



International Trade Remedies Branch
Exporter Questionnaire



Product: Hot rolled coil steel
From: Japan, the Republic of Korea, Malaysia
and Taiwan
Investigation period: 1 April 2011 to 31 March 2012
Response due by: **25 July 2012**

Extended to 8 August 2012

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Return completed
questionnaire to: International Trade Remedies Branch
Australian Customs and Border
Protection Service
5 Constitution Avenue
Canberra ACT 2601
AUSTRALIA
Attention: Director Operations 1

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GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices, is hot rolled coil. The applicant provided further details as follows:

General description

The application specifies that:

Hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods excluded from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.¹

Hot Rolled Coil ("HRC") is supplied in a range of thicknesses, all of which are covered by this application.

¹ Application for the publication of a dumping duty notice for Hot Rolled Coil exported from Japan, the Republic of Korea, Malaysia and Taiwan (Application), page 10.

SECTION A - COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head Office:

Name:	Y. C. Han
Position in the company:	General Manager of Marketing Administration Department
Address:	1 Chung Kang Road Hsiao Kang Kaohsiung Taiwan, R.O.C.
Telephone:	+886 7 802 1111
Facsimile number:	+886 7 802 0462
E-mail address of contact person:	082479@mail.csc.com.tw 105239@mail.csc.com.tw

Factory:

Address:	1 Chung Kang Road Hsiao Kang Kaohsiung Taiwan, R.O.C.
Telephone:	+886 7 802 1111
Facsimile number:	+886 7 802 0462
E-mail address of contact person:	105239@mail.csc.com.tw

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name:	Daniel Moulis
Address:	6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport ACT 2609 Australia

Telephone:	+61 2 6163 1000
Facsimile/Telex number:	+61 2 6162 0606
E-mail address of contact person:	daniel.moullis@moullislegal.com
	Please note that all communications in relation to this matter should be directed to Moullis Legal in the first instance.

Note that in nominating a representative, Customs and Border Protection will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

China Steel Corporation ("CSC") is a company limited by shares established in accordance with the Company Law of Taiwan.

CSC does not use other business names to sell goods.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

CSC is a publicly traded company listed on the Taiwan Stock Exchange. As such, the holding of each shareholder will vary from time to time in line with the shareholder's trading in the stock market.

Based on the shareholders' roster dated 17 April 2012, only one shareholder - [CONFIDENTIAL TEXT DELETED] - owns more than 5% of CSC's shares. [CONFIDENTIAL TEXT DELETED]

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Not applicable. CSC is not a subsidiary of another company.

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Not applicable.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Please refer to Attachment 1 [CONFIDENTIAL ATTACHMENT] for a chart showing CSC's affiliated companies.

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6. Are any management fees/corporate allocations charged to your company by your parent or related company?

No.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

CSC is a producer of steel products.

8. If your business does not perform all of the following functions in relation to the goods, then please provide names and addresses of the companies which perform each function:

- produce or manufacture;
- sell in the domestic market;
- export to Australia; and
- export to countries other than Australia.

CSC produces and sells the goods in the domestic market and also exports the goods to other countries, including Australia.

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

CSC is organized into seven divisions, which are structured based on their respective functions.

- The Engineering Division was originally established to manage the establishment of new manufacturing facilities at CSC. [CONFIDENTIAL TEXT DELETED].
- The Technology Division is in charge of research and development of process technologies, metallurgy and new materials.
- The Production Division is in charge of the production of CSC's merchandise from raw material through iron-making, steel-making, rolling, inspection to packing. It is also in charge of plant administration.
- The Finance Division is in charge of CSC's financing and accounting.
- The Administration Division is in charge of CSC's general administration.
- The Commercial Division is in charge of sales, marketing, transportation and procurement.
- The Corporate Planning Division is in charge of legal, secretarial, industrial engineering, and corporate strategy.

Please refer to Attachment 2 [CONFIDENTIAL ATTACHMENT] for CSC's internal organization chart.

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Please refer to:

- Attachment 3 [CONFIDENTIAL ATTACHMENT] for CSC's audited financial statements for 2011; and
- Attachment 4 for CSC's product catalogue of hot rolled steel products.

A-4 General accounting/administration information

1. Indicate your accounting period.

CSC's accounting period is calendar year (1 January to 31 December).

2. Indicate the address where the company's financial records are held.

CSC's accounting records are accessible at No. 1 Chung-Kang Road, Hsiao Kang, Kaohsiung, Taiwan.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

Please refer to Attachment 5 [CONFIDENTIAL ATTACHMENT] for CSC's chart of accounts.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion); and

Please refer to:

- Attachment 3 [CONFIDENTIAL ATTACHMENT] for CSC's audited unconsolidated financial statements for 2011 and 2010;
- Attachment 6 [CONFIDENTIAL ATTACHMENT] for CSC's audited consolidated financial statements for 2011 and 2010.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

Please refer to Attachment 7 [CONFIDENTIAL ATTACHMENT] for CSC's internal income statements for 2010, 2011 and 2012 Q1.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods, and
- the company.

[CONFIDENTIAL TEXT DELETED]. All the documents relate to the company as a whole.

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years,

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together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Not applicable.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

CSC's accounting practices are in accordance with the generally accepted accounting principles ("GAAP") of Taiwan.

6. Describe the significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out – LIFO, first in first out- FIFO, weighted average);

CSC uses the weighted average method in valuing inventory of raw materials, work-in-process, and finished goods.

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

When the production process involves more than one product, total costs incurred are allocated to the different products by the output quantity of each product.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

In CSC's cost accounting system, total manufacturing cost is allocated only to prime products. Non-prime products - including secondary, salvage and scrap - are valued at their standard cost, and then deducted from the total manufacturing cost at their recovery value.

- valuation methods for scrap, by products, or joint products;

Scraps and by products are valued [CONFIDENTIAL TEXT DELETED].

- valuation and revaluation methods for fixed assets;

Property, plant and equipment, except for land, are stated at cost or cost plus revaluation increment less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions, renewals and improvements are capitalized, while costs of maintenance and repairs are expensed currently.

Spare parts are intended for use in the repairs of machinery and equipment. Depreciation of major spare parts is calculated by the straight-line method over the shorter of the useful life of the supported equipment or their own useful lives. Depreciation of rollers is calculated based on their level of wear.

- average useful life for each class of production equipment and depreciation method and rate used for each;

Depreciation is calculated by the straight-line method over the service life of equipment and assets as follows:

- land improvements - 15 to 40 years;
- buildings and improvement - 5 to 60 years;
- machinery and equipment - 3 to 25 years;
- transportation equipment - 3 to 20 years; and
- miscellaneous equipment - 3 to 10 years.

Depreciation on re-valued assets is calculated by the straight-line method over the remaining service life of the re-valued asset.

When a property reaches its residual value but is still in use, its residual value is depreciated over its re-estimated service life.

- treatment of foreign exchange gains and losses arising from transactions;

Non-derivative foreign-currency transactions are recorded in functional currency at the rates of exchange in effect when the transaction occurred. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in the profit or loss account.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

At the balance sheet date, foreign currency monetary assets and liabilities are re-valued using prevailing exchange rates and the exchange differences are recognized in the profit or loss account.

- inclusion of general expenses and/or interest;

CSC does not capitalize general and administrative expenses. Interest expenses associated with the acquisition of machinery and other fixed assets are capitalized. Capitalized interest expenses would become part of the fixed asset values and depreciated by the same method and same service life as that of the acquired machinery / fixed assets.

- provisions for bad or doubtful debts;

CSC does not set out provision for doubtful accounts in respect of receivables via letters of credit. CSC provides a full (100%) provision for doubtful accounts on accounts receivable that are overdue and assessed as exposed to non-collectible risks.

- expenses for idle equipment and/or plant shut-downs;

[CONFIDENTIAL TEXT DELETED]

- costs of plant closure;

[CONFIDENTIAL TEXT DELETED]

- restructuring costs;

[CONFIDENTIAL TEXT DELETED]

- by-products and scrap materials resulting from your company's production process; and

Scrap and by products are valued at [CONFIDENTIAL TEXT DELETED].

- effects of inflation on financial statement information.

[CONFIDENTIAL TEXT DELETED]

7.

In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

(a) Change relating to financial instruments

From 1 January 2011, CSC adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "*Financial Instruments: Recognition and Measurement*". The main revisions include:

- changes to treatment of impairment of finance lease receivables;
- scope of application to insurance contracts;
- coverage of loans and receivables originated by the enterprise;
- additional guidelines on impairment of financial assets carried at amortized cost when the debtor has financial difficulties and the terms of obligations have been modified; and
- accounting treatment by a debtor for modifications in the terms of obligations.

This accounting change did not have a significant impact on CSC's financial statements as of and for the year ended 31 December 2011.

(b) Change relating to operating segments

From January 1, 2011, CSC adopted the newly issued SFAS No. 41, "*Operating Segments*". The requirements of the statement are based on the information about the components of the enterprise and its subsidiaries that management uses to make decisions about operating matters. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the enterprise's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "*Segment Reporting*". The information for the year ended 31 December 2010 has been recast to reflect the new segment reporting requirement.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods. You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Investigation period	
	All products	The goods	All products	The goods
Gross sales (1)				
Sales returns, rebates and discounts (2)				
Net sales (3=1-2)				
Raw materials (4)				
Direct labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
Operating income (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12+13)				
Income from normal activities (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and losses - enter losses as negative (18)				
Abnormal gains and losses - enter losses as negative (19)				
Profit before tax (20)=(15+16+17+18+19)				
Tax (21)				
Profit (22)=(20-21)				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that best reflects your financial reporting.

Prepare this information on a spreadsheet named "Income statement".

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Please see Attachment 8 [CONFIDENTIAL ATTACHMENT] for CSC's income statement spread sheet.

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		Investigation period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "Turnover".

This information will be used to verify the cost allocations to the goods in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Please see Attachment 9 [CONFIDENTIAL ATTACHMENT] for CSC's turnover spread sheet.

SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at the ex factory level.

You should report prices of all goods **shipped** to Australia during the investigation period.

The invoice date will normally be taken to be the date of sale. If you consider:

- the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;
- an alternative date should be used when comparing export and domestic prices.

You **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

[CONFIDENTIAL TEXT DELETED]

B-2 For each customer identified in B1 please provide the following information.

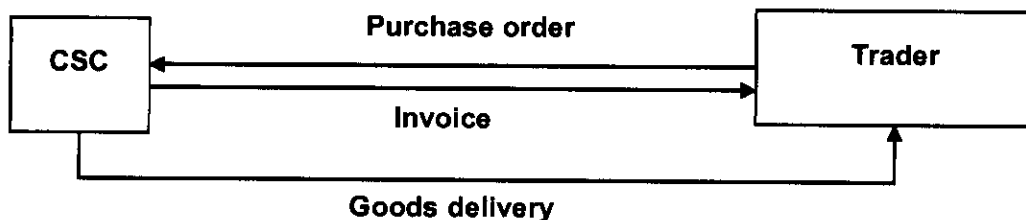
- Describe how the goods are sent to each customer in Australia, including a diagram if required.

[CONFIDENTIAL TEXT DELETED – explanation of how goods are sent to customer in Australia and names of parties]

Having decided to accept an order from the customer,

Following the sales confirmation, CSC will proceed with production. As soon as the L/C is received from the customer, CSC ships the merchandise to the customer, along with the commercial invoice and shipping documents.

Please see below chart setting out the terms of delivery and payment.



- Delivery term is [CONFIDENTIAL TEXT DELETED]
- Payment term is [CONFIDENTIAL TEXT DELETED]

- Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

[CONFIDENTIAL TEXT DELETED] purchases the goods from CSC.
[CONFIDENTIAL TEXT DELETED]

- Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

The delivery terms agreed [CONFIDENTIAL TEXT DELETED].
CSC [CONFIDENTIAL TEXT DELETED] will pass ownership and transfer risk to the buyer [CONFIDENTIAL TEXT DELETED]

- Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

[CONFIDENTIAL TEXT DELETED]

- Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

Price negotiation by CSC for its sales to Australia is [CONFIDENTIAL TEXT DELETED].
Prices are typically established and agreed for export sales [CONFIDENTIAL TEXT DELETED].
Please see Attachment 10 [CONFIDENTIAL ATTACHMENT] for a flow chart explaining the sales process.

- State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

CSC is not related [CONFIDENTIAL TEXT DELETED].

- Details of the forward orders of the goods (include quantities, values and scheduled shipping dates).

Please see Attachment 11 [CONFIDENTIAL ATTACHMENT] for details of forward orders of the goods.

B-3

Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

[CONFIDENTIAL TEXT DELETED]

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B-4 Prepare a spreadsheet named "**Australian sales**" listing all shipments (i.e. transaction by transaction) to Australia of the goods in the investigation period. You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	Names of your customers
Level of trade	The level of trade of your customers in Australia
Model/grade/type	Commercial model/grade or type
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date other than the invoice date best establishes the material terms of sale, report that date.
Order number	If applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	Agreed payment terms e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice.
Packaging type	E.g. coil, sheet
Gross invoice value	Gross invoice value shown on invoice in the currency of sale, excluding taxes.
Discounts on the invoice	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	The currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	The amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Ocean freight**	The actual amount of ocean freight incurred on each export shipment listed.

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Column heading	Explanation
Marine insurance	Amount of marine insurance
FOB export price**	The free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	Inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	Handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	Warranty & guarantee expenses
Technical assistance & other services*	Expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	Any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

* All of these costs are further explained in section E-1.

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period. Freight allocations must be checked for consistency.

Please refer to Attachment 12 [CONFIDENTIAL ATTACHMENT] for CSC's Australian sales spread sheet.

For product coding information, please refer to Section C.

B-5 If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

[CONFIDENTIAL TEXT DELETED].

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B-6 For each type of discount, rebate, allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

[CONFIDENTIAL TEXT DELETED]

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

[CONFIDENTIAL TEXT DELETED]

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred.

For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

[CONFIDENTIAL TEXT DELETED]

B-9 Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- any technical material in respect of the goods;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

Customs and Border Protection will select additional shipments for payment verification at the time of the visit.

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Please see Attachments 13 and 14 [CONFIDENTIAL ATTACHMENTS] for documentation in relation to the following two selected shipments to Australia:

- **[CONFIDENTIAL TEXT DELETED]**

SECTION C - EXPORTED GOODS & LIKE GOODS

C-1 Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

CSC exported hot-rolled coil (including in sheet form) to Australia during the IP.

The specification of the goods exported to Australia is listed in the following table:

[CONFIDENTIAL TEXT DELETED]

Please refer to Attachment 15 for a product catalogue with specification details.

Also, please see Attachment 16 [CONFIDENTIAL ATTACHMENT] for three example mill certificates.

C-2 List each type of goods exported to Australia (these types should cover all types listed in spreadsheet "Australian sales" – see section B of this questionnaire).

The goods exported to Australia are clearly identified by the model numbers shown in the Australian sales spreadsheet set out in Attachment 12 [CONFIDENTIAL ATTACHMENT].

[CONFIDENTIAL TEXT DELETED – product identification methodology explained]

The comparison between export prices and domestic prices can thus be carried out on the basis of identifying the same model numbers of domestic sales.

Please see Attachment 17 [CONFIDENTIAL ATTACHMENT] for a list of the models of the goods exported to Australia.

C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically; and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate "YES". Otherwise "NO"	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

Prepare this information on a spreadsheet named "Like goods".

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[CONFIDENTIAL TEXT DELETED] Attachment 18 [CONFIDENTIAL ATTACHMENT].

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Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Please see Attachment 19 [CONFIDENTIAL ATTACHMENT] for three example of mill certificates for domestic sales.

SECTION D - DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.*

Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices.

*You **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;

CSC sells the goods in the domestic market mainly [CONFIDENTIAL TEXT DELETED]: Please see Attachment 20 [CONFIDENTIAL ATTACHMENT] for a chart showing distribution channels and indicating delivery and payment terms.

- information concerning the functions/activities performed by each party in the distribution chain; and

[CONFIDENTIAL TEXT DELETED]

- a copy of any agency or distributor agreements, or contracts entered into.

[CONFIDENTIAL TEXT DELETED]

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

CSC's terms of sale and prices do not vary as between affiliated and unaffiliated customers.

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

[CONFIDENTIAL TEXT DELETED]

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

[CONFIDENTIAL TEXT DELETED – detail of sales process explained] Please see Attachment 21 [CONFIDENTIAL ATTACHMENT] for a flowchart setting out the sales process for domestic market.

- whether price includes the cost of delivery to customer.

[CONFIDENTIAL TEXT DELETED]

If sales are in accordance with price lists, provide copies of the price lists.

[CONFIDENTIAL TEXT DELETED]

D-4 Prepare a spreadsheet named "**Domestic sales**" listing all sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Column heading	Explanation
Customer name	Names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	The level of trade of your domestic customer
Model/grade/type	Commercial model/grade or type of the goods
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date other than the invoice date best establishes the material terms of sale and should be used, report that date.
Order number	Show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	E.g. ex factory, free on truck, delivered into store
Payment terms	Payment terms agreed with the customer e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice e.g. litres or kilos.
Packaging type	E.g. coil, sheet

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Column heading	Explanation
Gross Invoice value	Gross value shown on invoice in the currency of sale, net of taxes.
Discounts on the Invoice	The amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	The actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation costs*	Amount of inland transportation costs included in the selling price.
Handling, loading and ancillary expenses*	Handling, loading & ancillary expenses.
Warranty & guarantee expenses*	Warranty & guarantee expenses
Technical assistance & other services*	Expenses for after sale services such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	Any other costs, charges or expenses (including VAT) incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

Please see Attachment 23 [CONFIDENTIAL ATTACHMENT] for CSC's domestic sales spread sheet.

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

In the time available CSC has done its best to identify costs, charges or expenses which would need to be considered for adjustment purposes. CSC reserves the right to present further information before or during the verification process if such information is properly identified.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and

- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has not been reported as a discount or rebate.

CSC grants a number of discounts, rebates and other adjustments from prices charged to its domestic market customers. These are required due to competitive market pressures.

[CONFIDENTIAL TEXT DELETED]

D-7

Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

Customs and Border Protection will select additional sales for verification at the time of our visit.

Please see Attachments 25 and 26 [CONFIDENTIAL ATTACHMENTS] for domestic sales documentation in relation to these two sales:

- **[CONFIDENTIAL TEXT DELETED]**

SECTION E - FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. Customs and Border Protection must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence Customs and Border Protection may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. Customs and Border Protection will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ("Inland transportation costs"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Inland freight has been reported on an actual basis and allocated by quantity for the goods shipped in the same shipment.

Please refer to Attachment 27 [CONFIDENTIAL ATTACHMENT] for the worksheet of calculation for inland freight.

The general ledger account of inland freight for export sales is provided in Attachment 28 [CONFIDENTIAL ATTACHMENT].

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified ("**Handling, loading & ancillary expenses**"). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

The handling charges reported by CSC in Attachment 12 [CONFIDENTIAL ATTACHMENT] are as follows:

[CONFIDENTIAL TEXT DELETED] The calculation worksheet is provided in Attachment 30. [CONFIDENTIAL ATTACHMENT]

The calculation worksheet is provided in Attachment 31. [CONFIDENTIAL ATTACHMENT]

The calculation worksheet is provided in Attachment 32. [CONFIDENTIAL ATTACHMENT]

The calculation worksheet is provided in Attachment 33 [CONFIDENTIAL ATTACHMENT].

The calculation worksheet is provided in Attachment 34 [CONFIDENTIAL ATTACHMENT].

Please see Attachment 35 for the calculation worksheet [CONFIDENTIAL ATTACHMENT]. The general ledger accounts of the above expenses are listed in Attachment 28 [CONFIDENTIAL ATTACHMENT].

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

[CONFIDENTIAL TEXT DELETED]

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed **'Packing'**.

Packing materials and labour costs are recorded [CONFIDENTIAL TEXT DELETED].

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed **"Commissions"**. Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED]

6. Rebates

For any rebates paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed **"Rebates or any other allowances"**. Identify the general ledger account where the expense is located

[CONFIDENTIAL TEXT DELETED]

7. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (**"Warranty & guarantee expenses"** and **"Technical assistance & other services"**), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED]

8. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed **"Other factors"**. For

example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

[CONFIDENTIAL TEXT DELETED]

9. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the investigation period (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

[CONFIDENTIAL TEXT DELETED]

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, "domestic sales")

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

[CONFIDENTIAL TEXT DELETED]

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold domestically but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: "Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Not applicable, no tax exemption or drawback applies.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) costs arising from different functions: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) level discount: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

[CONFIDENTIAL TEXT DELETED]

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or

- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system², the average credit period may be determined as follows:

1 Calculate an accounts receivable turnover ratio

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2 Calculate the average credit period

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

[CONFIDENTIAL TEXT DELETED] Please see Attachment 36 [CONFIDENTIAL ATTACHMENT] for the applicable monthly interest rate on NTD short-term borrowing.

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("**Inland transportation Costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

CSC has reported inland transportation costs on an actual basis.

² Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

The general ledger account is. [CONFIDENTIAL TEXT DELETED]

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

[CONFIDENTIAL TEXT DELETED]

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "**Packing**".

Please see response to E-1.4 above.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED]

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & Guarantee expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

CSC reported the warranty amount in [CONFIDENTIAL TEXT DELETED].

When a customer makes a claim for defective merchandise, CSC will send its personnel to determine the quantity and value of the defective merchandise. Based on this assessment, the customer will receive a refund of the price paid for the affected tonnage as compensation. Refunds for defective merchandise are reported in the domestic sales spread sheet.

A sample warranty record is provided in Attachment 37 [CONFIDENTIAL ATTACHMENT].

[CONFIDENTIAL TEXT DELETED]

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "**Other factors**". List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

In the time available CSC has done its best to identify costs, charges or expenses which would need to be considered for adjustment purposes. CSC reserves the right to present further information before or during the verification process if such information is properly identified.

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

Not applicable. No duplication is evident.

SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by Customs and Border Protection to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. Customs and Border Protection may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity	Show unit of quantity eg kg
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column Sales
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

Please see Attachment 38 [CONFIDENTIAL ATTACHMENT].

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

There may be a number of differences between CSC's sales to Australia and to other third countries which would affect any comparison of them.

SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the goods - ie of the goods exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

CSC has provided domestic sales information from [CONFIDENTIAL TEXT DELETED]

G-1 Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

Please see Attachment 39 [CONFIDENTIAL ATTACHMENT] for CSC's production flowchart in respect of the goods concerned, inclusive of all relevant production lines and their major components.

In the production lines of hot-rolled products, [CONFIDENTIAL TEXT DELETED].

G-2 Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	INVESTIGATION PERIOD
A – Production capacity (eg kg, tonnes)*			
B – Actual production in volume (eg kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

** rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.*

Provide this information on a spreadsheet named "Production".

Please see Attachment 40 [CONFIDENTIAL ATTACHMENT].

G-3 Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

CSC adopts a "processing costing system" in its ordinary cost accounting. CSC normally accumulates and records actual production costs by a processing cost methodology for the goods.

CSC's cost accounting system is an integral part of its financial accounting system used for the financial statements, and can be reconciled to audited financial statements. Please see Attachment 41 [CONFIDENTIAL ATTACHMENT] for illustration of cost reconciliation.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Not applicable. CSC's cost accounting system is not based on standard costs.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

Not applicable. There were no significant or unusual cost variances that occurred during the IP.

4. Describe the profit/cost centres in your company's cost accounting system.

Please see Attachment 42 [CONFIDENTIAL ATTACHMENT] [CONFIDENTIAL TEXT DELETED]

- In CSC's cost accounting system, [CONFIDENTIAL TEXT DELETED –

details cost accounting system explained]

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

In CSC's ordinary cost accounting system, [CONFIDENTIAL TEXT DELETED – details of cost accounting system explained]

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

[CONFIDENTIAL TEXT DELETED]

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

Not applicable. CSC's cost accounting system is an integral part of its financial accounting system, and the methods for cost and financial accounting purposes are the same.

8. State whether your company engaged in any start-up operations in relation to the goods. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

[CONFIDENTIAL TEXT DELETED]

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

[CONFIDENTIAL TEXT DELETED]

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade³.

1. Please provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs. \

Please see Attachment 43 [CONFIDENTIAL ATTACHMENT] for the quarterly unit cost of each product [CONFIDENTIAL TEXT DELETED]

³ Customs applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

[CONFIDENTIAL TEXT DELETED – details of costing method explained]

	Quarter X	Quarter X	Quarter X	Quarter X
Like domestic model/type – from spreadsheet "like goods"				
Material costs ¹				
Direct labour				
Manufacturing overheads				
Other costs ²				
Total cost to make				
Selling costs				
Administration costs				
Financial costs				
Delivery expenses ³				
Other costs ³				
Unit cost to make and sell				

Prepare this information in a spreadsheet named "Domestic CTMS".

- 1 Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.
- 2 Relating to costs of production only; identify each cost separately.
- 3 Identify each cost separately. Please ensure non-operating expenses that relate to the goods are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

If your financial information does not permit you to present information in accordance with this table please present the information in a form that best reflects your financial reporting.

Please specify unit of currency.

G-5 Cost to make and sell goods exported to Australia

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

	Quarter X	Quarter X	Quarter X	Quarter X
Model/type exported to Australia– from spreadsheet "like goods"				

Material costs ¹				
Direct labour				
Manufacturing overheads				
Other costs ²				
Total cost to make				
Selling costs				
Administration costs				
Financial costs				
Delivery expenses ³				
Other costs ³				
Unit cost to make and sell				

Prepare this information in a spreadsheet named "Australian CTMS".

Please see Attachment 44 [CONFIDENTIAL ATTACHMENT].

- 1 identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.
- 2 Relating to costs of production only; identify each cost separately.
- 3 identify each cost separately. Please ensure non-operating expenses that relate to the goods are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the investigation period.

If your financial information does not permit you to present information in accordance with this table please present the information in a form that best reflects your financial reporting.

Please specify unit of currency.

- 1. Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

[CONFIDENTIAL TEXT DELETED] As for selling costs, a worksheet for calculating the ratio of SGA and other expenses is provided in Attachment 45 [CONFIDENTIAL ATTACHMENT].

- 2. Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Please see the response to G-4.2 above.

3. In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Please see the response to G-4.2 above.

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company Customs and Border Protection will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the Customs Act. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

If the major input is purchased from an integrated production process you should provide detailed information on the full costs of production of that input.

The primary raw materials are coal and iron.

Please see Attachment 46 [CONFIDENTIAL ATTACHMENT] for purchase summary of coal and iron, in which CSC identifies the suppliers; the relationship of the supplier with CSC; and the quarterly volume and value.

CSC recorded the actual purchase value of coal and iron as the raw material cost, including all concerned expenses.

As shown in Attachment 46, the price at which CSC purchased from related suppliers was in all instances similar to the price from unrelated suppliers, indicating that the prices of the related party reflected the market price.

SECTION H - EXPORTER'S DECLARATION

I hereby declare that **CHINA STEEL CORPORATION** did, during the period of investigation export the goods under consideration and has completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

I hereby declare that (company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name **Y. C. Han**

Signature *Y. C. Han*

Position in Company **General Manager of Marketing Administration Department, Commercial Division**

Date *Aug. 8, 2012*

SECTION I - CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>
Income statement	<input checked="" type="checkbox"/>
Turnover – sales summary	<input checked="" type="checkbox"/>
Australian sales – list of sales to Australia	<input checked="" type="checkbox"/>
Domestic sales – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
Third country – third country sales	<input checked="" type="checkbox"/>
Production – production figures	<input checked="" type="checkbox"/>
Domestic costs – costs of goods sold domestically	<input checked="" type="checkbox"/>
Australian costs – costs of goods sold to Australia	<input checked="" type="checkbox"/>