carbon and Alloy Steel Standard, Line, and PP, Oil Country Tubular Goods	0.51% (US - Oil Country Tubular Goods) - 0.58% (US - Carbon and Alloy Steel Standard, Line, & PP)
87	Award for Excellent Enterprise	Government Revenue Foregone	Award for Excellent Enterprise (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
88	City maintenance and Construction Taxes and education surcharges for Foreign Invested Enterprises	Government Revenue Foregone	An FIE was exempt from paying the "Urban Maintenance and Construction Tax," "Education Surcharge," and "Local Education Surcharge"	Exemption from local taxes is limited as a matter of law to certain enterprises, i.e., FIEs, and, hence specific.	US-Drill Pipe, Kitchen Appliance Shelving and Racks, Steel Wheels, Canada-GSW	0.01% (US - Aluminium Extrusions) - 0.58% (US - Drill Pipe)
89	Corporate Income Tax Exemption and/or Reduction in SEZs and other Designated Areas	Government Revenue Foregone	This program was established under the Rules for the Implementation of the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises, which came into effect on July 1, 1991. The program was established to absorb investment in special economic zones (SEZs) and designated areas to take the lead in their economic development. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, eligible enterprises may receive a reduced corporate income tax rate of 15%.	Limited to particular enterprises: This program is available to FIEs recognized as new and high-tech enterprises and established in the State new and high-tech industrial development zones designated by the State Council.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada -SPP, Canada -GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
90	Corporate Income Tax Reduction for New High-Technology Enterprises	Government Revenue Foregone	The program was established in the Income Tax Law of the PRC for Enterprises, which came into effect as of January 1, 2008. This program was established to provide income tax reduction for new high-technology enterprises and to promote enterprise technology upgrades. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, new high-technology enterprises may apply for and receive income tax reduction at a lower rate of 15%. The OneSteel China subsidy application program 5 corresponds to this program number 90. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	The income tax reduction afforded by this program is limited as a matter of law to certain enterprises, i.e., HNTEs and, thus, is specific.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, US-Oil Country Tubular Goods, US-Steel Wheels, Wind Towers, Australia-HSS, EU-Organic Steel, Canada-GSW	0.09% (EU - Organic Steel) - 1.44% (US - Oil Country Tubular Goods)
91	Deed Tax Exemptions For Land Transferred through Merger or Restructuring	Government Revenue Foregone	Benefit comes from being new enterprises formed by the merger or restructuring of other companies, and having land transfer red to them from former SOEs involved in the merger or restructuring.	Insufficient information was provided by the exporters and the GOC to the investigating authorities. Because of the lack of cooperation, the program was considered to be specific and countervailable.	Canada-Pup Joints, GSW, SS Sinks, SPP, US-Carbon and Alloy Steel Standard, Line, and PP	0.02% (US - Carbon and Alloy Steel Standard, Line, and PP)
92	Exemption of Tariff and Import VAT for the Imported Technologies and Equipment	Government Revenue Foregone	The policy objective of this program is to attract foreign investment and to encourage domestic investment, and the introduction of foreign advanced technology equipment and industry technology upgrades. A refund of the difference between the 17% input VAT paid and the 13% export VAT rate. The OneSteel China subsidy application program 8 corresponds to this category number 92. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Whilst certain domestic enterprises are eligible to receive VAT and tariff exemptions under this program as well as certain FIEs, the reach or the particularity of enterprises is not sufficiently broadened to render the program non- specific. For these reasons the subsidy is specific.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, Canada-GSW	
93	Exemption/Reduction of Special Land Tax and Land Use Fees in SEZs and Other Designated Areas	Government Revenue Foregone	This program was identified at the initiation of the CBSA investigation as possibly having provided actionable benefits to the exporters of subject goods. Based on the information available, certain producers may receive an exemption/reduction of special land tax and land use fees. The OneSteel China subsidy application program 7 corresponds to this category number 93. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Insufficient information was provided by the exporters and the GOC to the investigating authorities. Because of the lack of cooperation, the program was considered to be specific and countervailable.	Canada-Metal Bar Grating. OCTG, Pup Joints, Seamless Casing. SS Sinks, SPP, Canada- GSW	
94	Export Award	Government Revenue Foregone	Export Award (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
95	Financial Assistance for an Overseas Market Survey	Government Revenue Foregone	Financial Assistance for an Overseas Market Survey (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
96	Foreign Trade Development Fund Program - VAT Refunds	Government Revenue Foregone	VAT tax payers that are members of the equipment manufacturing, petrochemical, metallurgical, ship building, automobile, and agricultural products industries may deduct VAT for purchases of fixed assets from the VAT for sales of finished goods.	Regionally specific.	US-Carbon Quality Steel Line Pipe	0.1% (US - Carbon Quality Steel Line Pipe)
97	Foreign Trade Promotion Award	Government Revenue Foregone	Foreign Trade Promotion Award (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
98	Import tariff and VAT exemptions for FIE's	Government Revenue	Exempts both FIEs and certain domestic enterprises from VAT and tariffs on imported	Program is limited to certain enterprises, i.e., FIE's and domestic	US-Austenitic Stainless PP,	0.01% {US - High

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	and certain domestic enterprises using imported equipment in encouraged industries	Foregone	equipment used in their production provided the equipment is not included in prescribed lists of non-eligible items, in order to encourage foreign investment and to introduce foreign advanced technology equipment and industry technology upgrades.	enterprises involved in "encouraged" projects.	Carbon and Alloy Steel Standard, Line, and PP, Concrete Steel Wire Strand, Drill Pipe, High Pressure Steel Cylinders, Steel Wheels, Wind Towers, Australia-HSS, EU-Organic Steel	Pressure Steel Cylinders) - 1.14% (US - Concrete Steel Wire Strand)
99	Income tax concessions for the enterprises engaged in the comprehensive resource utilization ('special raw materials')	Government Revenue Foregone	This tax program allows companies that use any of the materials listed in the Catalogue of Income tax Concessions for Enterprises engaged in Comprehensive Resource utilization as its major raw material and which manufacture products listed in the same Catalogue in a way meeting relevant national and industrial standards, to include the income they thereby obtain in the total income at the reduced rate of 90 %. Thus, 10 % of income can be deducted when the companies calculate the income tax. The OneSteel China subsidy application program 9 corresponds to this category number 99. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Limited only to certain enterprises using as primary raw materials the resources listed in the above-mentioned Catalogue of Tax Concessions for the purpose of manufacturing products enlisted in that Catalogue.	EU-Organic Steel	0.01% (EU - Organic Steel)
100	Income tax credit for the purchase of domestically manufactured production equipment	Government Revenue Foregone	This program allows a company to claim tax credits on the purchase of domestic equipment if a project is consistent with the industrial policies of the GOC. A tax credit up to 40 % of the purchase price of domestic equipment may apply.	Contingent on the use of domestic over imported goods.	EU-Organic Steel	0.38% (EU - Organic Steel)
101	Income Tax Refund for Enterprises Located in Tianjin Jinnan Economic Development Area	Government Revenue Foregone	Based on the information available, this program was established by governments at the local level to provide income tax refund for domestic invested enterprises (DIEs) located in Tianjin Jinnan Economic Development Area. The granting authority responsible for this program is the Management Committee of Tianjin Jinnan economic Development Area. Under this program, DIEs may apply for and receive income tax refunds up to 50% of the income tax paid to the local government.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The regionally specific nature of the subsidy suggests that it is specific.	Canada-Meta I Bar Grating, Canada-OCTG, Canada-SPP, Canada-GSW	
102	Income Tax Refund for Re- investment of FIE Profits by Foreign Investors	Government Revenue Foregone	This program was established in the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprise, which came into effect on July 1, 1991. Its purpose is to encourage foreign investors to reinvest profits into businesses in China. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, foreign investors who reinvest profits into that FIE by increasing its registered capital, or use FIE derived profit to establish another FIE which is planned to operate for a period not less than five years, are eligible to receive a refund of the income tax already paid on the profit that was reinvested. Article 10 of the Income Tax Law of PRC for Enterprises with Foreign Investment and Foreign Enterprises clearly identifies that any foreign investors who directly reinvest after tax profit into the organization from which they received the profit from, or use the profits to establish a new foreign enterprise, will be refunded 40% of the tax paid on the profit amount directly reinvested. Further, if the direct reinvestment is in a new foreign enterprise and the investor withdraws the investment before five years	Specifically limited to foreign investors whose enterprises are 100% foreign-owned and located outside China.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
103	Local income tax exemption and reduction programs for the productive FIEs	Government Revenue Foregone	The provincial governments have the authority to exempt FIEs from the local income tax of three percent.	This program is limited as a matter of law to certain enterprises, i.e. "productive" FIEs.	Canada-Carbon Steel Welded Pipe, US-Carbon and Alloy Steel Standard, Line, and PP, Concrete Steel Wire Strand, Kitchen Appliance Shelving and Racks, OCTG. EU-Organic Steel	0.01% (US - Concrete Steel Wire Strand) - 0.29% (US - Oil Country Tubular Goods)
104	Local Income Tax Exemption and/or Reduction in SEZs and other Designated Areas	Government Revenue Foregone	This program was established in the Provision of Reduction and Exemption of Local Income Tax of Foreign Invested Enterprise in Jiangsu,(1992) No. 49,which came into force on June 17, 1992.This program was established to provide preferential tax treatment to FIE's to accelerate the development of local economy. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, FIEs that are eligible for a 15% reduction of their corporate income tax, may receive an exemption in local income taxes.	Regionally specific: The program is available to FIEs that are located in the economic and technological development zones, the coastal economic open areas, the state new and high-tech industrial development zones of Jiangsu province, as well as foreign-invested projects encouraged by the state.	Canada-Meta l Bar Grating, Canada - OCTG, Canada-Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada- GSW	
105	Medium Size and Small Size Enterprises Development Special Fund	Government Revenue Foregone	Medium Size and Small Size Enterprises Development Special Fund (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
106	Medium Size and Small Size Trading Enterprises Development Special Fund	Government Revenue Foregone	Medium Size and Small Size Trading Enterprises Development Special Fund (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
107	Municipal Government - Preferential Tax Program	Government Revenue Foregone	A refund of taxes from the local government	Due to lack of cooperation from exporters and the GOC, the CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
108	PGOG Tax Offset for R&D	Government Revenue Foregone	For R&D expenses incurred for developing new products and technologies that cannot be treated as intangible assets, 50 percent of the R&D expense shall be deducted as a tax offset.	In light of the language in Article 5 of the R&D Measures, the tax offsets provided under this program are de jure specific.	Canada-Galvanized Steel Wire	
109	Preferential income tax policies for particular regions	Government Revenue Foregone	Productive FIE's established in a coastal economic development zone, special economic zone, or economic technology development zone pay a reduced corporate income tax rate of either 15 or 24 percent, depending on the zone, whereas all enterprises in China are subject to a 25 percent rate. In the 2014 Canadian China rebar subsidy investigation, the CBSA found that *"On the basis of available information, the following program under Preferential Income Tax Programs constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption. Due to the lack of a response by the GOC and the lack of details provided by the exporter, there is not sufficient information on the record to determine whether the following preferential income tax program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA, nor is there sufficient information to indicate that the subsidy programs are not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information this program does not appear to be generally available to all enterprises in China. The amount of subsidy respecting this program was calculated under ministerial specification pursuant to subsection 30.4(2) of SIMA, by distributing the benefit amount received by the exporter over the total quantity of goods to which the benefit was attributable."*	CBSA determined that the reduction afforded by this program is limited to enterprises located in designated geographic regions and, hence, is specific.	US-Austenitic Stainless PP, US-Concrete Steel Wire Strand, US-Wind Towers, EU-Organic Steel	0.04% (US - Austenitic Stainless PP) - 1.32% (EU - Organic Steel)
110	Preferential Tax Policies for Domestic Enterprises Purchasing Domestically Produced Equipment for Technology Upgrading Purpose	Government Revenue Foregone	This program was established in the Circular Concerning Printing and Distributing Interim Measures on Business Income Tax Credit Applicable to Technological Transformation Domestic Equipment Investment (Cai Shui Zi [1999] No.290}, which came into force on July 1 1999. This program was established to encourage domestic investment and support the technology upgrading of enterprises. The granting authority responsible for this program is the State	Program is contingent on using domestic over imported goods and is therefore specific.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, US-Carbon and Alloy	0.14% (US - Oil Country Tubular Goods) 1.68% (US - Steel Grating)

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			Administration of Taxation and the program is administered by local tax authorities. Under this program, for all enterprises with investment on the technological transformation projects conforming to the State Industrial Policy in the nation, 40% of the expenses on purchasing domestically produced equipment shall be deducted from the increment of income tax of that year compared to the previous year. In the case where the total increment of income tax is less than 40% of such expenses, the exceeding part of the deductible expenses can be deducted from the next year increment of income tax. Such postponement of deductibility shall not last for more than five years.		Steel Standard, Line, and PP, US-Carbon Quality Steel Line Pipe, US-Concrete Steel Wire Strand, US-Oil Country Tubular Goods, US-Steel Grating, US-Steel Wheels, Canada- GSW	
111	Preferential Tax Policies for FIEs and Foreign Enterprises Which Have Establishments or Places in China and are Engaged in Production or Business Operations Purchasing Domestically Produced Equipment	Government Revenue Foregone	This program was established in the Circular of the Ministry of Finance and State Administration of Taxation Concerning the Issue of Tax Credit for Business Income Tax for Homemade Equipment Purchased by Enterprises with Foreign Investment and Foreign Enterprises (Cai Shui Zi (2000) No.49),which came into force on July 1, 1999. This program was established to attract foreign investment and support technology innovation. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program,40% of the expenses incurred by certain FIE's and foreign enterprises on purchasing domestically produced equipment, are deducted from the increment of income tax of that year compared to the previous year, The deducted portion shall not exceed that year's total increment of income tax, and in the case where the total increment of income tax is less than 40% of such expenses; the exceeding part of the deductible expenses can be deducted from the next year' s increment of income tax. Such postponement of deductibility shall not last for more than five years.	Program is specific because the receipt of the tax savings is contingent upon the use of domestic over imported goods.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, US-Wind Towers, EU-Organic Steel, Canada-GSW, Canada GSW	0.49% {US - Wind Towers)
112	Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones	Government Revenue Foregone	pursuant to Article 7 of the FIE Tax Law for productive FIE's established in a coastal economic development zone, special economic zone, or economic technology development zone, the applicable enterprise income tax rate is 15 or 24 percent, depending on the zones in which productive FIE are located, as opposed to the standard 30 percent income tax rate.	Favours particular enterprises, being those eligible production orientated FIEs in designated geographical regions	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, GSW, Seamless Casing, SS Sinks, SPP, US-High Pressure Steel Cylinders, Australia-HSS	0.01% {US - High Pressure Steel Cylinders)
113	Preferential Tax Policies for FIEs which are Technology Intensive and Knowledge Intensive	Government Revenue Foregone	This program is administrated by the State Administration of Taxation and is implemented by local tax authorities. Its purpose is to encourage FDI and the introduction of advanced technology in the older areas of cities which are located in the special economic zones, the open coastal economic areas and the technology and economic development zones.	The criteria or conditions providing access to the subsidy favours FIE's overall non-FIE's.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, GSW	
114	Preferential Tax Policies for Foreign Invested Export Enterprises	Government Revenue Foregone	This program was established in the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprise, which was promulgated on April 9, 1991, and came into effect on July 1, 1991. This program was established to expand foreign economic cooperation. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, export oriented enterprises invested in and operated by foreign businesses may pay a reduced income tax rate of 15% if their annual output value of all export products	Subsidy is contingent, in whole or in part, on export performance. (Certain Thermoelectric Coolers and Warmers)	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			amounts to 70% or more of the output value of the products of the enterprise for that year. Export oriented enterprises in the SEZs and ETDZs and other such enterprises subject to enterprise income tax at the tax rate of 15% that qualify under the abovementioned conditions, shall pay enterprise income tax at the tax rate of 10%.			
115	Preferential Tax Policies for the Research and Development of FIE's	Government Revenue Foregone	The deduction of research and development expenditures by companies, which allows enterprises to deduct, through tax deductions, research expenditures incurred in the development of new technologies, products, and processes.	CBSA determine that the income tax deduction afforded by this program is limited as a matter of law to certain enterprises, i.e. those with research and development in eligible high-technology sectors and, thus, is specific.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, Sinks, SPP, GSW	
116	Preferential Tax Programs for Encouraged Industries or Projects	Government Revenue Foregone	Preferential Tax Programs for Encouraged Industries or Projects (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
117	Reduction in Land Use Fees, Land Rental Rates, and Land Purchase Prices	Government Revenue Foregone	This program provides for the reduction in land use fees, rental rates and purchase prices to lower than adequate remuneration. Examples of this program in action include: a document titled '(2003] No.8 Preferential Supply of Land', in order to offset costs for industrial companies in the Ninghai Economic Development Zone; or similar initiatives in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area.	Distinctions in the government's provision of land-use rights within specific area and outside of specific area.	Canada-Carbon Steel Welded Pipe, GSW, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, US-Carbon and Alloy Steel Standard, Line, and PP, Carbon Quality Steel Line Pipe, Concrete Steel Wire Strand, Light-Walled Rectangle Pipe and Tube, OCTG, SS Sinks, Wind Towers, Australia-HSS, EU-Organic Steel	0.01% (US - Concrete Steel Wire Strand) 2.67% (US - Carbon and Alloy Steel Standard, Line, and PP)
118	Refund of Land Transfer Fee	Government Revenue Foregone	Based on the information available to CBSA, this program was established by governments at the local level to provide refunds of land transfer fees to enterprises located in the Jinnan Development Zone of Tianjin City. The granting authority responsible for this program is Jinnan Branch Bureau of Tianjin National Land and Resource Administration Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
119	Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs	Government Revenue Foregone	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy. These subsidies appear to have been provided to certain types of enterprises and appear to be specific.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, GSW	
120	Stamp Tax Exemption on Share Transfers under Non-tradable Share Reform	Government Revenue Foregone	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-OCTG	
121	Supporting Fund for Becoming Publicly Listed Company	Government Revenue Foregone	Supporting Fund for Becoming Publicly Listed Company (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
122	Supporting Fund for the "Working Capital" Loan Interest	Government Revenue Foregone	Supporting Fund for the "Working Capital" Loan Interest (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
123	Tax policies for the deduction of research and development	Government Revenue Foregone	This scheme provides a benefit to companies which introduce new technologies, new products or new techniques in their production. The eligible companies can decrease their corporate	Legislation limited the access to this scheme only to certain enterprises and industries classified as encouraged.	EU-Organic Steel	0.19% (EU - Organic Steel)

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	expenses		income tax by 50% of the actual expenses for approved projects. This program was established in Article 30(1) of The Enterprise Income Tax Law and Article 95 of the Release of Regulations on the Implementation of Enterprise Income Tax Law of the PRC by the State Council (Decree 512 of the State Council, 2007).			
124	Tax Preference Available to Companies that Operate at a Small Profit	Government Revenue Foregone	This program was established in the Law of the PRC on Enterprise Income Tax (2007) and came into effect on January 1 2008. This program was established in order to reduce the burden on enterprises making small profits and to maintain job opportunities. The granting authority responsible for this program is the Ministry of Finance and the State Administration of Taxation. It is administered by local tax authorities.	The criteria or conditions providing access to the subsidy favours enterprises making little profit and meeting the required conditions, over all other enterprises.	Canada-SS Sinks, Canada-GSW	
125	Two free, three half tax exemptions for the productive FIEs	Government Revenue Foregone	An FIE that is "productive" and scheduled to operate more than ten years is exempt from income tax in the first two years of profitability and pays income taxes at half the standard rate for the next three to five years.	Favours particular enterprises, being those eligible production-orientated FIEs.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, Seam less Casing, GSW Stainless Sinks, SPP, US-Carbon and Alloy Steel Standard, Line, and PP, Carbon Quality Steel Line Pipe. Concrete Steel Wire Strand, Drill Pipe, High Pressure Steel Cylinders, OCTG, SS Sinks, Steel Wheels, Wind Towers, Australia-HSS, EU-Organic Steel.	0.01% (US - High Pressure Steel Cylinders) - 9.24% (US - Drill Pipe)
126	VAT and Income Tax Exemption/ Reduction for Enterprises Adopting Debt-to-Equity Swaps	Government Revenue Foregone	This program was established in the Notice on the Tax Policies for Debt-to-Equity Swap Enterprises, Cai Shui (2005) No. 29, which came into effect as of January1 2004. Its purpose is to exert further efforts for the debt-to-equity work and support the reform of enterprises. The granting authority responsible for administering this program is the Ministry of Finance and the State Administration of Taxation. Under this program, enterprises adopting debt-to-equity swaps, pursuant to the debt-to-equity swap agreement signed between the enterprise and a financial asset management company, are exempted from paying value-added tax and/or consumption tax. This program was scheduled to expire on December 31 2008.	Limited to particular enterprise, pursuant to the Notice on the Tax Policies for Debt-to-equity Swap Enterprises, Cai Shui (2005) No. 29.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, Canada-OCTG, Canada- Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada-GSW	
127	VAT rebates on domestically produced equipment	Government Revenue Foregone	The GOC refunds the VAT on purchases of certain domestically produced equipment to FIEs if the purchases are within the enterprise's investment amount and if the equipment falls under a tax-free category.	VAT rebates are contingent upon the use of domestic over imported goods.	US-Wind Towers	0.13% (US - Wind Towers)
128	VAT refunds to FIE's purchasing domestically produced equipment	Government Revenue Foregone	The GOC refunds the VAT on purchases of certain domestic equipment to FIEs if the purchases are within the enterprise's investment amount and if the equipment falls under a tax-free category.	Rebates are contingent upon the use of domestic over imported equipment and, hence, specific.	EU-Organic Steel	0.04% (EU - Coated Paper)
129	"Two New" Product Special Funds of Guangdong Province	Direct Transfer of Funds - Grant	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	US-Stainless Steel Sinks	0.07% (US - SS Sinks)
130	2007 Technology Innovation Award	Direct Transfer of Funds - Grant	This program was established by governments at the local level to promote technology innovation and energy savings. The granting authority responsible for this	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not	Canada-Metal Bar Grating, Canada-OCTG	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			program is the Changzhou economic & Trade Commission.	specific and countervailable, and thus it was considered specific and countervailable.		
131	2009 Energy-saving Fund	Direct Transfer of Funds - Grant	This program was established by governments at the local level to promote energy savings. The granting authority responsible for this program is the Department of Foreign Trade & Economic Cooperation of Jiangsu.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
132	Allowance to Pay Loan Interest (Zhongshan City, Guangdong)	Direct Transfer of Funds - Grant	During the POI, one of the cooperative exporters reported having received an allowance from the local government in support of small and medium sized businesses. According to the exporter, the program came into effect in 2010 and the funds were provided to help reduce interest payments on commercial bank loans. The program was provided and administered by the Economic and Trade Office of the Huangpu government in Zhongshan City, Guangdong Province. The granting authority is the Zhongshan Municipal government.	Insufficient information was provided by the exporters and the GOC to the investigating authorities. Because of the lack of cooperation, the program was considered to be specific and countervailable.	Canada-SS Sinks, Canada-SPP, US-SS Sinks, Canada-GSW	0.09% (US - SS Sinks)
133	Award for Good Performance in Paying Taxes	Direct Transfer of Funds - Grant	Grant that Chinese producer received during the POI from the LETDZ Administration Committee for its good performance in paying taxes for fiscal year 2010.	The grant is limited to the top 20 income tax-payers located in the LETDZ.	US-Wind Towers	0.02% (US - Wind Towers)
134	Award for Taicang City to Support Public Listing of Enterprises	Direct Transfer of Funds - Grant	From the Taicang City government awarding bonus payments to company in recognition of the company's successful listing on the Shenzhen Stock Exchange.	The grant was expressly limited to firms undertaking an IPO, and is thus specific.	US-Wind Towers	0.06% (US - Wind Towers)
135	Award of Taxpayers in Yanghang Industrial Park	Direct Transfer of Funds - Grant	This program appears to be established by governments at the local level and was established to provide grants to taxpayers located in Yanghang Industrial Park. The administrative authority responsible for this program is identified as Yanghang Enterprise Development Co.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific nature of the subsidy suggests that it is specific.	Canada-Metal Bar Grating	
136	Awards for Taicang City to Promote Development of Industrial Economy for the 3-year Period of 2010 to 2012	Direct Transfer of Funds - Grant	A grant which company received for doubling output in three years.	The grant was expressly limited to firms undertaking an IPO.	US-Wind Towers	0.02% (US - Wind Towers)
137	Balidian Town Public Listing Award	Direct Transfer of Funds - Grant	The program was a one-time grant provided to enterprises in the Kingland Pipeline Industrial Park, Wuxing District that conducted successful public listing of shares and investing funds raised through its public listing into a pipeline construction project in Wuxing.	Regionally limited to companies successfully issuing an IPO.	Australia-HSS	
138	Business Development Overseas Support Fund (Foshan)	Direct Transfer of Funds - Grant	During the POI, one of the cooperative exporters reported having received payments from the local government-related to this fund. The exporter did not apply for these payments and, therefore, does not possess any information about the program. The granting authority is the Foshan Shunde Finance Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-SS Sinks, Canada-SPP, Canada- GSW	
139	Changzhou Qishuyan District Environmental Protection Fund (Jiangsu)	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to protect the environment respecting sewage disposal. The granting authority responsible for this program is the Environment Protection Bureau of Qishuyan District of Changzhou.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-Metal Bar Grating, Canada-Oil Country Tubular Goods (OCTG},Canada-SS Sinks, Canada-SPP	
140	Changzhou Technology Plan (Jiangsu)	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to encourage and support enterprises to develop new technologies. The granting authority responsible for this program is Changzhou Science and	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and	Canada-OCTG, Canada-SS Sinks, Canada-SPP	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			Technology Bureau.	countervailable. The new technology and region specific basis for the subsidy suggests that it is a specific subsidy.		
141	Circular on Issuance of Management Methods for Foreign Trade Development Support Fund	Direct Transfer of Funds - Grant	This provisional measure provides assistance to companies to expand the exportation of high-tech products and equipment manufacturing products, and supports the development of enterprises located in liaoning Province.	The grant is contingent upon exports.	US-Carbon Quality Steel Line Pipe	0.43% (US - Carbon Quality Steel Line Pipe)
142	Emission Reduction and Energy- saving Award	Direct Transfer of Funds - Grant	This program is administered by the Jiangsu Environmental Protection Department. The source of funding is the Finance Department of Jiangsu Province. This program is intended to support the emission-reduction work of major pollutants and the program came into force in September 2008.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
143	Energy-Saving Technique Special Fund	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to encourage the development of energy-saving technologies. The granting authority responsible for this program is the Changzhou Economic & Trade Commission.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
144	Energy-saving Technology Renovation Fund	Direct Transfer of Funds - Grant	This program was established to provide support and incentives for energy-saving projects. The administrative authorities responsible for this program are the Ministry of Finance and the National Development and Reform Commission. The granting authority is the Finance Department of Jiangsu Province.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-OCTG	
145	Enterprise Innovation Award of Qishuyan District (Jiangsu)	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to encourage and support enterprises to develop high-tech products. The granting authority responsible for this program is the Qishuyan District Government of Changzhou.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The high-tech basis for the subsidy suggests that it is a specific subsidy.	Canada-Metal Bar Grating, Canada - OCTG, Canada-SS Sinks, Canada-SPP	
146	Environment Protection Award (Jiangsu)	Direct Transfer of Funds - Grant	This program was established to provide financial assistance to enterprises for environmental protection. The administrative authority responsible for this program is the Environmental Protection Bureau of Jiangsu Province. The granting authority is the Jiangdu Finance Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-OCTG, Canada-SS Sinks, Canada-SPP	
147	Financial Subsidy	Direct Transfer of Funds - Grant	A financial subsidy from the provincial government. The granting authority is identified as the Finance Department of Jiangsu Province. No information was discovered as to why this subsidy was provided.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-OCTG	
148	Five Points, One Line Strategy in Liaoning Province	Direct Transfer of Funds - Grant	This program was established in the Several Opinions of the Peoples Government of Liaoning Province on Encouraging the Extended Opening-up of the Coastal Development. The "Five Points" include the following five industrial zones in Liaoning province: Dalian Changxing Island Seaport Industrial Zone, Yingkou Coastal Industrial Base, Liaoxi Jinzhou Bay Coastal Economic Zone, Dandong Industrial Zone and Dalian Huayuankou economic Zone. Under this program, the Liaoning provincial government provides refunds VAT and business tax, income tax reduction/exemption, interest subsidy and fee exemptions to enterprises located within the above mentioned five industrial zones. The granting authority responsible for this program is the Liaoning Development and Reform Commission.	Eligibility under the program is limited to enterprises located within designated industrial zones and other areas within Liaoning Province, as specified under the program.	Canada-Metal Bar Grating, Canada-OCTG, Canada-SPP, US-Carbon Quality Steel Line Pipe	0.3% (US - Carbon Quality Steel Line Pipe)

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
149	Funds of Guangdong Province to Support the Adoption of E-Commerce by Foreign Trade Enterprises	Direct Transfer of Funds - Grant	The program supports adoption of e-commerce by foreign trade enterprises in Guangdong Province.	The program supports adoption of ecommerce by foreign trade enterprises in Guangdong Province. CBSA determined that this program is contingent upon export and, therefore, specific.	US-SS Sinks	0.01% (US - SS Sinks)
150	Fuyang and Hangzhou City Government Grants for Enterprises Operating Technology and Research and Development Centres	Direct Transfer of Funds - Grant	Series of grants from the Fuyang and Hangzhou City Governments during the POI solely because it operates provincial level technology and research and development centre.	Specific because the grants were limited to firms operating research and development centres within the province.	US-Steel Wheels	0.04% (US - Steel Wheels) - 0.07% (US Steel Wheels)
151	Fuyang City Government Grant for Enterprises Paying Over RMB 10 Million in Taxes	Direct Transfer of Funds - Grant	Grant from the Fuyang City Government as a result of the company's tax payments exceeding RMB 10 million during the 2009 tax year.	Program was specific because the grant was limited to firms whose tax payments exceeded RMB 10 million.	United States-Steel Wheels	0.03% (US - Steel Wheels)
152	Fuyang City Government Grants Under the Export of Sub-Contract Services Program	Direct Transfer of Funds - Grant	Grant from the Fuyang City Government in return for providing the city government with the total value of export sub-contract services that Zhejiang Jingu exported in 2009.	Subsidy is contingent upon export performance.	US-Steel Wheels	0.02% (US - Steel Wheels)
153	Government of Shijiazhuang City Export Award	Direct Transfer of Funds - Grant	An export awarded provided by the Government of Shijiazhuang City.	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
154	Grant - Changzhou City Key Supporting Industry Upgrading Special Fund	Direct Transfer of Funds - Grant	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Canada-Pup Joints, Canada-SS Sinks, Canada Steel Piling Pipe	
155	Grant - Changzhou Five Major Industries Development Special Fund	Direct Transfer of Funds - Grant	Grant - Changzhou Five Major Industries Development Special Fund - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP	
156	Grant - Financial Subsidies from Wei Hai City Gaocun Town Government	Direct Transfer of Funds - Grant	The program was established in the Notice about Allocation of Government Reward, Gao Zheng Fa {2008), No. 7, which was issued on June 20 2008. This program was established to increase employment and promote the local economy. The granting authority responsible for this program is the Gaocun Town People's Government.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy. The regionally specific nature of the subsidy supports it being specific.	Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP	
157	Grant - Jiangsu Province Finance Supporting Fund	Direct Transfer of Funds - Grant	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP	
158	Grant - Policy on Value-added Tax for Recyclable Resources	Direct Transfer of Funds - Grant	Grant - Water Pollution Control Special Fund for Taihu Lake - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
159	Grant - Special Fund for Fostering Stable Growth of Foreign Trade in 2009	Direct Transfer of Funds - Grant	This program was established in 2009 and was valid for one year to help exporters survive the financial and economic crises in the world market. This program provided benefits in the form of marketing assistance. The granting authorities responsible for this program are the Department of Finance and the Department of Foreign Trade and Economic Cooperation of Guangdong Province. This program is implemented by the Municipal Bureau of Foreign Trade and	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-Galvani zed Steel Wire	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			Economic Cooperation and the Bureau of Finance.			
160	Grant - Subsidy from Water Saving Office	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to encourage the development of water-saving technologies. The granting authority responsible for this program is Changzhou Water Conservancy Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-Metal Bar Grating, GSW, OCTG, Pup Joints, Canada-SS Sinks, Canada-SPP,	
161	Grant - Water Pollution Control Special Fund for Taihu Lake	Direct Transfer of Funds - Grant	Grant - Water Pollution Control Special Fund for Taihu Lake - Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Because of the lack of cooperation from the GOC and exporters, CBSA was unable to determine that this program did not confer a countervailable subsidy, and as such considered that the program was countervailable.	Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
162	Grant - Wendeng Government (Shandong)	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to provide a one-time grant. The granting authority responsible for this program is the local Wendeng government.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy. The regionally specific nature of the subsidy supports it being specific.	Canada-OCTG, Canada-SS Sinks, Canada-SPP	
163	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Direct Transfer of Funds - Grant	Based on Notice of Issuing 'Method for Determination of Key Enterprises in Equipment Manufacturing Industry of Zhongshan,' Zhong Fu (2005) No.127. The OneSteel China subsidy application program 19 corresponds to this category number 163. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Limited to eligible enterprises in the equipment manufacturing industry of Zhongshan	Canada-Carbon Steel Welded Pipe, Australia-HSS	
164	Grant for Market Promotion and Trade Development	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to encourage the development and expansion of trade and markets for local industries. The granting authority responsible for this program is the Dongying District Finance Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The export oriented nature of the subsidized activities also suggests that the subsidy is specific because it is based on export performance.	Canada-OCTG. Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
165	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Direct Transfer of Funds - Grant	A grant to encourage the establishment of company headquarters that would reasonably be used to administer all or multiple activities of the company. The OneSteel China subsidy application program 18 corresponds to this category number 165. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Favours particular enterprises, particularly eligible FIE's that establish headquarters or regional headquarters in Guangzhou Municipality.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SS Sinks, Canada-SPP, Canada-GSW	
166	Grants under the Science and technology program of Jiangsu Province	Direct Transfer of Funds - Grant	Program provides, among others, grants to certain enterprises.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable. EU investigating authorities were unable to determine if there were sufficient objective criteria to make the subsidy non-specific.	US-Concrete Steel Wire Strand, EU-Organic Steel	0.01% (US - Concrete Steel Wire Strand)
167	Guangdong - Hong Kong Technology Cooperation Funding Scheme	Direct Transfer of Funds - Grant	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Insufficient information was provided to the CBSA for the program to be eliminated as a countervailable subsidy and therefore it continued to be considered to a countervailable subsidy.	Canada-Metal Bar Grating, GSW, OCTG, Pup Joints, SS Sinks, SPP.	
168	Guangdong	Direct	Guangdong Supporting Fund (no further	Due to lack of cooperation from	Canada-GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	Supporting Fund	Transfer of Funds - Grant	information available from invest gating authorities)	exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.		
169	Hangzhou City Government Grants Under the Hangzhou Excellent New Products/Technology Award	Direct Transfer of Funds - Grant	Grants from the Hangzhou City Government in connection with a lightweight, high-strength steel wheel project as part of the Hangzhou Excellent New Products/Technology Award.	Subsidy is contingent upon export performance.	US-Steel Wheels	Subsidy is contingent upon export performance .
170	Huzhou City Public Listing Grant	Direct Transfer of Funds - Grant	A grant for enterprises that successfully completed listing of shares during 2010. The OneSteel China subsidy application program 22 corresponds to this category number 170. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Regionally limited to companies successfully issuing an IPO.	Australia-HSS	
171	Huzhou City Quality Award	Direct Transfer of Funds - Grant	The award is granted to no more than three enterprises each year that are registered in Huzhou City and have been in operation for more than three years and that have: 'enjoyed excellent performance'; 'implemented quality management'; and 'obtained a leading position in industry with significant economic benefits and social benefits'. The OneSteel China subsidy application program 23 corresponds to this category number 171. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Favours certain enterprises based on limited eligibility criteria over all other enterprises.	Australia -Hollow Structural Sections	
172	Huzhou Industry Enterprise Transformation and Upgrade Development Fund	Direct Transfer of Funds - Grant	The purpose of the program is to promote industrial structure adjustment and upgrading, and to support techno logy updating and innovation of enterprises. The OneSteel China subsidy application program 24 corresponds to this category number 172. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	This Program is limited to enterprises registered in Huzhou.	Australia-HSS	
173	Implementing Measures on the Supporting Fund for Foreign Trade & Economic Development of Jiangxi Province (Implementing Measures)	Direct Transfer of Funds - Grant	The Government of Jiangxi Province provides grants to firms with positive growth rates that export between $10 million and $20 million worth of high-tech mechanical or electrical products.	Program is contingent on export performance.	US-Concrete Steel Wire Strand	0.06% (US - Concrete Steel Wire Strand)
174	Important Structural Adjustment Program of Jiangsu Province	Direct Transfer of Funds - Grant	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	US-Concrete Steel Wire Strand	0.01% (US - Concrete Steel Wire Strand)
175	Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang	Direct Transfer of Funds - Grant	One-time bonus payments to Zhejiang Jingu in recognition of the company's successful listing on the Shenzhen Stock Exchange.	Grants were limited to firms undertaking an IPO, we find the grants to be specific.	US-Steel Wheels	0.02% (US - Steel Wheels) - 0.31% (US Steel Wheels)
176	Innovative Experimental Enterprise Grant	Direct Transfer of Funds - Grant	This purpose of this program is to accelerate technology development in Zhejiang Province. The OneSteel China subsidy application program 15 corresponds to this category number 176. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-	The subsidy is specific as the criteria or conditions providing access to the subsidy favours particular enterprises, being those fund recipients, over all other enterprises.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, SS Sinks, SPP, GSW Australia-HSS,	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
177	Innovative Small and Medium-Sized Enterprise Grants	Direct Transfer of Funds - Grant	The "Innovative Small- and Medium-Sized Enterprise Grant 2008" was provided by the Ningbo Zhenhai Development and Reform Bureau.	Provided to a limited group of enterprises.	Canada-Metal Bar Grating, GSW, Pup Joints, SS Sinks, SPP, US-Steel Grating	0.04% (US - Steel Grating)
178	Interim Measures of Fund Management of Allowance for Zhongshan Enterprises to Attend Domestic and Overseas Fair (Zhongshan)	Direct Transfer of Funds - Grant	This program was issued by the Zhongshan Municipal People's Government office in Documents Zhongfuban [2009] No. 48. This program was established to promote the sustainable development of the economy, to encourage local enterprises to develop domestic and international markets, and to improve the implementation of market diversification strategies for enterprises. The program is administered by the Municipal Economic and Trade Bureau and Foreign Economic and Trade Bureau.	Encourage enterprises in Zhongshan City to explore international markets, CBSA determines that this program is contingent upon export and, therefore, specific.	Canada-SS Sinks, Canada-SPP, US-SS Sinks	0.05% (US - SS Sinks)
179	International Market Fund for Export Companies (Jiangmen City)	Direct Transfer of Funds - Grant	This program was established in a document titled 'Measure Jiang Cai Wai [2010] No.92' in order to provide support to companies that have export business. This program was administered by Local Finance Funds in Jianghai District, Jiangmen City.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The export oriented nature of the subsidized activities also suggests that the subsidy is specific because it is based on export performance.	Canada-SS Sinks, Canada -SPP, Canada- GSW	
180	Investment Grants from Fuyang City Government for Key Industries	Direct Transfer of Funds - Grant	Certain producers are designated "key industry" and thus received grants based on investment.	Limited to designated "key industries".	US-Steel Wheels	0.06% (US - Steel Wheels)
181	Jiangdu City Industrial Economy Performance Award (Jiangsu)	Direct Transfer of Funds - Grant	This program was established to encourage industrial enterprises to speed up technological transformation, product development and brand building. The administrative authority responsible for this program is the Jiangdu economic and Development Commission. The granting authority is the Jiangdu Finance Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable.	Canada-OCTG, Canada-SS Sinks, Canada-SPP	
182	Jiangxi Provincial Bulk Cement Special Fund: Transformation of Bulk Cement Facilities and Equipment	Direct Transfer of Funds - Grant	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	US-Concrete Steel Wire Strand	0.01% (US - Concrete Steel Wire Strand)
183	Jiangxi Provincial Environmental Protection Special Fund	Direct Transfer of Funds - Grant	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	US-Concrete Steel Wire Strand	0.02% (US - Concrete Steel Wire Strand)
184	Jiangxi Provincial Wall Material Renovation Special Fund: Special Subsidies for New Wall Materials	Direct Transfer of Funds - Grant	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	Insufficient information was provided to the US ITA about a grant under this program. The ITA therefore considered that it was a countervailable subsidy based on adverse inferences.	United States-Concrete Steel Wire Strand	0.01% (US - Concrete Steel Wire Strand)
185	Jiulong Lake Town Grant 2008	Direct Transfer of Funds - Grant	Grant consists of 4 components: The Technical Reform Input Award, which is awarded to only one company: The Advancement in Sales Award, which is awarded to three companies; 3 The District Model Enterprise for Environmental Protection award, which is awarded to only one company; and 4. The Advanced Enterprise in Energy-Saving award, which is awarded to three companies.	GOC did not challenge whether the program was or was not countervailable.	Canada-Metal Bar Grating, US-Steel Grating	0.04% (US - Steel Grating)
186	Liaoning High-Tech Products & Equipment Export Interest Assistance	Direct Transfer of Funds - Grant	Based on the information available, this program was established by governments at the local level to provide financial support to enterprises of high- tech products or the equipment manufacturing industry in Liaoning province. The granting authority responsible for this program is the Liaoning	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The industry and	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-SPP	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			Economic Commission.	region specific basis for the subsidy suggests that it is a specific subsidy.		
187	Outstanding Growth Private Enterprise and Small and Medium- sized Enterprises Development in Jiangyin Fund	Direct Transfer of Funds - Grant	A one-time award in 2009 to further the development of a particular producer's products. This program, which was established in 2005, is administered by the Jiangyin Bureau of Economy and Trade and Jiangyin Bureau of Finance and is focused on enhancing the development of local private businesses and small and medium-sized enterprises. The circular (i.e. "Circular for Issuing Specially Oriented Funds 2008 to the Outstanding Growth Private Enterprise and Small and Medium-Sized Enterprises in Jiangyin," No.{2009}2} is the basis for this program.	The subsidy is specific because it is contingent on export performance.	US-Drill Pipe	0.06% (US - Drill Pipe)
188	Patent award in Guangdong province;	Direct Transfer of Funds - Grant	This purpose of this program is to encourage innovation and the generation of associated patents. The program is administered by the Guangdong Province Department of Intellectual Property and Department of Personnel. The OneSteel China subsidy application program 14 corresponds to this category number 188. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Enterprises are selected based on their patents meeting certain criteria.	Australia-HSS	
189	Refund from Government for Participating in Trade Fair {Foshan)	Direct Transfer of Funds - Grant	Exporters received a refund for participating in the Canton Trade Fair. The funds are provided for booth modification fees. The granting authority is the Foshan Shunde Economic Promotion Bureau.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-SS Sinks, Canada-SPP, Canada- GSW	
190	Reimbursement of Foreign Affairs Services Expenses (Foshan)	Direct Transfer of Funds - Grant	Funds are provided for privately owned businesses involved in export activities. The granting authority is the Foshan Shunde Treasury Payment Centre.	Insufficient information was provided by the exporters and the GOC to the CBSA to allow it to determine the subsidy was not specific and countervailable, and thus it was considered specific and countervailable. The region specific basis for the subsidy suggests that it is a specific subsidy.	Canada-SS Sinks, Canada-Steel Piling Pipe	
191	Research & Development (R&D)	Direct Transfer of Funds - Grant	This program was established by governments at the local level to encourage and Assistance Grant energy savings, to enhance product quality, to improve export structure, and to cultivate and develop high-tech industries and new pillar industries. The funds were provided for Science and Technology Research. The granting authority is the Foshan Shunde Finance Bureau. The OneSteel China subsidy application program 13 corresponds to this category number 191. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Because famous brand designation is among the factors the local authority considers when determining eligibility and because the famous brand designation is contingent upon export activity, we determine that the program is specific.	Canada-Carbon Steel Welded Pipe, Canada-Metal Bar Grating, OCTG, Pup Joints, SS Sinks, SPP, Australia-HSS, Canada-GSW	
192	Science and Technology Award	Direct Transfer of Funds - Grant	This program was established to provide benefits to enterprises for dedication to technological development. The administrative/granting authorities responsible for this program are the Jiangdu Finance Bureau and the Jiangdu Science and Technology Bureau	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-OCTG	
193	Special Fund for Significant Science and Technology in Guangdong Province	Direct Transfer of Funds - Grant	The program seeks to support major generic, and key technology R&D of Guangdong industries and promote technology achievements and diffusion of technological knowledge.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program	Canada-Galvanized Steel Wire	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
				was specific and countervailable.		
194	Special Support Fund for Non-State-Owned Enterprises	Direct Transfer of Funds - Grant	The relevant legislation under which the subsidy is provided for is Notions Concerning Accelerating the Growth of the Non-state-owned Economy. It provides grants to Non-SOEs located in Yunan. The OneSteel China subsidy application program 16 corresponds to this category number 194. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Due to lack of cooperation, the US Department of Commerce's ITA considered that this program was specific based on adverse inferences.	Canada-Pup Joints, SS Sinks, Canada-SPP, US-Wind Towers, Canada-GSW	0.01% (US - Wind Towers)
195	Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ	Direct Transfer of Funds - Grant	A grant that Chinese producer received in 2009,from the Lianyungang Economic and Technological Development Zone (LETDZ) Administration Committee, for the company's investment within the zone.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable. The region specific basis for the subsidy suggests that the subsidy is specific.	US-Wind Towers	0.55% (US - Wind Towers)
196	Supporting Fund for Non-refundable Export Tax Loss on Mechanical and Electrical Product and High-tech Product (Jiangmen City)	Direct Transfer of Funds - Grant	This program was established in order to provide support to exporters adversely affected by the financial crisis. This program was administered by the Jiangmen Bureau of Foreign Economic & Trade Development in conjunction with the Finance Bureau of Jianghai District, Jiangmen City.	Program is contingent upon exports.	Canada-SS Sinks, Canada-SPP, Canada- GSW	
197	Supportive Fund Provided by the Government of Xuyi County, Jiangsu	Direct Transfer of Funds - Grant	This program was established in the Notification of Eight Solemn Promises on Attracting Foreign Investment in the Industrial Zone of Xuyi County, Xu Fa (2001) No. 28 which came into effect as of September 26,2001. Its purpose is to attract foreign investment in the Industrial Zone of Xuyi County. The granting authority responsible for administering this program is the Government of Xuyi County. Under this program, enterprises are eligible to receive supportive funds (grants) provided by the Local Xuyi Government.The amount of grants provided under this program is calculated on the basis of 40% of enterprise income tax paid in the previous year, 25% of VAT paid in the previous year, and 100% of other types of taxes (i.e. stamp tax, real estate tax, urban construction tax and land usage tax) paid in the previous year.	Regionally specific: Under this program, enterprises are eligible to receive a grant based on the following criteria: the company must be located in the Industrial Zone of Xuyi County; the company has over RMB 3 million investment on fixed assets; and, the project should be non-polluting and non- combustible.	Canada-Metal Bar Grating, Canada-Oil Country Tubular Goods (OCTG), Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP	
198	Technology to Improve Trade R&D Fund	Direct Transfer of Funds - Grant	A one-time award in 2009 from the Jiangsu Treasury Department under the Technology to Improve Trade R&D Fund, which benefitted the company's research and development efforts.	This program is contingent upon export performance.	US-Drill Pipe	0.08% (US - Drill Pipe)
199	Various Export Contingent Grants Provided by the Fuyang City Government	Direct Transfer of Funds – Grant	Company received Exhibition Fee Reimbursement, Star Enterprise, Export Expansion Recognition, and Open Economic Development grants from the city government.	Subsidy is contingent upon export performance.	US-Steel Wheels	Subsidy is contingent upon export performance.
200	Venture Investment Fund of Hi-Tech Industry	Direct Transfer of Funds – Grant	Involves a grant being paid to eligible enterprises located in the Hi-Tech Zone or High-Tech park of the Northern District. The OneSteel China subsidy application program 17 corresponds to this category number 200. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	Favours particular enterprises, being eligible enterprises located in the Hi-Tech Zone or High-Tec h park of the Northern District.	Canada-GSW, Metal Bar Grating. OCTG, Pup Joints, SS Sinks, SPP, Australia-HSS,	
201	Water Conservancy Fund Deduction	Direct Transfer of Funds - Grant	Program is based on "Notification of Relevant Problems of Further Strengthening Water Conservancy Fund Deduction Administration of Zhejiang Province Local Taxation Bureau (Zhe Di Shui Fa [2007] No.63).	The criteria or conditions providing access to the subsidies favours certain enterprises over all other enterprises.	Australia-HSS	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
			The OneSteel China subsidy application program 20 corresponds to this category number 201. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
202	Water Saving Enterprise	Direct Transfer of Funds - Grant	This program was established by governments at the local level to encourage the development of water-saving technologies. The granting authority responsible for this program is Changzhou Water Conservancy Bureau.	Due to lack of response to information requests, the CBSA did not have sufficient information to determine that this programs should be removed from the investigation for the purposes of the final determination.	Canada-OCTG	
203	Wuxing District Freight Assistance	Direct Transfer of Funds - Grant	Those enterprises whose annual freight cost is RMB 3 million or above, will be refunded 50% of the increase in the annual turnover tax which is paid locally by the transportation business and which is retained by the city. The OneSteel China subsidy application program 21 corresponds to this category number 203. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	The criteria or conditions providing access to the subsidies favours certain enterprises over all other enterprises.	Australia-HSS	
204	Wuxing District Public List Grant	Direct Transfer of Funds - Grant	A grant is available to eligible advanced publicly listed enterprises. The OneSteel China subsidy application program 25 corresponds to this category number 204. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	The criteria or conditions providing access to the subsidies favours certain enterprises over all other enterprises.	Australia-HSS	
205	Xinhu Municipal Environmental Protection Special Fund: Grants for Pollution Control Facilities and Construction	Direct Transfer of Funds - Grant	Xinhu Municipal Environmental Protection Special Fund: Grants for Pollution Control Facilities and Construction	Due to lack of cooperation, the US Department of Commerce's ITA considered that this program was specific based on adverse inferences.	US-Concrete Steel Wire Strand	0.02% (US - Concrete Steel Wire Strand)
206	Zhabei District "Save Energy Reduce Emission Team" Award Program	Direct Transfer of Funds - Grant	Based on company's successful renovation of its coal-burning furnace to a vacant oven which saves energy and reduces emissions.	Insufficient information was provided by the exporters and the GOC to the US ITA. Because of the lack of cooperation, the ITA drew an adverse inference that the program was specific and countervailable.	US-GSW, Canada-GSW	0.03% (US - GSW)
207	Loans and Interest Subsidies provided under the Northeast Revitalization Program	Direct Transfer of Funds - Loan	Based on the information available, enterprises located in the northeast region of China may receive preferential loans in the form of interest subsidy under the Northeast Revitalization program.	Subsidy only provided to a limited number of enterprises located in the northeast region.	Canada-Carbon Steel Welded Pipe, Metal Bar Grating, OCTG, Pup Joints, SPP Seamless Casing	
208	Award by Shanghai Songjiang Economic Committee	Government Revenue Foregone	Award by Shanghai Songjiang Economic Committee (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
209	Fund for Supporting Strategic Emerging Industries by Guangdong Governments	Government Revenue Foregone	Fund for Supporting Strategic Emerging Industries by Guangdong Governments (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
210	Income Tax Exemption for Investors in Designated Geographical Regions Within Liaoning	Government Revenue Foregone	Under Article 9 of the FIE Tax Law, the provincial governments, the autonomous regions, and the centrally governed municipalities have been delegated the authority to provide exemptions and reductions of local income tax for industries and projects for which foreign investment is encouraged.	Regionally specific.	US-Wind Towers	0.08% (US - Wind Towers)
211	Income Tax Refund where Profits Re invested in SEZs and other	Government Revenue Foregone	This program was established in the Regulations on Special economic Zones in Guangdong Province and approved for implementation on August 26, 1980. This	Regionally specific to enterprises in the SEZ's of Guangdong province.	Canada-Carbon Steel Welded Pipe, Canada-OCTG, Canada-	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	Designated Areas		program was established to encourage investors to reinvest profits into businesses in the SEZs of Guangdong province. The granting authority responsible for this program is the State Administration of Taxation and the program is administered by local tax authorities. Under this program, businesses that reinvest profits derived in the SEZs of Guangdong province for a period of five years or longer may apply for a reduction of or an exemption from income tax on the reinvested portion.		Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP. Canada-GSW	
212	Other tax privileges of Ma'anshan	Government Revenue Foregone	Miscellaneous tax privileges from 2008 to 2010 enjoyed by producers located in Ma'anshan and Wuhan, including exemptions from city maintenance and construction tax, and extra charges on education funds.	Regionally limited.	EU-Organic Steel	0.08% (EU - Organic Steel)
213	Preferential Tax Policies for FIE's Established in the Pudong Area of Shanghai	Government Revenue Foregone	Reduced income tax rate due to producer location in the Shanghai Pudong New District.	Favours particular enterprises, being those eligible production orientated FIE's located in the Pudong area	Canada-Carbon Steel Welded Pipe, GSW, Metal Bar Grating, OCTG, Pup Joints, Seamless Casing, SS Sinks, SPP, Australia-HSS	
214	Preferential Tax Policies in the Western Regions	Government Revenue Foregone	Producers/exporters have benefited from exemptions to income tax based upon the location of the industry in the Western Regions of China. The OneSteel China subsidy application program 6 corresponds to this category number 214. For further narrative see http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf	For enterprises located in the Western Regions, only those industries which are 'encouraged' are eligible for the subsidy. Other companies in the designated geographical region (being those enterprises which are not 'encouraged') are not eligible for the subsidy.	Canada-GSW, Carbon Steel Welded Pipe, OCTG, Canada-Joints, Seam less Casing, SS Sinks, SPP, Australia-HSS,	
215	Shunde Intensive Industrial Zone Administrative Fee Exemptions and Reductions	Government Revenue Foregone	Companies with industrial-use land and ancillary residential facilities-use land within an intensive industrial zone are eligible for the reduction of land transfer fee.	The fee reduction is limited to companies in intensive industrial zones, we find that the program is specific.	US-SS Sinks	0.09% (US - SS Sinks)
216	Special Fund for Pollution Control of Three Rivers, Three Lakes, and the Songhua River	Government Revenue Foregone	Special Fund for Pollution Control of Three Rivers, Three Lakes, and the Songhua River (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
217	Special Supporting Fund for Key Projects of "500 Strong Enterprises in Contemporary Industries" by Guangdong Governments	Government Revenue Foregone	Special Supporting Fund for Key Projects of "500 Strong Enterprises in Contemporary Industries" by Guangdong Governments (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
218	Supporting Fund for the Development from Guangzhou Local Governments	Government Revenue Foregone	Supporting Fund for the Development from Guangzhou Local Governments (no further information available from investigating authorities)	Due to lack of cooperation from exporters and the GOC, CBSA was unable to rule the subsidy out as a countervailable subsidy.	Canada-GSW	
219	Tariff and Value-added Tax (VAT} Exemptions on Imported Materials and Equipment in SEZs and other Designated Areas	Government Revenue Foregone	This program was established in the Regulations on Special Economic Zones in Guangdong Province and approved for implementation on August 26 1980. The program was established to absorb investment in SEZs and encourage districts to take the lead in development.The granting authority responsible for this program is the General Administration of Customs and the program is administered by the local customs authorities. Under this program, machinery and equipment, spare parts, raw and semi-processed materials, means of transportation and other capital goods necessary for production that are imported by enterprises in special zones shall be exempted from import duties.	Limited to any enterprise located in the special zones in Guangdong Province.	Canada-Metal Bar Grating, Canada-OCTG, Canada-Pup Joints, Canada-Seamless Casing, Canada-SS Sinks, Canada-SPP, Canada- GSW	

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
220	Tax concessions for Central and Western regions	Government Revenue Foregone	This scheme provides a benefit to companies located in the Central and Western Regions. The eligible companies are subject to preferential income tax rate of 15% instead of normal income tax rate of 25% applicable in China.	Legislation itself, pursuant to which the granting authority operates, limited the access to this scheme only to certain enterprises and industries classified as encouraged.	EU-Organic Steel	0.04% (EU - Organic Steel)
221	Various local tax discounts (Shandong Province, Chongqing City, Guangxi Region Zhuang, Tax privileges to develop central and western regions)	Government Revenue Foregone	A number of tax discounts available in several provinces (i.e. Shandong, Chongqing Municipal ty, Guangxi Region Zhuang, Central and Western Regions) in the form of a reduced corporate tax rate of 15% as opposed to the generally applicable tax rate of 25%.	Regionally limited.	EU-Organic Steel	0.66% (EU - Organic Steel)
222	VAT deduction on fixed assets in the Central region	Government Revenue Foregone	This program covers VAT taxpayers mainly active in certain listed industries, including the metallurgical industry. The program provides that eligible VAT taxpayers located in 26 cities of the old industrial bases of the central region that make investments in certain fixed assets can deduct the amount of VAT paid on the fixed assets from its total VAT payable.	Limited to certain designated areas, i.e. the cities of the old industrial bases of the Central region.	EU-Organic Steel	0.89% (EU - Organic Steel)
223	VAT Exemptions for the Central Region	Government Revenue Foregone	Eligibility for this program is extended to normal VAT tax payers that participate in any of eight industries, including the metallurgy industry, the equipment manufacture industry, and new and high technology industry. Location is a requirement for the program, which is extended to 26 municipal ties of six provinces in the Central Region of the PRC.	VAT exemptions granted to selected industries in the central region of the PRC confer a countervailable subsidy. The regionally specific nature of the subsidies also makes the subsidies countervailable.	Canada-SS Sinks, Canada -SPP, US-Carbon and Alloy Steel Standard, Line, and PP, Canada-GSW	0.31% (US - Carbon and Alloy Steel Standard, Line, and PP)
224	Anti-dumping Respondent Assistance	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 26 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 26), and before then Subsidy Investigation No. 198 (there known as, Program 29). Legal basis: Regulatory instrument: Notification of Receiving Fair Trade Assistance by Wuxing Foreign Economic and Trade Bureau. This program is administrated by Wuxing District Foreign Economic and Trade Bureau. Eligibility criteria: The Australian industry understands that enterprises which incur expenses in anti-dumping proceedings may benefit from this program."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
225	Transformation technique grant for rolling machine	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 28 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 198 (there known as, Program 31). In that case, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria in relation to transformation technique and be located in Jinan district in order to be eligible for the subsidy provided by the Jinan Development and Reform Commission. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
226	Grant for Industrial enterprise energy management - centre construction demonstration project Year 2009		Noted in the OneSteel China subsidy application program 29 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 198 (there known as, Program 32). In that case, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria in relation to energy management in order to be eligible for the subsidy provided by the Ministry of Finance. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
227	Key industry revitalization infrastructure spending in 2010	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 30 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 198 (there known as, Program 33). In that case, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria in relation to key industry revitalization infrastructure and be located in Shandong Province in order to be eligible for the subsidy provided by Shandong Provincial Department of Finance. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
228	Provincial emerging	Government	Noted in the OneSteel China subsidy application as program 31 as follows:			

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
	industry and key industry development special fund	Revenue Foregone	*"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 198 (there known as, Program 34). In that case, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as an emerging industry and be located in Shandong Province in order to be eligible for the subsidy provided by Shandong Provincial Department of Finance and Shandong Economic and Information Committee. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf This program may the same, but under different name, as program number 209 above.			
229	Environmental protection grant	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application program 32 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 29), and before then in Subsidy Investigation No.193 (there known as, Program 31). In Subsidy Investigation No. 193, a cooperating exporter explained that the program was available to enterprises to purchase equipment to help protect the environment and payments were by the Ministry of Finance. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf This program may the same but under different name, as program number 36 above.			
230	Environmental protection fund	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 33 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 38), and in Subsidy Investigation No. 198 (there known as, Program 34). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria in relation to environment protection be located in Jinan District in order to be eligible for the subsidy provided by the Jinan Municipal Bureau of Finance and Jinan Municipal Environmental Protection Bureau. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
231	Intellectual property licensing	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application program 34 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 39), and before then Subsidy Investigation No. 198 (there known as, Program 37). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as intellectual property and be located in Shandong Province in order to be eligible for the subsidy provided by Intellectual Property Office of Shandong Province. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
232	Financial resources construction - special fund	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 35 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 40), and before then Subsidy Investigation No. 198 (there known as, Program 38). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as financial resources construction of special fund and be located in Jinan District in order to be eligible for the subsidy provided by Jinan Finance Bureau. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
233	Reducing pollution discharging and environment improvement assessment award	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 36 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 41), and before then Subsidy Investigation No. 198 (there known as, Program 39). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as reducing pollution to help improve the environment and be located in Jinan District in order to be eligible for the subsidy provided by Jinan Municipal Finance Bureau. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
234	Grant for elimination of out dated capacity	Direct Transfer of Funds -	Noted in the OneSteel China subsidy application as program 37 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237*			

#	Subsidy Name	Type of Subsidy	Subsidy Program Description	Reason for Specificity	Precedent/ Decision where program was countervailed	Subsidy Range Found
		Grant	*(there known as, Program 43), and before then Subsidy Investigation No. 198 (there known as, Program 41). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as eliminating out dated blast furnace and be located in Shandong Province in order to be eligible for the subsidy provided by Shandong Province Finance Bureau. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
235	Grant from Technology Bureau	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application program 38 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 44), and before then Subsidy Investigation No. 198 (there known as, Program 42). In Subsidy Investigation No. 198, although the Commission was not aware of the legal basis or eligibility criteria of the program, it found that due to the lack of information provided by the GOC, the Commission nevertheless considered that enterprises were required to meet some criteria to be identified as developing application of coke oven gas waste heat efficiency and be located in Jinan District in order to be eligible for the subsidy provided by Jinan Licheng District Finance Bureau. The Commission therefore found the program to be specific, and countervailable."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
236	High and New technology Enterprise Grant	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 39 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 30)."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
237	Independent Innovation and High Tech Industrialization Program	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 40 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 31)."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
238	Environmental Prize	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 41 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 33)."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
239	Jinzhou District Research and Development Assistance Program	Direct Transfer of Funds - Grant	Noted in the OneSteel China subsidy application as program 42 as follows: *"This program was found to be a current and countervailable subsidy most recently in Subsidy Investigation No. 237 (there known as, Program 34)."* See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf			
240	Preferential loans and interest rates	Government Revenue Foregone	Noted in the OneSteel China subsidy application as program 46. See http://www.adcommission.gov.au/cases/EPR%20301%20%20350/EPR%20322/004%20-%20NON-CONF%20ATT%20C-1%20Subsidy%20Programs.pdf In part, the OneSteel China subsidy application states: *"In European Community – Countervailing measures on organic steel from China, the highest subsidy rate there calculated for this program was 0.97 %."*			

Appendix Six: China WTO Accession Protocol of 10 December 2001, Clause 15

15. Price Comparability in Determining Subsidies and Dumping

Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.

(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.

(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.

(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector