



Australian Government
Australian Customs and
Border Protection Service

**INVESTIGATION INTO THE ALLEGED DUMPING OF
CERTAIN HOT ROLLED COIL STEEL**

EXPORTED FROM

**JAPAN, MALAYSIA, THE REPUBLIC OF KOREA AND
TAIWAN**

EXPORTER VISIT REPORT

HYUNDAI STEEL COMPANY

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

September 2012

NON-CONFIDENTIAL

1	CONTENTS
----------	-----------------

1	CONTENTS.....	2
2	BACKGROUND.....	4
2.1	Background to the current investigation.....	4
2.2	Purpose of meeting.....	4
2.3	Meeting and preliminary issues.....	4
2.4	Meeting dates and attendees.....	5
3	COMPANY INFORMATION.....	7
3.1	Company background.....	7
3.2	Commercial operations.....	8
3.3	Accounting.....	14
4	GOODS UNDER CONSIDERATION AND LIKE GOODS.....	16
4.1	The goods.....	16
4.2	Tariff classification.....	17
4.3	Tariff classification.....	17
4.4	Like Goods.....	18
5	EXPORT SALES.....	24
5.1	General.....	24
5.2	Export sales process.....	27
5.3	Pricing.....	29
5.4	Export sales verification - reconciliation to financial statements and source documents.....	30
5.5	The exporter.....	37
5.6	The importer.....	38
5.7	Arms' length.....	39
5.8	Export price preliminary assessment.....	40
6	DOMESTIC SALES.....	42
6.1	Market.....	42
6.2	Levels of trade.....	44
6.3	Ordering.....	46
6.4	Pricing and terms.....	47
6.5	Domestic sales verification.....	47
6.6	Arms' length.....	52
6.7	Ordinary course of trade.....	53
7	COST TO MAKE & SELL.....	55
7.1	Introduction.....	55
7.2	Cost to make and sell.....	55
7.3	Verification of cost to make.....	56
7.3.1	<i>Reconciliation to financial statements</i>	56
7.3.2	<i>Production volume</i>	58
7.3.3	<i>Verification of cost to make</i>	58
7.3.3.1	Verification of iron ore costs.....	59
7.3.3.2	Verification of coal costs.....	60
7.3.3.3	Verification of direct labour costs.....	60
7.3.3.4	Verification of electricity costs.....	61

NON-CONFIDENTIAL

7.3.3.5	Verification of depreciation costs	62
7.4	Selling, general and administration (SG&A) expenses	63
7.5	Cost to make and sell – summary	64
8	<i>THIRD COUNTRY SALES</i>	65
9	<i>ADJUSTMENTS</i>	66
9.1	Credit terms	66
9.2	Domestic warranty expenses	66
9.3	Advertising expense	66
9.4	Domestic inland transport	67
9.5	Payment guarantee charge	67
9.6	Export inland transport and handling charges	67
10	<i>NORMAL VALUE</i>	68
10.1	Constructed normal values	68
10.2	Conclusion on normal value	68
11	<i>DUMPING MARGINS</i>	70
12	<i>OTHER MATTERS</i>	71
13	<i>LIST OF APPENDICES AND ATTACHMENTS</i>	72

NON-CONFIDENTIAL**2 BACKGROUND****2.1 Background to the current investigation**

On 10 May 2012, BlueScope Steel Limited and BlueScope Steel (AIS) Pty. Ltd (jointly referred to as BlueScope in this report, where necessary) lodged an application requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice in respect of hot rolled coil steel (HRC) exported to Australia from Japan, the Republic of Korea (Korea), Malaysia and Taiwan. On 28 May 2012, BlueScope provided additional information and as a result, the maximum period of 20 days allowed to examine the application was recommenced.

Public notification of initiation of the investigation was made on 15 June 2012 (refer to Australian Customs Dumping Notice No. 2012/30).

Following initiation of the investigation, a search of Customs and Border Protection's import database indicated that Hyundai Steel Company (Hyundai) exported HRC to Australia from Korea during the investigation period (April 2011 to March 2012).

Customs and Border Protection wrote to Hyundai advising the company of the initiation of the investigation, requesting co-operation with the investigation and providing the company with a copy of the exporter questionnaire to complete.

2.2 Purpose of meeting

The purpose of the visit was to verify information submitted by Hyundai in their exporter questionnaire response. The exporter questionnaire response was supported by confidential appendices and attachments, including confidential spreadsheets containing sales and costs data requested in the exporter questionnaire.

A non-confidential version of the exporter questionnaire response was placed on the public record.

Customs and Border Protection will use the verified information gathered at the visit to make preliminary assessments of:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margins.

2.3 Meeting and preliminary issues

We advised Hyundai of the following:

NON-CONFIDENTIAL

- The investigation period is April 2011 to March 2012.
- The injury analysis period is from April 2008.
- A preliminary affirmative determination (PAD) may be made at any time after the 60th day following the initiation of the investigation, being 14 August 2012. Provisional measures may be imposed at the time of the PAD or at any time after the PAD has been made. Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice.
- As at the time of the meeting a PAD had not been made.
- A statement of essential facts will be placed on the public record by 3 October 2012 or such later date as the Minister allows. The statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister. The statement of essential facts will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister.
- Customs and Border Protection's report to the Minister is due no later than 17 November 2012, unless an extension to the statement of essential facts is approved by the Minister.

We advised Hyundai that we would prepare a confidential report on the visit, a copy of which would be provided to them to provide them opportunity to review the report for accuracy. Hyundai was also advised that a non-confidential version of this visit report would be prepared in consultation with the company and placed on the public record.

2.4 Meeting dates and attendees

Verification meetings were held at the offices of Hyundai which are located in Seocho-Gu in Seoul.

As reflected below, Hyundai were represented by a legal representative from [redacted] [law firm name], an Australian based law firm, as well as representatives of [redacted] [accounting firm name], an accounting practice based in Seoul.

All representatives of the company, as well as all company employees involved in the visit had strong written and verbal English language comprehension, as well as Korean.

As such official translation services were not required at any stage of the meeting.

The following people were present at various stages of the meeting:

Hyundai	
<p>██████████</p> <p>██████████</p> <p>██████████</p> <p>██████████</p> <p>██████████</p> <p>██████████</p> <p>██████████</p>	<p>Director HR Flat Sales</p> <p>Manager, Marketing Management Team</p> <p>Chartered Legal Executive, Legal Team</p> <p>Partner, ██████████ [accounting firm name]</p> <p>Partner, ██████████ [accounting firm name]</p> <p>Partner, ██████████ [accounting firm name]</p> <p>CPA, ██████████ [accounting firm name]</p> <p>Lawyer, ██████████ [law firm name]</p>
Consultants	
<p>██████████</p>	<p>Partner, ██████████ [law firm name]</p>
Australian Customs and Border Protection	
<p>Ms. Joanne Reid</p> <p>Mr. Edward Macgregor</p>	<p>Director, Operations 3</p> <p>Supervisor, Operations 1</p>

3 COMPANY INFORMATION**3.1 Company background***3.1.1 General*

Hyundai has a long commercial history in relation to steel-making in Korea that involves several changes in business name, and ownership structure.

In summation, the entity now known commercially as Hyundai, commenced operation as a government enterprise, registered as the Korea Heavy Industry Corporation (KHIC), in 1953. This enterprise began producing blooming and medium section steel, as well as thin plate steel, between 1959 and 1960.

KHIC was privatised in 1962, and was registered with the name Incheon Heavy Industry Corporation Company Ltd (Incheon). Incheon commenced large-scale production of crude steel in 1973.

In 1978 Incheon was incorporated into the Hyundai Motor Group, and was made a publicly listed company in 1987. In 1990 Incheon commissioned construction of a stainless cold-rolled steel mill, and began production of cold-rolled steel thereafter.

Incheon changed its name to INI Steel in 2001. In 2004 INI Steel was incorporated into the Hyundai Motors Group and acquired Dangjin steelworks and all related assets from Hanbo Iron and Steel, including, inter alia, hot-rolled steel production facilities.

The name INI Steel was changed to Hyundai in late 2006. Hyundai opened its integrated steel mill at the Dangjin facility the same year.

3.1.2 Current corporate structure

As mentioned above, since 2004, Hyundai has been a publicly listed member company of the Hyundai Motor group – a corporate conglomerate registered in Korea comprising [redacted] listed and [redacted] unlisted companies.

The companies within the Hyundai Motor Group umbrella are formally affiliated through a complex framework of reciprocal share-holding interests between the members of the group

Specifically, in the case of Hyundai, we understand that its corporate structure comprises three principle shareholders:

- [redacted] [company name]
- [redacted] [company name]
- [redacted] [company name]

These three shareholders, in total, hold an interest of [REDACTED]%. The largest shareholder in Hyundai is [REDACTED]¹ [company name], a publicly listed member of the Hyundai Motor Group.

Another member of the Hyundai Motor Group, [REDACTED] [company name], holds a [REDACTED]% share interest in [REDACTED] [company name]. [REDACTED]% of the share interest in [REDACTED] [company name] is controlled by the Hyundai Motor company.

To further illustrate the complex, corporate interrelationships between entities within the Hyundai Motor Group, we understand that Hyundai controls share interests in [REDACTED] [company name] and two other entities within the group who do not hold corresponding share interests in Hyundai. A diagram representing the cross-ownership structure of the Hyundai Motor Group was provided at the visit (**confidential attachment GEN 1**).

We also understand that, as of February 2012, the vice chairman of Hyundai Motor Company, who is also the president of [REDACTED] [company name], was appointed as a standing director of Hyundai.

3.2 Commercial operations

3.2.1 General

Hyundai's head office is located in Seoul in Korea. The head office is responsible for the administration of three manufacturing facilities located in Dangjin, Incheon and Pohang, which manufacture different types of steel products.

In total, across its three operative sites, Hyundai produces various 'types' of steel products, in addition to the GUC:

- Reinforcing bar (commercially referred to as 'Re-bar');
- Wide flange beams;
- Hot Rolled Steel;
- Steel Plate;
- Stainless Steel; and
- Other steel products

Each of its three facilities produce different products. HRC and HRS products, as well as 'Re-bar', are produced by Hyundai at its integrated steel mill located in Dangjin.

¹ This entity holds a [REDACTED]% interest in Hyundai.

3.2.2 Administration of GUC- specific operations and related activities

Each operative facility is comprised of distinct departments that are responsible for specific functions in relation to the manufacture of steel products.

We were provided with a diagram reflecting the delineation of divisions involved in the production of HRC and plate product at the Dangjin facility. This is attached at **confidential attachment GEN 2**. These are:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [confidential information regarding the divisions of Hyundai involved in the production of HRC and plate product at the Dangjin facility]

We understand that all administrative activities undertaken in the central offices in Seoul related, inter alia, to the development, marketing and sale of products, including the GUC, are delineated on the following basis:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [confidential information regarding the divisions of Hyundai Steel involved in the development, marketing and sale of the products]

The divisions of the head office listed above are delineated by function in relation to all goods produced, rather than by specific product type.

Specifically, the sales division is subdivided into two sections – one responsible for all domestic sales related functions and the other responsible for all export sales.

3.2.2 HRC production

Hyundai produces all HRC for sale in Korea and for export markets at the Dangjin steelworks.

As explained above, the Dangjin facility and related assets were acquired by Hyundai from Hanbo Iron and Steel in 2004. In 2006 a 50,000 ton wharf was opened at Dangjin to enable the transportation of raw materials and equipment to the Dangjin facility and enable the development of a fully integrated steel mill on the site.

Over the course of 2009 and 2010 Hyundai commenced operation of, inter alia, a coke mill, sintering facilities, two blast furnaces, continuous casting facilities and a hot-rolling mill at the Dangjin steelworks. The relevance of these operations to the production process is explained below.

Hyundai has completed construction of a third blast furnace that is expected to become operative by 2014².

3.2.2 Site visit

After due consideration of the logistical efforts required to conduct a site visit of the Dangjin facility we decided that a site visit would not be of sufficient benefit relative to the potential sacrifices of time available for verification of substantive data provided by Hyundai. Members of the verification team had visited HRC manufacturing facilities in Australia, and Hyundai provided an interactive visual presentation of the manufacturing process at Dangjin to assist in our understanding.

3.2.3 Production process

We understand that the process of manufacturing hot rolled coil steel involves distinct stages involving various metallurgical processes and reactions.

The main stages of production as described by Hyundai, and the raw material inputs, outputs and by-products of these stages are relevantly identical to the production process description posited by the applicant.

Hyundai describes that the process of manufacture involves four key stages:

- *ironmaking;*
- *steelmaking;*
- *casting; and*
- *hot rolling.*

Each stage of the process is summarised below, noting the raw materials – both inputs and outputs – at each stage.

² We confirmed that the operation of two furnaces, and the operations associated with the construction of a third, were reflected in the accounts, as verified in relation to costs.

3.2.4 Summary of production

We understand that the metallurgical properties of the finished product in terms of its specific characteristics and overall quality are the direct result of specific aspects of each stage of the manufacturing process.

Properties in the finished product can be both an intentional aspect of product design– in the form of specific manipulation of variables at specific stages – or a result of the use of lower quality raw material inputs or looser standards of control over the stages of the manufacture process.

3.2.5 Iron making

Iron is made through a process referred to as reduction, which involves the extraction of iron from iron ore in a blast furnace

The primary raw materials used in the reduction process are:

- a) Sintered iron Ore;³
- b) Coal/coke;⁴ and
- c) Fluxes (dolomite and limestone).⁵

The raw materials - iron ore, coke and fluxes (dolomite and limestone) - are fed into the top of a blast furnace by conveyor.

Heated oxygen is blown into the furnace through nozzles that are spaced around the lower section of the furnace.

The air causes the coke (which is essentially impure carbon – see above) to burn, producing carbon monoxide which produces a strong exothermic reaction producing significant heat within the furnace.

In the high temperatures of the furnace, carbon dioxide reacts with carbon to produce carbon monoxide – the main reducing agent in the process.

³ Before iron ore can be introduced into the reduction process it must be 'sintered'. Sintering involves heating the fine iron ore, along with fluxes and coke fines, to produce a semi-molten mass that solidifies into porous pieces (referred to as 'sinter').

Hyundai imports iron ore from various sources. Hyundai sinters all iron ore for use in its blast furnaces at its sintering plant, located on-site at the Dangjin facility

⁴ Coke is produced through the carbonisation of coal to high temperatures in a coke oven. The oven provides an oxygen deficient atmosphere which concentrates the carbon in the coal.

Hyundai produces all coke itself from coal it imports from various sources, in coke ovens located at the Dangjin facility.

⁵ Limestone is used in the reduction process to convert the unwanted rocky materials present in the iron ore to 'slag' which melts in the furnace and runs to the bottom.

The iron ore (iron oxide) is reduced to molten iron. A hole at the bottom of the furnace allows the molten iron and slag to be drained.

The molten iron runs into torpedo ladles that are on rail tracks. These ladles are then transported to the steelmaking area.

Key by-products:

We understand that the key by-product of the iron-making process is slag. Slag is tapped off the molten iron and dried and crushed. Hyundai sells recycled slag to external parties as a partial cost recovery mechanism.

3.2.6 Steel Making

Raw materials:

The steel making process involves the following raw material inputs:

- *Molten pig iron (intermediate product of iron-making process)*
- *Scrap steel;*
- *Fluxes (explained above);*
- *Alloying additives (described below)*
- *Inert gasses (argon and nitrogen)*

Process

The molten iron tapped from the blast furnace, once removed of slag, is an intermediate product of the steel making process referred to as 'pig iron'. Pig Iron has a high carbon content as a result of the reductive process making it brittle and not useful directly as a material.

Pig Iron is used to produce liquid steel through a process known as Basic Oxygen Steelmaking (BOS).

Hyundai advise that, prior to the BOS process, pig iron is pre-treated to ensure the pig iron is removed of phosphorus, silicon and sulphur.

Once pre-treated, the molten iron is passed through the BOS process, which treats the iron in two ways:

- i) the removal of carbon; and
- ii) the mixture of additives to modify the steel's properties in accordance with customer requirements.

3.2.7 Slab Casting

Prior to being rolled, the liquid steel must be cast into shapes so that it can be rolled.

This is done by continuous casting machines that mould the liquid steel into solidified blocks of steel called slabs.

The process involves continuously pouring the liquid steel into a 'bottomless' mould at the same rate as continuous steel cast slabs are extracted. The molten metal solidifies against the mould walls while it is simultaneously withdrawn from the bottom of the mould at a rate which maintains the solid / liquid interface.

The continuous casting process produces a semi finished slab of solidified steel (referred to by Hyundai as a 'bloom'), which is cut to desired lengths and then cooled to ambient temperature.

We understand that the Slab Casting stage of the manufacture process signifies the last possible point at which the chemical composition of the steel can be altered (that is, by adding raw material inputs or specific additives to the liquid steel prior to casting).

3.2.8 Hot Strip Rolling

After being cast, the bloom is run continuously through five key processes to become hot rolled coil. These are:

- 1. Re-heating**
- 2. De-scaling**
- 3. Roughing**
- 4. Rolling**
- 5. Cooling**
- 6. Coiling**

We understand that a significant metallurgical transformation in the crystal structure of the steel bar occurs through the process of rolling the bar through the hot strip mill (explained below) at a determined temperature.

As such, re-heating roughing, rolling is carefully controlled to ensure that the last rolling/finishing mill performs the final reduction of the bar at a desired finishing temperature.

Similarly, the temperature at which the bar is coiled is critical to the metallurgical qualities of the steel, as the coil will cool from this temperature to ambient. Coiling temperature is meticulously measured to manipulate the stress levels inherent in the bar as a result of the rolling process.

We understand that sacrifices taken in regard to the duration of the processes – that is, to produce more coil at a greater rate of production – will have a direct impact on the quality of the finished product which will be reflected in the mill certificate testing (see below).

3.2.9 Production capacities and actual rates of production

We understand that the production process of HRC and sheet, as described above, is automated. Technical staff monitor the stages given the need for specific control of variables at each stage of the process.

Hyundai estimates that the total annual production capacity of steel at the Dangjin facility— estimated on the basis of the operation of 2 blast furnaces – is [REDACTED] tons of Crude Steel; which equates to production of:

- [REDACTED] tons of HRC; and
- [REDACTED] tons of steel plate.

Hyundai have advised that, during the POI, the Dangjin facility achieved actual production of [REDACTED] tons of the GUC (coil and sheet) – equating to roughly [REDACTED]% of total production capacity.

Of the total volume of the GUC sold by Hyundai during the investigation period, [REDACTED] MT ([REDACTED]%) was sold domestically, [REDACTED] MT ([REDACTED]%) was sold to Australia and [REDACTED] MT ([REDACTED]%) was sold to third country export markets.

3.3 Accounting

Hyundai provided a flow chart diagram to summarily demonstrate the cost accounting and financial system structure used with respect to the production and sale of the GUC. This diagram is included as **confidential attachment 3**. Hyundai advised that it uses the [REDACTED] [accounting system name] accounting system⁶.

Hyundai indicated that they maintain their accounts and produce financial statements according to the *Korean International Financial Reporting Standards ("K-IFRS")*. In accordance with common accounting practice in Korea, Hyundai use the calendar year as their financial year. Hyundai provided a complete listing of its management accounts at the visit. These are included as **confidential attachment GEN 4**.

As a publicly listed company, in accordance with Korean corporations law, Hyundai are required to have their accounts audited on a quarterly basis. As requested, Hyundai provided audited consolidated and unconsolidated financial statements for 2010 and 2011 Korean financial years. Hyundai also provided audited financial statements for the first quarter of 2012. We were provided with original documents of the above (in Korean) at the visit. These documents are included as **confidential attachment GEN 5**.

⁶ At various stages of the visit we were provided with printed downloads of data enquiries performed using the [REDACTED] [accounting system name] which confirmed this fact.

As part of Hyundai's response to the exporter questionnaire we were provided with a translation of the auditor's statement from the audit report for calendar years ending 31 December 2011, 31 December 2010 respectively provided by [redacted] [company name]. This is included as **confidential attachment GEN 8**.

The auditor's opinion was expressed in the following terms:

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2011, December 31, 2010, and January 1, 2010, respectively, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010, respectively, in conformity with Korean International Financial Reporting Standards ("K-IFRS").

NON-CONFIDENTIAL

4 GOODS UNDER CONSIDERATION AND LIKE GOODS**4.1 The goods***4.1.1 General description*

The imported goods the subject of this application are HRC (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 hot rolled plate.

In its application, the applicant noted that HRC is supplied in a range of thickness, all of which are claimed to be covered by the application. This is the case for HRC that is still in coil form.

However, Customs and Border Protection has identified that the thickness of the coil when cut, will determine whether the product is classified as hot rolled sheet (which falls within the description of the goods covered by the application) or hot rolled plate⁷ (which is clearly excluded from the goods description).

Based on its research into this matter, Customs and Border Protection has a preliminary view that plate is 3/16th of an inch (4.75mm) thick or more whilst sheet is below this thickness. Hyundai confirmed that this was also their view.

Our investigation with respect to the goods exported to Australia by Hyundai proceeded on the basis of the above understanding of the distinction between hot rolled plate and sheet products.

4.1.2 GUC standards

a) General

There are a number of relevant international standards for HRC that cover the range of HRC products via specific grade designations. Standards reflect the recommended or guaranteed properties of specific product grades.

Whilst there is a voluminous array of nomenclature for specific standards, the designations of different standards, which relate to the same metallurgical and physical specifications of particular HRC or HRS products are directly comparable.

b) Standards manufactured by Hyundai

⁷ Most hot rolled plate is produced directly from steel slabs, however, some is cut from HRC. All hot rolled plate is excluded from the goods description.

NON-CONFIDENTIAL

We confirmed that Hyundai produces GUC for sale in the Korean domestic market in conformity to over 15 international standards.

We also confirmed that the goods exported to Australia during the POI by Hyundai were produced in conformity with one of the following international standards:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

b) Reconciliation with Australian standards

In contrast, we understand that there is just one relevant Australian Standard that correlates to the GUC - AS/NZS 1594 - and that grades are designated beneath this standard by the Australian manufacturer themselves.

The applicants claim that the relevant Australian Standard is comparable to the international standards to which imported product is manufactured, and, ultimately, designated by.

Customs and Border Protection found no evidence to rebut the applicant's view in regard to the issue of comparable standards. Therefore, at this stage of the investigation, Customs and Border Protection considers that the goods covered by this application are unaffected by any prima facie difference in standard designation.

4.2 Tariff classification

4.3 Tariff classification

The tariff classifications and statistical class codes in Schedule 3 to the *Customs Tariff Act 1995* and relevant rates of duty for HRC are shown below.

Tariff Classification	Statistical class code	Rate of duty - Korea
7208.25.00	32	0%
7208.26.00	33	0%
7208.27.00	34	0%
7208.36.00	35	0%

7208.37.00	36	0%
7208.38.00	37	0%
7208.39.00	38	0%

There are currently no Tariff Concession Orders applicable to the relevant tariff subheadings.

4.4 Like Goods

4.3.1 Hyundai Product designation

Hyundai stated, and we confirmed, that it manufactures and sells the GUC in compliance with a wide variety of different standards/specifications and in an even greater variety of physical dimension specifications (width and thickness).

To illustrate this fact, we note that a total of [REDACTED] different products (specified by standard and physical dimension) were sold domestically during the POI.

For the purposes of identifying 'like' domestic variants of the GUC for comparison with exported goods Hyundai have adopted a consistent two-tiered product nomenclature as follows:

- a) product code; and
- b) model code.

Product codes

In recognition of the abovementioned issues regarding the extremely wide cohort of products manufactured and sold during the POI, Hyundai has created a primary product codification matrix that is represented in an eight character long product code.

In summary, the product code system applied by Hyundai operates as a mechanism by which groups of products (individually designated by model as explained below) can be grouped with reference to certain specific criteria.

The product code effectively provides a summary of several key product determinants set out below each of which are reflected by an alphabetical character:

- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [confidential information regarding Hyundai's product code]

Analysing by product code we note that there were [REDACTED] product codes sold domestically during the investigation period. By comparison [REDACTED] product codes were exported to Australia, of which [REDACTED] were not sold domestically.

To demonstrate the veracity of its product code methodology, Hyundai explained that the second and third digits of the code relating to HRC products (which relate to application and tensile strength respectively), can be directly correlated to specific specification standards. Hyundai provided a table listing product specification standards, and the correlative application and tensile strength codes. This is included as **confidential attachment GEN 7**.

Hyundai explained the correlation between the GUC produced by Hyundai, as grouped under the code nomenclature explained above, and the goods produced by the applicant, with reference to a publicly available product brochure published by the Australian applicant. This is included as **confidential attachment GEN 6**.

Product models

We confirmed that, in actual commercial transactions in the domestic and export markets, products are designated by specific 'model' codes rather than by the product code filter which has been superimposed by Hyundai.

We understand that the nomenclature applied to each model reflects the specifications of the product (with reference to a particular body of standards) and the precise thickness and width of the product.

In summary, each of the product codes designated by Hyundai comprise a large number of different product models.

We note that a total of [REDACTED] different product models were sold domestically during the POI. Conversely, a total of [REDACTED] product models were exported to Australia during the POI.

For completeness, we also note that whilst [REDACTED] of the [REDACTED] product codes exported to Australia during the POI were also sold domestically during the same period, in many instances the specific product models sold in each market were different.

Conclusion regarding product codification model

a) General

We note that the product code nomenclature applied by Hyundai is specific to the preparation of material and all requisite data for the purposes of this investigation and is not otherwise used commercially as a product designation method.

In summary, we note that:

- The product code nomenclature applied by Hyundai does not reflect the commercial reality of the manufacture and sale of the GUC;
- There are model-level differences between 'like' domestic and exported product codes; and
- Cost to make and sell (CTMS) data was provided by Hyundai on the basis of product code, rather than model.

As a preliminary matter of priority we clarified with Hyundai which characteristics have the greatest effect on comparability of products. We confirmed with Hyundai that:

- 1) Different standards relate to the metallurgical specifications of products rather than dimensional specifications. That is, GUC with a chemical composition satisfying the requirements of a certain standard can be manipulated in a number of ways in relation to its thickness and width, however the standard will be the primary characteristic of the product;
- 2) Dimensional characteristics, along with standard specification, relate to the application of the GUC. That is, certain specification of steel are cut to certain thickness and width combinations in accordance with the specific demands of a certain end-use application or industry;
- 3) Finishing such as pickling, specific edging and passing relate to specific processes of manufacture and are seen to be significant product characteristics; however
- 4) Marginal dimensional differences of thickness and width between product models, within the same product code, do not have a significant bearing on product comparability, CTMS or ultimate sales price.

b) Conclusion

We have confirmed the assertions made by Hyundai with reference to the source sales data provided and are satisfied that:

- each product code delineated by Hyundai comprises a number of product models with specific standard and physical dimensions;
- the product models under each code are specific to the particular code and are not duplicated with reference to any other product codes; and
- when identical export and domestic product codes are compared, whilst there are marginal differences in width and thickness dimensions, each product code comprises models with corresponding standard specification.

In summary, we are of the view that:

- a) the use of product grouping by end use/application and tensile strength summarily delineates different metallurgical/mechanical properties of GUC produced;
- b) the specification of ranges with respect to physical dimensions of strength, thickness and width enables the total cohort of products produced and sold by Hyundai to be summarily grouped for the purposes of comparison; and
- c) the final designation of product finishing characteristics ensures that products grouped with reference to the above determinants are also similar with respect to finishing.

Based on our understanding of the process of manufacture, we are of the view that the method of product codification reasonably captures all the relevant product determinants – all of which are directly related to the process of manufacture.

4.3.2 'Like goods'

As discussed above, the product codification matrix applied by Hyundai enables the comparison of groups of numerous models which satisfy designated characteristics.

Of the ■ exported product codes, ■ were also sold domestically. Hyundai stated that goods delineated by particular product codes are made in the same facilities using similar raw materials in similar processes irrespective of the ultimate market of sale.

As such, we consider that the domestic products that comprise these codes have characteristics that closely resemble the goods under consideration.

Of the ■ product codes exported to Australia, ■ were not sold domestically during the POI.

NON-CONFIDENTIAL

We discussed the issue of like goods with respect to these ■ specific codes (and the composite product models beneath these designations). Hyundai asserted that as product codes reflected key characteristics of the product models designated under each code, comparison of non-identical domestic and export product codes was imprecise and not feasible.

As such, we suggested, and Hyundai agreed, that construction is the most reasonable and precise approach for the determination of normal values for the ■ product models in question. This is discussed in greater detail below.

4.3.3 *Submission regarding like goods*

Hyundai submitted that they believe there are differences between certain product models exported to Australia during the POI and product produced by the Australian industry.

a) Product specification differences - product width

Specifically, Hyundai have alleged that their manufacturing processes are capable of producing HRC with a thickness of 1.4mm, whilst the Australian industry is capable only of rolling to a minimum thickness of 1.5mm.

As such, Hyundai contends that certain models produced and exported to Australia during the POI should not be considered to fall within the definition of 'the goods' for the purposes of the investigation because the Australian industry lacks the production capability to produce a product with the same specifications.

We note that the basis of this contention focuses specifically on a comparison between exported products and domestically produced products by model, rather than by product code. As mentioned previously, the summary product grouping of the product code applies thickness specification ranges as follows:

Thickness Range	Code
$T < 1.3$	A
$1.3 \leq T < 1.4$	B
$1.4 \leq T < 1.6$	C
$1.6 \leq T < 1.8$	D
$1.8 \leq T < 2.0$	E
$2.0 \leq T < 2.3$	F
$2.3 \leq T < 3.0$	G
$3.0 \leq T < 4.5$	H
$4.5 \leq T < 6.0$	J
$6.0 \leq T < 9.0$	K
$9.0 \leq T < 12.0$	L

$12.0 \leq T < 16.0$	M
$16.0 \leq T < 19.0$	N
$19.0 \leq T$	P

On this basis we believe that Hyundai's submission in this regard contradicts the homogenous product code approach it has taken with respect to the products it manufactures and sells domestically and to Australia, which infers that products with specifications within the ranges specified are sufficiently similar as to warrant comparison as a composite group rather than on a model by model basis.

We are of the view that the submission which relates to specific product model comparisons could only be done so in the event that Hyundai retracts its assertions regarding the reasonableness of its product code approach to product comparison for the purposes of the investigation.

4.3.4 *Conclusion on like goods*

We are satisfied that HRC and HRS products sold on the domestic market by Hyundai are like goods to the GUC exported to Australia by Hyundai over the investigation period.

5 EXPORT SALES**5.1 General***5.1.1 Sales hierarchy*

Hyundai explained that it categorises sales made by the company into one of four distinct categories:

- Domestic sales – sales made to Korean customers where the goods are procured for consumption in the domestic market;
- Domestic (local) sales – sales made to Korean customers where the goods are procured to produce goods which will ultimately be exported;
- Direct export sales – discussed below;
- Indirect export sales – discussed below.

Hyundai advised that in the ordinary course of business, domestic local, direct export and indirect export sales are regarded as export sales in the internal sales systems.

Hyundai has no way of accurately determining the ultimate final export market of products produced by domestic (local) sales customers. As such, for the purposes of the investigation, all domestic (local) sales have been regarded as domestic sales.

5.1.2 Export sales channels

As indicated above, Hyundai exported the GUC during the POI via two channels of distribution, as follows:

- direct exports: comprising all export sales executed directly between Hyundai and Australian importers; and
- indirect exports: comprising all export sales made between Hyundai and [REDACTED] [company name] in Korea which were ultimately exported to Australia by [REDACTED] [company name] in capacity as intermediary export agent.

Hyundai provided details of both direct and indirect exports to Australia in the period of investigation in the Australian sales spreadsheet as part of its response to the exporter questionnaire.

Direct exports

During the investigation period Hyundai directly exported a total quantity of [redacted] metric tonnes of the GUC to five separate companies registered in Australia:

- [redacted] [company name];
- [redacted] [company name];
- [redacted]⁸ [company name]; and
- [redacted] [company name]

We confirmed that direct export sales by quantity, account for [redacted]% of the total quantity of the GUC exported to Australia during the POI.

The table below summarises the total volume of GUC sold during the POI by customer and reflects the ratio of sales by customer in relation to the total volume of GUC exported by Hyundai during the POI.

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

We note that different product codes were sold to different Australian customers during the POI. We also note that all direct exports of HRS were made to [redacted] [company name].

Indirect exports

During the period of investigation Hyundai indirectly exported a total quantity of [redacted] metric tonnes of HRC, comprising 3 different product codes, via [redacted] [company name].

⁸ We note that original submissions made by Hyundai listed [redacted] [company name] and a separate entity referred to [redacted] [company name]. We have confirmed that [redacted] [company name] is the separately incorporated trading subsidiary of [redacted] [company name]. We have also confirmed that the listing of sales to [redacted] [company name] was an error in the original submission and that all sales during the POI were made to [redacted] [company name].

We confirmed that [redacted] [company name] is a trading company registered and operating in Korea. We have confirmed that [redacted] [company name] is not a listed member of the Hyundai Motor Group (this is discussed in greater detail below).

We confirmed that the total quantity, and value, of HRC indirectly exported to Australia by Hyundai accounts for [redacted] % of the total quantity and value of the GUC exported during the period of investigation.

5.1.3 Overview of Australian export market

Hyundai affirmed that there are three commonly distinguished market segments for the GUC in Australia:

- The pipe and tube market;
- The automotive market; and
- The general manufacturing market.

Hyundai indicated that all of its Australian customers (aside from [redacted] [company name], which is regarded as a trader) operate at the distributor level.

Once the goods are exported to Australia, the importers distribute directly to retailers or end-users. Hyundai advised that different product codes are sold into different segments of the Australian market depending on the particular specifications and, in turn, practical utility for particular applications.

Hyundai provided a summary of the application codes applied to products sold domestically and for export to Australia during the POI, which are incorporated in the second character of the product code for each product (explained above). We have verified that during the POI Hyundai exported products with the following application designations

Application code	Application summary
A	[redacted]
C	[redacted]
J	[redacted]
T	[redacted]

Hyundai confirmed that the significant majority of products manufactured and exported to Australia fall within the 'A' and 'C' application codes. Hyundai advised that these applications correspond to the general manufacturing sector and automotive sector respectively. We have summarised the total

goods sold to Australia during the POI designated by each application code and the relevant percentage ratio of the total quantity of the GUC sold during the same period.

Application Code	Total quantity of GUC sold	Quantity of GUC sold to Australia
A	[REDACTED]	[REDACTED]
C	[REDACTED]	[REDACTED]
J	[REDACTED]	[REDACTED]
T	[REDACTED]	[REDACTED]

We confirmed that Hyundai does not operate any agency or distributorship arrangements with any customers or other entities in the Australian domestic market.

5.2 Export sales process

5.2.1 Direct

Hyundai advised that its export sales process for all direct exports during the POI was as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] [confidential information regarding Hyundai's export sales process for direct exports]

5.2.2 Indirect

Hyundai advised that its export sales process for indirect export sales made via [REDACTED] during the POI was as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [confidential information regarding Hyundai's export sales process for indirect export sales]

We asked Hyundai whether it had knowledge, actual or inferred, of the end customer in the indirect export sales transactions administered by [REDACTED] [company name].

Hyundai confirmed that, when it sold the GUC to [REDACTED] [company name], it was aware of the intended recipient of the goods in Australia. We confirmed that the Australian customer was listed in each contract of sale between Hyundai and [REDACTED] [company name] under the field 'end-buyer'.

However, Hyundai submit that it has no involvement in the export transaction after the [REDACTED] [confidential information as to the point in the transaction when Hyundai ceases to have involvement in the indirect export transaction] Further, Hyundai has no knowledge of the nature of the commercial transactions between [REDACTED] [company name] and the Australian end customer, including, inter alia, the terms of sale, form of payment and price of the relevant transactions.

On this basis we are satisfied that Hyundai has reasonably regarded sales to [REDACTED] [company name] as Australian export sales both in its internal accounting and sales databases and for the purposes of the investigation.

5.3 Pricing

Hyundai advised that price is negotiated [REDACTED]

[redacted] [confidential information regarding Hyundai's method of price negotiation]

Hyundai advised that market prices for the GUC are closely related to [redacted] [confidential information regarding the calculation of Hyundai's market prices for the GUC] Both factors are extremely volatile and subject to regular and unpredictable fluctuations.

[redacted] [confidential information regarding the method adopted by Hyundai to calculate market prices for the GUC]

5.3.1 *Discounts, rebates and allowances*

Hyundai stated in its response that it does not provide its Australian customers with discounts, rebates or allowances and that the price on the invoice is the price paid.

We found no evidence to indicate that this was not the case.

5.4 Export sales verification - reconciliation to financial statements and source documents

5.4.1 *Selected transactions*

Prior to the visit, we selected 10 invoices, comprising 9 direct and one indirect export, from the Australian Sales spreadsheet. We requested supporting commercial documents in relation to the following selected invoices:

Invoice number	Customer	Invoice date	Product code	Product model
[redacted]	[redacted]	03/06/2011	AAAEBBAA	[redacted]
[redacted]	[redacted]	21/08/2011	AAAEBBAA	[redacted]
[redacted]	[redacted]	21/08/2011	AAAGBBAA	[redacted]

[REDACTED]	[REDACTED]	06/06/2011	AAAGBBAA	[REDACTED]
[REDACTED]	[REDACTED]	03/06/2011	ACBGBBAA	[REDACTED]
[REDACTED]	[REDACTED]	26/07/2011	ACBGBBAA	[REDACTED]
[REDACTED]	[REDACTED]	04/10/2011	ACCHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	31/01/2012	ACCHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	20/02/2012	AAAHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	29/02/2012	AAAHBBAA	[REDACTED]

5.4.1 Preliminary matters

Invoice numbers

We noted that the invoice numbers specified in the Australian sales listing correspond to the contract number of the relevant head of agreement executed between Hyundai and the relevant customer (see above discussion of export sales processes).

As such individual sales documentation does not reconcile with the composite sales included in the sales database, grouped generally by contract number.

Hyundai advised that a number of invoices are issued and designated under a specific contract number. Such invoices are however designated with the specific serial numbers of the products sold in the transaction, which is also reflected in the Australian sales listing.

We confirmed with Hyundai that we could reconcile the total quantity and value of contracts to the total composite value of sales listings included in the Australian sales sheet. Further, we could also identify the products listed in

commercial invoices with the corresponding lines of the Australian sales sheet by serial number and, in turn reconcile the individual quantity and value of sales reflected in the sales listing back to the source documentation.

Amended sales listing

Hyundai advised that clerical errors associated with certain export expenses (handling/other and credit) had been identified in the Australian sales listing spreadsheet prior to the commencement of the visit. Amended listings of these costs were provided and amalgamated into the sales listing at the visit. A submission regarding the nature of the error, and the basis for the amended values was provided by Hyundai and is attached as **confidential attachment EXP 1**.

5.4.2 Source documentation requested

We requested that Hyundai provide the following commercial documents in relation to all selected transactions:

- copy of the relevant contract executed between Hyundai and the customer;
- commercial invoice from Hyundai to the importer relating to the sampled sale including identification of relevant product serial numbers;
- documentation relating to inland transport (logistics) to wharf;
- handling and other FOB-related charges;
- bill of lading; and
- proof of payment.

These documents were provided and are at **confidential attachment EXP 2**.

5.4.3 Verification (completeness and accuracy)

As part of its response to the exporter questionnaire, Hyundai provided a spreadsheet reflecting, inter alia, the total turnover of the GUC, by volume and by value, to Australia during the POI.

We confirmed that the total volume and value reflected in the Australian export sales listing reconciled with the turnover spreadsheet.

We asked Hyundai to demonstrate, by reference to management reports and the audited financial statements, that the turnover spreadsheet and, by association, the domestic sales listing was complete and accurate.

Hyundai was able to satisfactorily demonstrate the accuracy and completeness of the data with reference to source documents in a number of composite stages. The process is explained below. The summary documents

and associated source material is attached at **confidential attachment SALES 1**.

1) Reconciliation of value hot rolled products and all products

Hyundai provided a summary document reflecting the sales value of Hot Rolled Products (which includes the GUC, plate and checked coil), other products and all products manufactured in the 2011 fiscal year, the first quarter of 2011 and the first quarter of 2012⁹.

We reconciled the total value of all products for the 2011 fiscal year and the first quarters of 2011 and 2012 to the audited income statements of the respective periods. We were also able to reconcile the value of hot rolled products for all periods reflected in the summary sheet with downloads from Hyundai's internal sales listing database for each period.

For completeness we also confirmed the value and quantity of hot rolled products (coil and plate) for each quarter of the 2011 fiscal year, and the first quarter of 2012 reflected in downloads from the [redacted] [Hyundai's accounting system].

2) Reconciliation of sales of hot rolled products by market

To demonstrate the quantity and value of export sales of hot rolled product Hyundai provided a summary sheet reflecting the total quantity and value of domestic local and export sales for the POI¹⁰.

We were able to reconcile the volume and value of export sales and domestic local sales to the sales listing for the 2011 fiscal year. To satisfy ourselves of the accuracy of the calculated values of the POI, we also reconciled the volume and value of export sales made by Hyundai's two export sales teams for the first quarters of 2011 and 2012.

3) Reconciliation of export sales of the GUC

Finally, Hyundai provided a summary of export sales domestic local sales and the composite value of both relating to sales of

- hot rolled coil (the GUC);
- hot rolled checked coil; and
- hot rolled plate .

⁹ The total value of each field was calculated for the POI by deducting the value of the first quarter of 2011 from the value of the 2011 fiscal year, and adding the value of the first quarter of 2012.

¹⁰ Calculated from the total values of the 2011 fiscal year less the first quarter of 2011 and plus values of the first quarter, 2012

[redacted] [confidential information relating to the payment terms for Hyundai's export sales]

[redacted] [confidential information regarding the issuing of invoices for both direct and indirect export sales]

During the verification visit Hyundai was able to provide sufficient supporting documentation of proof-of-payment, in relation to all selected shipments in the form of [redacted] [form of evidence provided by Hyundai Steel to verify proof-of-payment]

In each instance we were able to reconcile the total contract value [redacted] [confidential information regarding the evidence provided by Hyundai to verify the contract value] to the composite value of sales listings related to the relevant contract in the Australian sales spreadsheet.

For completeness, we were also able to reconcile the invoice value of individual transactions reflected in the sales listings to the composite value of invoices provided by Hyundai to customers.

On this basis we are satisfied that the invoice price shown in the Australian Sales spreadsheet is reflective of value of individual transactions, which comprise the total contract price paid by the relevant customer.

5.4.5 Ocean freight

The export sales spreadsheet provided by Hyundai reflects that all export sales to Australia during the period of investigation were made on [redacted] [confidential information of Hyundai regarding the terms of its export sales to Australia]

[redacted] [confidential information regarding the inclusion and/or exclusion of ocean freight and marine insurance in the sales price for direct and indirect export sales]

We confirmed for the selected transactions that were in [redacted] terms that the applicable ocean freight fee charged by the relevant freight agency was expressed as payable in USD, and was reflected as such in the commercial invoices relating to the relevant shipment.

NON-CONFIDENTIAL

We confirmed that the ocean freight fee, expressed in KRW in the Australian Sales spreadsheet, when converted to USD on a line by line basis using the applicable KRW/USD conversion rate was an accurate reflection of the cost of ocean freight.

From the evidence of payment we also confirmed that the agreed terms of shipment were reflected in commercial invoices which, as explained above, were verified as reflecting the total the price paid in relation to the relevant contract number.

5.4.6 Inland freight and export charges

We sought to confirm the inland and port and terminal handling charges.

Hyundai advised that it utilises an affiliated logistics company [redacted] [company name] to transport the goods from the Dangjin factory the port of export. Hyundai advised that it uses different ports of export for different shipments depending on the best available export conditions. As such, whilst Hyundai operates a port at Dangjin, the majority of exports during the POI were made from Pohang or Incheon port.

Freight costs were calculated separately on a line by line basis and were reflected in the export sales spreadsheet as 'inland transport'.

For each sample export sales package Hyundai provided a copy of the fee schedule negotiated with [redacted] [company name], applied across all of its facilities of operation specifying the applicable inland transport ratio of KRW per MT for each product calculated depending on point of manufacture and destination.

We requested, and were provided with, proof of payment between Hyundai and [redacted] [company name] relating to inland transport in relation to the first sampled export sale. We were able to reconcile the allocated transport price with the fee schedule, and to payment between the two entities reflected in source documentation.

Handling costs were recorded in the Australian sales spreadsheet under 'handling and other' on a line by line basis. Hyundai provided a summary document explaining the methodology for calculating, and applying, a unit cost for handling and other expenses. We were satisfied that the methodology was reasonable. This document is included as **confidential attachment EXP 4**.

5.4.7 Packing

Hyundai advised that all HRC are packed at the Dangjin facility. We confirmed that packing costs are not incurred for HRS products which are exported in sheet form, without further packing or packaging.

We confirmed that the packing materials for HRC comprise:

- steel band;
- magazine type chip; and
- push type chip.

Hyundai confirmed that a weighted average unit packing costs was calculated for the period of investigation by dividing the total raw material consumed during the period by the total production quantity of HRC.

Hyundai confirmed that the weighted average cost per unit (MT) was calculated and then apportioned to each invoice by multiplying the average cost per unit by the actual quantity of the goods sold. Hyundai provided a summary document reflecting the calculation methodology with respect to packing costs. This is included as **confidential attachment EXP 3**.

Although Hyundai separately identified and provided evidence for packing costs, we note that no adjustment for packing costs is claimed by Hyundai.

5.4.7 Credit expenses

We asked Hyundai to explain how the amount shown in the 'credit' column in the Australian sales spreadsheets had been calculated, noting that all export sales were represented as being made with █ days credit.

Hyundai advised that the credit expense related to █ [confidential information regarding Hyundai's credit expenses] For the sampled sales, we were able to reconcile the total value of credit expense allocated in the sales listing with the source █ documentation [confidential information regarding the form of evidence provided by Hyundai to reconcile the credit expenses].

5.5 The exporter

The *Customs Act 1901* (Customs Act) does not define the "exporter", however Customs and Border Protection tends to look for the circumstances surrounding the exportation of the goods.

a) Direct exports:

For all direct export sales during the period of investigation, we consider Hyundai to be the exporter of GUC because Hyundai:

- is the manufacturer of the goods;
- owned the goods at the time prior to export;
- is listed as the supplier on the bill of lading;
- invoices Australian customers for the goods directly;
- arranges and pays inland transport costs from the place of manufacture and packaging to port of export;

- arranges and pays for other associated freight and insurance costs depending on the specific sales terms;
- is the principal in the transaction located in the country of export from where the goods were shipped that gave up responsibility by knowingly placing the goods in the hands of a freight forwarder for delivery to Australia;
- sent the goods for export to Australia and was aware of the identity of the purchaser of the goods; and
- received payment for the goods from the importer.

b) Indirect exports

We also consider Hyundai to be the exporter for all indirect export sales to Australia via [REDACTED] [company name] because Hyundai:

- is the manufacturer of the goods; and
- sells the goods to [REDACTED] [company name] with actual knowledge that the goods are destined for export to Australia.

We are satisfied that whilst Hyundai remits all responsibility to [REDACTED] [company name] for all administration of the export of the goods to Australia after [REDACTED] [confidential information as to when Hyundai ceases to be involved in the transaction], [REDACTED] [company name] operates as a third party trader, and is not appropriately characterised as the exporter of the goods.

5.6 The importer

5.6.1 Direct exports

We noted that Hyundai's Australian customers:

- negotiate directly with Hyundai for the purchase of goods;
- are named as the consignee on the bill of lading;
- arrange customs clearance, quarantine, logistics, and, depending on the terms of sale as negotiated, overseas freight and storage of the goods after they have been delivered to the Australian port; and
- take control of the goods on arrival and become the beneficial owner of the goods.

We consider that Hyundai's invoiced Australian customers are the beneficial owners of the goods at the time of importation and are therefore the importer of the GUC exported by Hyundai during the POI.

5.6.2 Indirect exports

NON-CONFIDENTIAL

With respect to indirect exports made via [REDACTED] [company name], we note that:

- [REDACTED] [company name] retains beneficial ownership of the goods once the goods have [REDACTED] [confidential information regarding the point at when Hyundai remits beneficial ownership of the goods]; and
- [REDACTED] [company name] is thereafter responsible for the exportation of the goods to Australia pursuant to independent sales negotiations between [REDACTED] [company name] and Australian customers.

As such we consider [REDACTED] [company name] invoiced Australian customers to be appropriately characterised as the importer of the small volume of indirect exports made by Hyundai during the POI.

5.7 Arms' length

In determining export prices under s.269TAB(1)(a) of the Customs Act and normal values under s. 269TAC of the Customs Act, the legislation requires that the relevant sales are arms' length transactions.

Section 269TAA of the Customs Act outlines the circumstances in which the price paid or payable shall not be treated as arms' length. These are where:

- there is any consideration payable for in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- in the opinion of the Minister, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

5.7.1 Direct exports

We found no evidence to suggest that the prices negotiated between Hyundai and its Australian customers were influenced by any relationship or arrangement, commercial or otherwise during the POI. We also did not find any evidence to indicate that any consideration, compensation or other benefit passes between Hyundai and its Australian customers in relation to the goods other than the price negotiated, reflected in executed sales agreements and listed for payment in commercial invoices.

5.7.2 Indirect exports

Hyundai submit that it is not affiliated with [REDACTED] [company name].

NON-CONFIDENTIAL

As mentioned above at 3.1.2 [redacted] [company name] is not a publicly listed member company of the Hyundai Motor group.

However we note that [redacted] [company name] publicly represents itself as being 'Korea's largest general trading company that has taken the lead in promoting export of Korea and [redacted] [company name]' (sic).¹¹

Hyundai explained that the [redacted] [company name], whilst sharing a common historical origin, has no direct or indirect ownership or management affiliation with the Hyundai Motor Group.

We were satisfied with Hyundai's explanation of the relationship between Hyundai and [redacted] [company name].

For completeness, we analysed the unit prices by product, by customer across the period of investigation and found no significant or consistent pricing patterns with respect to sales between Hyundai and [redacted] [company name] that would suggest that the affiliation between Hyundai and [redacted] [company name] had any discernible influence on price of the goods sold, relative to comparable sales to unaffiliated parties.

We also found no evidence to suggest that [redacted] [company name], was directly or indirectly reimbursed in respect of the purchase price of the goods (or part thereof) during the period of investigation.

As such, we consider the sales between Hyundai and [redacted] [company name] to be arms' length transactions within the definition of the act.

5.8 Export price preliminary assessment

5.8.1 Direct export sales

In the case of direct export sales to Australia by Hyundai, we consider:

- that the goods have been exported to Australia otherwise than by the importer;
- that the goods have been purchased by the importer from the exporter; and
- the purchases of the goods were arms' length transactions.

¹¹ Taken from the company profile published on the website of [redacted] [company name] accessed at [redacted] [company website address] on 30/08/12.

NON-CONFIDENTIAL

Therefore, we consider that export price for direct export sales from Hyundai can be established under section 269TAB(1)(a) of the Customs Act using the invoiced price less amounts for ocean freight and/or marine insurance as appropriate.

5.8.2 Indirect export sales

In the case of indirect export sales to Australia, we consider that:

- that the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from an entity *other* than the exporter; and
- the purchase of the goods were arm's length transactions.

On the basis of the above, in the absence of any reliable information relating to the commercial sales terms between [redacted] [company name] and its Australian customers from which to determine the sales price, we consider that export price for indirect export sales from Hyundai can be established under section 269TAB(3) of the Customs Act using the invoiced price (on an FOB basis) between Hyundai and [redacted] [company name].

Export price calculations are included at **confidential appendix 1**.

NON-CONFIDENTIAL

6 DOMESTIC SALES

6.1 Market

6.1.1 General

We asked Hyundai to clarify the key differences between HRC and HRS manufactured for sale in the domestic market and product variants exported to Australia.

Hyundai advised that the Korean domestic market is more complex in comparison to the Australian market with respect to different market segments, each of which is largely delineated by the intended application.

Hyundai provided a schedule of product application codes. Using the application code schedule provided we confirmed that products exported to Australia fell within 4 specific application classes, whereas it manufactured and sold products in Korea that fell within 21 different application classes.

We confirmed that the majority (over █%) of products Hyundai manufactured and sold in Korea during the period of investigation fall within the 'B' application code, which, according to Hyundai's internal application code schedule, relates to █ [confidential information regarding the products to which Hyundai's internal application code schedule relates to]. Products with this application code were not exported to Australia during the period of investigation.

Hyundai confirmed that application codes 'G'¹² and 'K'¹³ were the next most commonly sold application codes during the period of investigation. However, both codes were sold in significantly lower volumes than application code 'B' products.

The remaining product codes were sold in similarly low quantities during the period of investigation.

For purposes of comparison we have summarised the total goods sold domestically during the POI designated by application code that were also exported to Australia and the relevant percentage ratio of the total quantity of the GUC sold during the same period.

█		
A	█	█

¹² Hot Rolled Steel Plate, Sheet and Strip for █ [market segment]

¹³ Hot Rolled Carbon Steel Strip █ [market segment]

NON-CONFIDENTIAL

C	[REDACTED]	[REDACTED]
J	[REDACTED]	[REDACTED]
T	[REDACTED]	[REDACTED]

6.1.1 Differences in markets

We asked Hyundai to explain whether there were any differences between the products exported to Australia and products sold in Korea during the period of investigation.

a) product characteristics

Hyundai confirmed that HRC and HRS manufactured and sold in the Korean domestic market and the comparable product exported to Australia are manufactured at the Dangjin facility using the same raw materials and same manufacturing processes and procedures applicable to the particular 'recipe' of a particular product model (see earlier discussions regarding manufacturing processes).

As such, Hyundai contends that there are no tangible differences between product codes sold into the Korean home market and the same product codes exported to Australia in terms of:

- metallurgical chemistry;
- physical specification;
- mechanical quality (tensile strength/strength elongation); and
- packing materials

b) Product quality concerns in the domestic market

Hyundai submits that product quality is a key concern of domestic customers, as it is for customers in the Australian market.

Product quality is determined by the quality of raw material inputs, the quality of the manufacturing facilities and the manipulation of the manufacturing process.

NON-CONFIDENTIAL

Hyundai submits that it does not have the manufacturing capacity to produce a second tier of products using lower quality raw materials, or by sacrificing control over the production process to produce a lower quality, and, by virtue, cheaper finished product.

Hyundai advised that all products are tested for metallurgical quality at the BOS stage, and for mechanical quality after being passed through the hot strip mill. For both domestic and export sales a mill test is provided to the customer, certifying that the product satisfies the quality parameters specific to the relevant product specification.

6.1.4 Terms of sale

Hyundai advised that all domestic sales are made on a delivered or ex-factory basis. We confirmed that the majority of sales (■%) were delivered. Generally Hyundai offered domestic customers ■ days of credit. Discounts were provided to domestic customers on the basis of ■ [confidential information regarding Hyundai's discount schemes]. This is discussed in more detail below.

Hyundai provided a document explaining the methodology by which the short term borrowing rate for the POI was calculated, and applied, for the purposes of calculating credit costs for domestic transactions. This document is included as **confidential attachment DOM 3**.

6.2 Levels of trade

6.2.1 General

The sales data provided by Hyundai indicates that it sold a total of ■ metric tonnes of the GUC in the domestic market during the investigation period to a mix of customers recognised either as distributors or end-users.

We have calculated from the domestic sales data provided that a total quantity of ■ MT (■% of total quantity of GUC) was sold to distributors during the period of investigation. A total quantity of ■ MT (approximately ■%) was sold to end-users.

6.2.2 Products sold into each sales channel

We have extrapolated from the sales data provided that sales to distributors comprised ■ different product codes, including all ■ product codes exported to Australia during the period of investigation.

We have also ascertained that a total of ■ different product codes were sold to the end-user sales channel during the period of investigation. This total cohort of product codes included ■ of the exported product codes.

NON-CONFIDENTIAL

6.2.4 *Level of trade price variances*

We found no discernible pattern of price variance between levels of trade in the domestic market.

6.2.5 *Discounts, rebates or allowances*

Hyundai confirmed that it applies several practices in relation to transactions in the Korean domestic market which effectively amount to discount or refund regimes. These are:

- [REDACTED]
- [REDACTED] [confidential information regarding Hyundai's discount and refund regimes]

[REDACTED] *[type of discount] discount*

Hyundai advised that [REDACTED] *[type of discount] discounts* are applied in circumstances in which customers [REDACTED] [confidential information regarding Hyundai's discount regime]

Hyundai explained that such discounts are determined as payable when [REDACTED] [confidential information regarding when discounts are applicable], and then applied to the invoice of the following month for the discount recipient. [REDACTED]

[REDACTED] [confidential information regarding the calculation of the discount]

Hyundai explained that, in relation to the domestic sales listing provided, the unit discount value is multiplied by sales volume, per transaction, made in the previous month to provide an accurate reflection of the sales for which the discount was awarded. The discount value for each transaction was reflected in a column recorded as 'discounts' in the sales listing.

[REDACTED] *[type of refund] refund*

Hyundai advised that, in certain circumstances, [REDACTED]

[REDACTED] [confidential information regarding Hyundai's refund regime]

[REDACTED] *[type of refund] refunds* are allocated by customer, by transaction during the period of investigation by dividing the total [REDACTED] *[type of refund] refunded* by Hyundai by the

total sales volume of GUC for each domestic customer for which the deduction is relevant to arrive at a unit charge amount. The unit charge amount was then multiplied by sales volume on a line by line basis.

Hyundai provided a worksheet reflecting the application of the above method for calculation of unit charges. This document is attached as **confidential attachment DOM 4**.

We ascertained that the unit charge reflected in the sheet, for a sampled domestic customer, was correctly applied in the calculation of the [redacted] [type of refund] for the sales listings of that customer.

6.2.6 Warranty expenses

Hyundai advised that during the period of investigation certain orders of goods were returned by domestic customers, for a variety of reasons.

Hyundai advised that, in such situations, the domestic customer is issued with a credit note relative to the quantity and value of the returned goods. The credit invoice is then allocated as a deducted item in the sales revenue.

We verified that, during the period of investigation, a total of [redacted] transactions were recorded as being returned sales for which credit notes were issued. These sales reflect a total quantity of [redacted] MT with a total gross invoice value of KRW [redacted].

Returned sales are reflected in the Domestic sales data provided noting the credited volume and value by transaction, allocated to the particular customer. A 'net quantity' is then calculated reflecting the actual quantity of the transaction by deducting the credited quantity from the original recorded quantity.

Warranty discounts for returned sales were captured in some of the sampled sales verified at the visit (see the explanation of sales verification below).

6.3 Ordering

Hyundai described its domestic sales process as follows.

- [redacted]
- [redacted]
- [redacted]

NON-CONFIDENTIAL

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] [confidential information regarding the sales process for Hyundai's domestic sales]

6.4 Pricing and terms

[REDACTED]

[confidential information regarding Hyundai's pricing]

[REDACTED]

[REDACTED] [confidential information regarding the calculation of Hyundai's pricing for domestic sales]

Hyundai advised that it maintains dialogue with domestic customers at the distributor and end user level regarding price patterns.

6.5 Domestic sales verification

6.5.1 Domestic sales listing

In its response Hyundai supplied a domestic sales spreadsheet. The spreadsheet includes line by line information relating to sales made between Hyundai and its customers in Korea. The sheet includes information relating, inter alia, to:

- serial number;
- customer;
- level of trade;

14 [REDACTED] [confidential information regarding the sales process for Hyundai's domestic sales]

15 [REDACTED]

[confidential information regarding Hyundai's credit terms]

NON-CONFIDENTIAL

- product model;
- product code;
- specification (thickness range, width range, whether product is pickled or oiled, whether product is mill edged or trimmed edge and whether product is skim passed or not);
- invoice number, date of invoice and date of sale;
- payment terms and delivery terms;
- sales quantity (in units – designated as metric tonnes);
- packing type (coil or sheet);
- gross and net invoice values (expressed in KRW); and
- various domestic charges and costs.

The original sales listing database reflected line-by-line data relating to [REDACTED] transactions, which comprise sales of a total cohort of [REDACTED] product codes which in turn comprise sales of over [REDACTED] product models.

Given the size of the total domestic sales listing provided, we subsequently filtered the listing to only include the [REDACTED] domestic 'like' product codes.

6.5.2 *Sampled invoices*

Prior to the visit, we requested that Hyundai provide supporting documents relating to ten selected invoices reflecting sales of the GUC to its customers in Korea¹⁶.

The ten invoices selected were as follows:

Invoice number	Customer	Invoice date	Product code	Product model
[REDACTED]	[REDACTED]	30/04/2011	AAAEBBAA	[REDACTED]
[REDACTED]	[REDACTED]	30/09/2011	AAAEBBAA	[REDACTED]
[REDACTED]	[REDACTED]	30/04/2011	AAAGBBAA	[REDACTED]
[REDACTED]	[REDACTED]	31/07/2011	AAAGBBAA	[REDACTED]

¹⁶ For consistency, we selected invoices that corresponded by product by quarter to selected exporter invoices. We further ensured that the sample cohort of domestic invoices included a selection of sales to related and unrelated parties.

NON-CONFIDENTIAL

[REDACTED]	[REDACTED]	29/02/2012	AAAHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	31/03/2012	AAAHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	31/10/2011	ACCHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	30/11/2011	ACCHBBAA	[REDACTED]
[REDACTED]	[REDACTED]	30/02/2011	ACBGBBAA	[REDACTED]
[REDACTED]	[REDACTED]	30/09/2011	ACBGBBAA	[REDACTED]

We requested, and Hyundai provided, the following documents for each of the selected invoices:

- sales agreement/product order (if available) between Hyundai and the relevant customer;
- commercial invoice from Hyundai to the domestic customer; and
- proof of payment made by domestic customer to Hyundai.

These documents are at **confidential attachment DOM 1**.

6.5.3 Domestic sales reconciliation to financial statements

As part of its response to the exporter questionnaire, Hyundai provided a spreadsheet reflecting, inter alia, the total turnover of all products, and the GUC, in the domestic market during the POI.

We confirmed that the total volume and value reflected in the domestic sales listing described above at 6.5.1 reconciled with the correlating values in the turnover spreadsheet.

We asked Hyundai to demonstrate, by reference management reports and the audited financial statements, that the turnover spreadsheet and, by association, the domestic sales listing was complete and accurate.

Hyundai was able to satisfactorily demonstrate the accuracy and completeness of the data with reference to source documents, in 6 composite stages. The process is explained below. The summary documentation, and associated source documents are attached as **confidential attachment SALES 1**.

NON-CONFIDENTIAL

1) Reconciliation of value hot rolled products and all products and Reconciliation of sales of hot rolled products by market

The process for reconciling the volume and value of products upwards was done on a combined basis, and related to both domestic and export sales. This verification step is explained in greater detail above at 5.4.3

2) Reconciliation of domestic sales of the GUC

Finally, Hyundai provided a summary of domestic sales domestic local sales and total domestic sales of hot rolled coil (the GUC), hot rolled checked coil and hot rolled plate for the relevant periods as explained in the preceding steps.

To satisfy ourselves of the accuracy of the data provided, we verified the volume and value of domestic sales of checked coil and hot rolled plate in the first quarter of 2012 to summary listings of sales of each product for the relevant periods. For each product sales listing we verified the volume and value of individual sample invoices to the relevant commercial invoice.

3) Reconciliation of sales discount

Hyundai provided a summary of the breakdown of sales discount (explained above) for each of the relevant periods and a calculated total sales discount for the period of investigation (excluding April 2011 on the basis that the discount related to sales outside the POI and including April 2012 on the basis that the discount related to sales within the POI).

To demonstrate the veracity of the data, Hyundai provided a summary listing of sales discounts allocated for April 2011 and April 2012 and sample discount credit notes provided for individual customers within each period. We are satisfied that the sales discount has been accurately calculated.

4) Allocation of HRS

Hyundai provided a summary sales listing of all sales of hot rolled plate during the POI outlining the invoice number and date, total quantity, sales amount (and sales discount) sales. The summary listing delineated sales of hot rolled plate that fell within the GUC, non-GUC plate and the composite total of both.

We reconciled the volume and value of an individual invoice included in the listing to the source document.

We then confirmed that the total listed volume and value of plate reflected in the listing reconciled with the quantity and value of plate sales identified in the sales listing by product provided in step 5 above.

5) Exclusion of certain returned sales and reconciliation of final amount

NON-CONFIDENTIAL

Hyundai advised that some domestic sales during the POI related to returned sales made prior to the POI, for which credit notes had been issued. Hyundai excluded these sales from the domestic sales listing provided. We were provided with a summary listing of all excluded returned sales. We verified the volume and value of two returned sales back to source documents to verify the accuracy of the data provided.

Following the above stages, the total quantity and net sales value of HRC and HRP within the GUC for the POI was presented. We confirmed that the total quantity and value reflected in the summary reconciled with the turnover spreadsheet and domestic sales listing ([REDACTED] MT and [REDACTED] KRW respectively).

6.5.4 Sales volume and value

From the selected sales identified above at 6.5.2 we traced the details from the domestic sales spreadsheet to the commercial documents provided.

We were able to confirm that the sales volume and value entered into the spreadsheet for all selected sales reflected the volume and value in the source documents.

6.5.5 Exclusion of non-GUC and irrelevant sales

We confirmed, from the sampled cohort of source sales documents, that none of the sampled invoices contained sales of non-GUC products. We are satisfied that no non-GUC sales have been included in the spreadsheet.

6.5.6 Proof of payment

We confirmed that Hyundai typically operates a [REDACTED] [REDACTED] [confidential information regarding the accounts of Hyundai's domestic customers and the payment terms]

As part of the source documentation Hyundai provided copies of monthly transaction statements from the internal sales database for the relevant customer from which we were able to identify the sampled sale by coil number. In each instance we were able to reconcile the quantity and value listed in the transaction statement with the domestic sales listing.

We were able to reconcile the total quantity and sales value reflected in the transaction statements to commercial invoices issued to the customer by Hyundai.

In instances in which customers had been allocated [REDACTED] [type of discount] discounts, [REDACTED] [type of refund] refunds, or credit for returned sales Hyundai provided source documentation reflecting the value of the credited amount. We verified that the credit value listed in the domestic sales listing reconciled with the source documents provided.

NON-CONFIDENTIAL

For payments in which invoice value had been paid in full by the customer, Hyundai were able to provide documentation and proof-of-payment in relation to selected sales using bank statement confirmations.

We are satisfied that the invoice price shown in the domestic sales spreadsheet was the accurately reflected composite price paid by domestic customers and that payments were made pursuant to the terms of sale.

6.6 Arms' length

6.6.1 Related party transactions

Hyundai submitted as part of their response to the exporter questionnaire that it sold the GUC to four affiliated commercial entities within the Hyundai Motor Group in Korea during the period of investigation. These customers are:

- [REDACTED] [company name]
- [REDACTED] [company name]
- [REDACTED] [company name]
- [REDACTED] [company name]

Hyundai explained that [REDACTED] [company name] and [REDACTED] [company name] sourced goods for use in the manufacture of [REDACTED] [type of product] and [REDACTED] [company name] procured the GUC for use in the manufacture of [REDACTED] [type of product]. [REDACTED] [company name] sourced the GUC for use in the production of [REDACTED] [type of product].

We have extrapolated from the domestic sales data provided that sales to these related entities account for a total quantity of [REDACTED] MT (approximately [REDACTED]% of total domestic sales quantity and [REDACTED]% of total domestic sales quantity of like product codes).

Given the significance of the volume of total sales to affiliated entities in the domestic market we sought to examine whether the price negotiated with, and paid by, these entities was effected by the relationship between the parties.

We found no evidence that would suggest that affiliated parties received more favourable sales terms, with respect to product pricing, relative to non-affiliated domestic customers. Further there is no evidence that would suggest that:

- there is any consideration payable for or in respect of the goods other than their price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or

NON-CONFIDENTIAL

- the buyer, or an associate of the buyer, will, subsequent to the purchase or sale, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

We consider Hyundai's domestic sales of the GUC to be made in arms' length transactions.

6.7 Ordinary course of trade

6.7.1 Preliminary matter - Amended CTMS

As is discussed in more detail below, Hyundai provided amended CTMS data following discussions regarding the allocation of SG&A expenses between export and domestic sales.

Satisfied with the amended allocations provided in the amended data, we performed a final OCOT test using the new CTMS data provided at the visit.

6.7.2 General

Pursuant to the terms of the Customs Act, Customs and Border Protection will exclude domestic sales of products in circumstances in which the total volume of unprofitable sales is found to be in excess of 20%, and deemed to be unrecoverable within a reasonable period of time¹⁷.

From the domestic sales data provided, we compared the total invoice price paid for each domestic sale of the product codes posited to be 'like goods' with respect to exported product codes with the fully absorbed domestic cost to make and sell of those codes for the corresponding quarter to derive a proportion of profit (or lack thereof) on a transaction by transaction basis.

We then summarily compared the composite value of profit for each product code, with the relevant total composite cost to make and sell, to ascertain the relevant ratio of profit over cost on a percentage basis.

6.7.3 Conclusion on OCOT

Applying the methodology described at 6.7.2 we identified that ■ of the ■ domestic product codes had unprofitable sales volume in excess of 20%.

For these codes, we applied the cost recovery test to delineate unprofitable sales that were not recoverable during the POI.

¹⁷ Customs and Border Protection's view is that a reasonable period of time for the purposes of testing recoverability of unprofitable sales is twelve months.

NON-CONFIDENTIAL

Sales found to be made at a loss, and unrecoverable, were deemed to not be in OCOT and have been excluded from normal value calculations, pursuant to the terms of the Act.

Our ordinary course of trade calculations are at **confidential appendix 2**.

6.7.4 Volume and suitability of sales

Domestic sales cannot be used to establish normal values if the volume of domestic ordinary course of trade sales of like goods is less than 5% of the volume of comparable like goods exported to Australia. .

We identified that all domestically sold product codes identified as 'like' the codes exported to Australia passed the volume of sales test.

Our sufficiency test calculations are at **confidential appendix 2**.

NON-CONFIDENTIAL**7 COST TO MAKE & SELL****7.1 Introduction**

Hyundai uses actual production costs in its accounting system as opposed to standard costs.

Hyundai operates its cost accounting system on the basis of specified cost centres based on each process in the HRC manufacturing process. As discussed above in section 3, there are several key stages in the manufacture of HRC which can be summarised as follows:

- a) Iron making
- b) Steel making
- c) Coil processing and finishing

7.2 Cost to make and sell**7.2.1 CTMS spreadsheets**

Hyundai provided cost to make and sell (CTMS) spreadsheets for all product codes sold in the domestic and Australian export markets during the investigation period.

The CTMS spreadsheet provided data relating to the major costs to make each product, by quarter. The CTMS sheet listed the following data for each quarter of the investigation period:

- material cost;
- direct labour;
- manufacturing overheads;
- electricity;
- fuel;
- water;
- selling, general and administrative;
- delivery expenses; and
- total production volume.

The total sum of the above costs was calculated for each quarter of production of the specific product code sold domestically and to Australia. The total costs were divided by the quarterly production in metric tonnes to calculate the cost of manufacture per unit.

7.3 Verification of cost to make

7.3.1 Reconciliation to financial statements

Hyundai provided a package of documents to demonstrate how the cost to make reported in the CTMS spreadsheets reconciled to the financial statements.

Confidential attachment CTMS1 shows how the cost of sales in the 2011 financial accounts reconciles to the total cost of manufacturing in 2011. The cost of sales is derived from the opening inventory of finished goods, plus transferred amounts in and out, plus the manufacturing costs for the period, less closing balance of finished goods.

The attachment then demonstrates how the cost of manufacturing is derived from the total cost of material, labour and overhead plus beginning work in progress less ending work in progress.

To demonstrate the breakdown of the total cost by factory (Incheon, Pohang and Dangjin) Hyundai provided a Cost Statement by Factory (**confidential attachment CTMS2**). This statement shows a breakdown of the total cost for each cost element (iron ore, coal, labour, overheads etc) by factory location. The total of this report matched the total manufacturing costs in CTMS1. It appeared that all relevant cost elements such as raw materials, labour and overheads had been allocated to the Dangjin plant and irrelevant cost elements, such as stainless steel, were not recorded against Dangjin. The total manufacturing cost for Dangjin was KRW [REDACTED].

Hyundai explained that included in the manufacturing costs for Dangjin factory were certain costs associated with the construction of a new blast furnace. This was still under construction at the completion of the 2011 fiscal year. Certain costs associated with its manufacture (materials, labour and overheads) had been separately captured and reported in CTMS2. Hyundai deducted these costs from the Dangjin total costs to determine the true cost of manufacturing finished goods. Hyundai provided a cost centre report that showed the detail of the costs captured against the furnace construction (**confidential attachment CTMS3**). The total costs in CTMS3 matched the deduction recorded in CTMS2. The total manufacturing cost for Dangjin, after deducting the blast furnace construction cost, was KRW [REDACTED].

Hyundai provided a report that showed how the total manufacturing cost for Dangjin, less scrap revenue, plus opening work in progress and net transfers, less closing work in progress, equalled the total cost of finished goods for Dangjin for the period (**confidential attachment CTMS4**). We could see the total manufacturing cost from CTMS3 being transferred to CTMS4 to arrive at this figure. The total cost of finished goods for Dangjin was KRW [REDACTED].

Hyundai then provided a Finished Goods Inventory Movement Ledger (**confidential attachment CTMS5**) that showed how the total cost and

NON-CONFIDENTIAL

quantity of finished goods was allocated between hot rolled coil, hot rolled sheet, plate and reinforced bar. As mentioned previously, these costs can be determined separately because there is a different organisation code for each product. We could see how the total cost of finished goods from CTMS4 was broken down into separate products. To support the amounts in the inventory movement reconciliation Hyundai provided an Inventory Movement Ledger package (**confidential attachment CTMS6**) that contained copies of the 2011 ledgers for each of the hot rolled coil and hot rolled sheet organisation codes. These ledgers showed the beginning balance, costs of the period, transfers out and closing balance.

CTMS5 also contained a table that showed how the 2011 costs for hot rolled coil and sheet were adjusted to calculate the costs for the investigation period by deducting the first quarter of 2011 and adding the first quarter of 2012. Documents to support these adjustments were included in CTMS6. The total cost of production for hot rolled product in the investigation period was KRW [REDACTED].

CTMS5 also shows how Hyundai then deducted from the hot rolled product cost and quantity the cost and quantity associated with non-subject goods, i.e. sheet that was greater than 4.75mm thick and hot rolled checked coil. To support this amount Hyundai provided a report (**confidential attachment CTMS7**) that summarised the total quantity and cost of goods not subject to the investigation, by month, over the investigation period. Hyundai explained that the data behind this summary was too large to provide, so it provided a report for December 2011 as an example. This detailed report showed every coil or sheet produced in the Dangjin factory during the investigation period that is not subject to the investigation. We reviewed the report and are satisfied that every item in that report is outside of the specifications of the goods description.

CTMS5 also shows how Hyundai deducted from HRC product the cost and quantity associated with goods that were only produced for sale to third countries. To support this amount Hyundai provided a detailed report (**confidential attachment CTMS8**) by product code by quarter for all product sold only to third countries.

The total cost of manufacture HRC for the investigation period from CTMS5 is KRW [REDACTED].

Lastly, CTMS5 shows how the total HRC costs are divided between domestic and Australian sales. These amounts from CTMS5 match the amounts reported in the domestic and Australian CTMS spreadsheets provided with the questionnaire response.

Hyundai noted that if the total cost to make from the domestic and Australian CTMS spreadsheets are added, it is greater than the total costs demonstrated via the documents described above. Hyundai explained that this is because some product codes are sold on both the domestic and

NON-CONFIDENTIAL

Australian markets, and the production cost records do not separately distinguish these costs between the two markets. However, the unit manufacturing cost for a single product is exactly the same regardless of whether it is sold domestically or exported so Hyundai reported the same cost and quantity on both CTMS spreadsheets. Hyundai therefore demonstrated on CTMS5 that if the quantity and cost of products sold to both markets is deducted from the total cost to make reported on the two spreadsheets, the resulting quantity and amount equals the quantity and amount demonstrated in its financial records (KRW [REDACTED]).

Based on the analysis described above, we are satisfied that the cost of the GUC as reported in the CTMS spreadsheets provided with the questionnaire can be reconciled to the costs reported in Hyundai's financial accounts.

7.3.2 Production volume

The process described at section 7.3.1 above also describes how the production quantities reported in the CTMS spreadsheets were verified in Hyundai's financial system.

In addition, we asked Hyundai to provide further evidence in relation to a sample of 5 product codes in the December 2011 quarter. Hyundai provided detailed reports for each of these product codes (**confidential attachment CTMS9**). We are satisfied that the reports contain only the goods under investigation, and that the production quantities reconcile with the information reported in the CTMS spreadsheets.

7.3.3 Verification of cost to make

We asked Hyundai to demonstrate how the cost to make for each product code was derived from its cost accounting system.

Hyundai selected a sample product code sold on the domestic market. It provided a worksheet that showed how the total cost to make this product in the December 2011 quarter is made up of the costs of a number of item codes that feed into the product code (**confidential attachment CTMS10**). We verified that the total cost for all item codes in this quarter matched the amount reported in the CTMS spreadsheet.

Hyundai then selected one of the item codes from CTMS10 and provided a detailed report that showed all the coil numbers produced for that item code in October 2011 (**confidential attachment CTMS11**). We verified that the total cost of manufacture from CTMS11 matched the amount reported in CTMS10.

We asked Hyundai to further demonstrate how the manufacturing cost in CTMS11 was made up of the costs of the various processes associated with the manufacture of HRC. Hyundai prepared a document (**confidential attachment CTMS12**) that set out how the costs for the item code selected in CTMS11 for October 2011 were accumulated through 8 production processes

NON-CONFIDENTIAL

(one for iron making, four for steel making and three for hot rolled coil making). Hyundai also attached various inventory ledgers and cost centre reports to support the amounts reported in the cover sheet of CTMS12. We could see how the various costs for each process were captured and accumulated and transferred to the next process, with the item code descriptor gradually changing from a semi-finished good to a finished item code. At the end of the HRC manufacture process we could see how the total cost and quantity for the selected item code from CTMS12 matched the amounts in CTMS10, and matched the cost to make reported in the CTMS spreadsheets provided with the questionnaire.

We asked Hyundai to demonstrate how the costs recorded in each process for the selected product were derived. Within CTMS12 is a cost centre report for one cost centre related to one of the HRC making processes. This report sets out all the costs associated with a cost centre for the month of October 2011. Hyundai selected labour and electricity as two cost elements to demonstrate how the unit cost of each was determined and attached to a particular item code. The cost centre report shows the total labour and electricity cost quantities and values for the month. From this information the unit cost for labour and electricity can be derived. We checked that if this unit amount is multiplied by the respective units of each used in the production of the selected item code for October, the correct value is derived.

As a result of the above, we are satisfied that Hyundai's production and costing systems accurately capture the quantities and costs associated with each item code, and that these are accurately reported in the CTMS spreadsheets provided with the questionnaire response.

7.3.3.1 Verification of iron ore costs

We selected iron ore costs for further verification as this is one of the major cost elements in the production of HRC.

Hyundai provided a package of materials to assist in verifying iron ore costs (**confidential attachment CTMS13**). Within this package is a report showing the details of all the iron ore used in production at the Dangjin plant in 2011. We checked that the total from this report matched the total amount shown in the cost element report at CTMS2.

Hyundai selected two entries from this list in November 2011 to demonstrate its accuracy. Hyundai provided a Raw Material Inventory Movement Ledger for iron ore for the same period. We matched the amounts transferred to production from this ledger to the detail report for the selected entries.

The ledger also shows the purchases of iron ore during the month. Hyundai provided a report (Detail of Raw Material Purchase) that showed the purchase amounts matched those in the ledger. This report shows two quantities, which Hyundai explained were the 'wet quantity' and the 'dry quantity'. The quantity shown in the ledger is the dry quantity.

To demonstrate the accuracy of the purchase amounts Hyundai also provided the relevant purchase documents for the selected entry including invoice, bill of lading, certificate of analysis, calculation of the wet to dry adjustment and ledger transaction slips showing the purchase being entered into the accounting system.

Following review of the above documents we are satisfied that the quantity and value of iron ore reported in Hyundai's financial system is accurate.

7.3.3.2 Verification of coal costs

Hyundai provided a package of materials to assist in verifying iron ore costs (**confidential attachment CTMS14**). Within this package is a report showing the details of all the coal used in production at the Dangjin plant in 2011. We checked that the total from this report matched the total amount shown in the cost element report at CTMS2.

Hyundai selected the November 2011 entry from this list to demonstrate its accuracy. Hyundai provided a Raw Material Inventory Movement Ledger for coal for the same period. We matched the quantity and value transferred to production from this ledger to the detail report for the selected entries.

The ledger also shows the purchases of coal during the month. Hyundai provided a report (Detail of Raw Material Purchase) that showed the purchase amounts matched those in the ledger. This report shows two quantities, which Hyundai explained were the 'wet quantity' and the 'dry quantity'. The quantity shown in the ledger is the dry quantity.

To demonstrate the accuracy of the purchase amounts Hyundai also provided the relevant purchase documents for the selected entry, which was made up of six separate purchases. The documents included commercial and tax invoices, bill of lading and ledger transaction slips showing the purchase being entered into the accounting system. The selected coal purchases were from [REDACTED] [country name].

Following review of the above documents we are satisfied that the quantity and value of coal reported in Hyundai's financial system is accurate.

7.3.3.3 Verification of direct labour costs

Hyundai provided a package of materials to assist in verifying direct labour costs (**confidential attachment CTMS15**). Within this package is a report showing a summary of the labour costs, by month, in the Dangjin factory for 2011. We checked that the total from this report matched the total amount shown in the cost element report at CTMS2.

Hyundai selected November 2011 to demonstrate the accuracy of the labour cost. It provided a details report of all entries to the direct labour cost element, by cost centre (ie production process) for the month. The total matched the monthly total in the summary.

From this report Hyundai selected one cost centre to further demonstrate the accuracy. This cost centre related to one of the steel making processes. Hyundai provided a report called Voucher Details that showed the journal entries being made to the direct labour cost element for each cost centre. We were able to match the amounts shown on this report to the November 2011 labour expense report.

Hyundai provided the accounting transaction slips for the selected cost centre that showed the detail of the pay period being allocated to each cost centre. For the selected cost centre there were three elements; being full-time wages, part-time wages and annual leave.

Following review of the above documents we are satisfied that the quantity and value of direct labour reported in Hyundai's financial system is accurate.

7.3.3.4 Verification of electricity costs

Hyundai provided a package of materials to assist in verifying electricity overhead costs (**confidential attachment CTMS16**). Within this package is a report showing a summary of the direct and indirect electricity costs, by month, in the Dangjin factory for 2011. Direct electricity relates to the electricity used to power the various manufacturing equipment whereas indirect electricity relates to shared areas such as the warehouse, staff cafeteria, on-site manager's offices and so on. We checked that the totals from this report matched the total amounts shown in the cost element report at CTMS2.

Hyundai selected November 2011 to demonstrate the accuracy of the electricity cost. It provided a details report of all entries to the electricity cost element, by cost centre (ie production process) for the month. The total matched the monthly total in the summary.

To support the amounts in the report by cost centre Hyundai provided a Monthly Electricity Details report that showed, by cost centre, the total direct electricity consumption and value broken down into light load, heavy load and peak load consumption rates.

Hyundai provided further documents to verify the amounts for a selected cost centre from the Monthly Electricity Details report. The Electricity by Cost Centre report shows the usage quantity and unit price of electricity consumed for each cost centre plus an amount for the 'electricity fund', which matched the amounts shown in the Monthly Electricity Details report. We observed from the Electricity by Cost Centre report that the organisation codes included in the report related only to those organisation codes used in the Dangjin plant.

Hyundai also provided a copy of the November invoice from its electricity supplier, [REDACTED] [name of electricity supplier], and demonstrated how this reconciled the electricity amounts recorded for indirect overheads. Hyundai advised that [REDACTED] [company name] has facilities co-located at its site in

Dangjin. Because there are separate meters at the Dangjin site Hyundai is able to allocate [redacted] [company name] electricity usage directly to it. In addition, Hyundai's research and development centre is also located at Dangjin and its electricity costs are also segregated. We were able to reconcile the total electricity usage invoiced by [redacted] [name of electricity supplier] to the amounts allocated to the Dangjin factory for manufacturing by excluding the irrelevant amounts.

Following review of the above documents we are satisfied that the quantity and value of electricity reported in Hyundai's financial system is accurate.

7.3.3.5 Verification of depreciation costs

Hyundai provided a package of materials to assist in verifying depreciation overhead costs (**confidential attachment CTMS17**). Within this package is a report showing a summary of the machinery depreciation costs, by month, in the Dangjin factory for 2011. We checked that the totals from this report matched the total amounts shown in the cost element report at CTMS2.

Hyundai selected November 2011 to demonstrate the accuracy of the depreciation cost. It provided a detailed report of all entries to the depreciation cost element, by cost centre (ie production process) for the month. The total matched the monthly total in the summary. Hyundai also provided a further level of detail in the form of a Depreciation Voucher Details report that showed the journal entries for depreciation allocated to each cost centre in November.

Hyundai selected one cost centre to further demonstrate the accuracy, and provided a copy of the asset register that listed the depreciation expense recorded for every asset associated with that cost centre. We observed that the assets were all depreciated on a straight line basis with useful lives of either 15 or 20 years. We could observe from this report that the division code was only Dangjin, and the organisation code for all the assets related to hot rolled coil production.

We noted that the depreciation start date for many of the assets was shown as January 2011. Hyundai advised that this blast furnace had only commenced production in late 2010 and that prior to this Hyundai manufactured goods using only the [redacted] [type of manufacturing method]. We asked Hyundai to provide the asset register for November 2011 for a different cost centre that we selected. This document is at **confidential attachment CTMS17A**. We observed from this register that assets had start dates prior to January 2011 and were being appropriately depreciated.

Following review of the above documents we are satisfied that the depreciation expense reported in Hyundai's financial system is accurate.

7.4 Selling, general and administration (SG&A) expenses

Hyundai provided a package of documents (**confidential attachment CTMS18**) to demonstrate its calculation of SG&A expenses. Hyundai set out the detail of expense items that make up SG&A expenses, the total of which reconciled to the 2011 financial statements. Hyundai then deducted the first quarter of 2011 and added the first quarter of 2012 to arrive at the total SG&A for the investigation period. Hyundai provided income statements for the two quarters adjusted for to demonstrate the accuracy of the adjustment.

Hyundai categorised the SG&A expenses as follows:

- Delivery expenses
- Selling costs
- Administration costs
- Financial costs
- Other costs
- Excluded costs

'Other costs' were donations and miscellaneous losses. These represented a small proportion of total SG&A expenses in the investigation period.

'Excluded costs' related to Hyundai's derivatives trading, which Hyundai claimed did not relate to the manufacture and sale of the goods subject to the investigation. We agreed with this approach.

Hyundai divided the total for each category of SG&A expense by the total cost to make as reported in the 2011 income statement to determine the ratio of each expense to the CTM. These ratios were then applied equally to domestic and Australian sales to determine the SG&A attributable to each product code.

In examining the adjustments claimed for normal value we observed that it appeared that some SG&A expense items may relate only to domestic sales and others relate only to Australian sales. For example:

- the item 'transportation expenses' was said by Hyundai to relate only to inland transport for its domestic sales;
- the item 'exporting expenses' was said by Hyundai to relate only to freight and inland transport on export sales; and
- the item 'advertising expenses' was said by Hyundai to relate only to domestic sales.

We discussed this with Hyundai and it agreed that the expenses should be properly allocated to the relevant market (**confidential attachment**

CTMS19). Hyundai provided a revised SG&A allocation worksheet that showed the separately identified expense items being allocated to either domestic or export sales. The remaining SG&A expenses were allocated to domestic and export sales on the basis of sales revenue.

7.5 Cost to make and sell – summary

We are satisfied that sufficient information was available and verified to substantiate the CTMS for the GUC by Hyundai. We consider these CTMS are suitable for:

- assessing whether domestic sales were sold in the ordinary course of trade; and
- determining a constructed normal value where applicable.

The final CTMS worksheets are at **confidential appendix 3**.

8 THIRD COUNTRY SALES

We identified that export sales by Hyundai to third country markets accounted for approximately ■% of the total volume of turnover of the GUC during the investigation period.

We have further identified that this total volume of third country sales comprises sales to a total of ■ third country markets.

We are satisfied that there are sufficient domestic sales for the purposes of calculating normal value in this instance without consideration of third country sales.

9 ADJUSTMENTS

Hyundai claimed certain adjustments with respect to the calculation of normal value of comparable domestic product codes.

9.1 Credit terms

The export sales to Australia in the investigation period were all made on the basis of payment [redacted] [confidential information regarding the payment terms for Hyundai's export sales to Australia]. Conversely domestic sales were made on the basis of payment [redacted]

[confidential information regarding the payment terms for Hyundai's domestic sales]

We verified Hyundai's calculation of the short term interest rate [redacted] [redacted] during the POI. We have also verified the methodology by which bank charges [redacted] [redacted] were allocated [redacted]. [confidential information regarding the calculation of Hyundai's credit terms]

To ensure a fair comparison, we have deducted domestic credit costs and added export credit costs (calculated as a weighted average unit cost) to each domestic selling price.

9.2 Domestic warranty expenses

We verified the basis upon which domestic warranty expenses were allocated to certain domestic sales, and the methodology of calculating unit warranty expenses. We have deducted domestic warranty expenses from the domestic selling price.

9.3 Advertising expense

Hyundai advised that product codes are subject to various forms of activities associated with the advertisement of the GUC in the domestic market, which have been allocated as a unit advertising expense in relation to individual transactions during the POI.

Hyundai advised these activities relate to:

- television and print media;
- promotional material;
- special events;
- expenses for shareholder meetings; and
- 'other' advertising related expenses.

NON-CONFIDENTIAL

Hyundai explained that a unit advertising cost for the POI was calculated by dividing the total advertising cost across the cost elements explained above by the total volume of manufactured goods in the domestic market. To support this methodology, Hyundai provided a document setting out the methodology for calculating unit advertising expenses and source downloads from its accounting system reflecting the total amounts associated with domestic advertising expenses during the 2011 fiscal year and first quarters of 2011 and 2012 – from which the total sum for the POI was calculated. These documents are included as **confidential attachment DOM 2**.

We were satisfied of the veracity of the unit advertising expense allocated by Hyundai.

To ensure fair comparison with export sales to Australia, all of which did not incur advertising expense, we have deducted these costs from the domestic selling prices.

9.4 Domestic inland transport

We verified Hyundai's calculation of average inland transport costs incurred on domestic sales. We have deducted these costs from the domestic selling prices.

9.5 Payment guarantee charge

As discussed in greater detail above in relation to domestic sales, we verified the basis of the [REDACTED] [type of refund] allocated to certain domestic sales during the POI, and the veracity of the methodology of allocation to relevant sales. We have deducted these costs, where applicable from the domestic selling prices.

9.6 Export inland transport and handling charges

We consider that these verified expenses should be added to domestic selling prices to ensure a fair comparison with export prices.

10 NORMAL VALUE

As previously explained [REDACTED] of the [REDACTED] product codes exported to Australia were also sold in the domestic market and are relevantly identical and directly comparable.

After the OCOT testing was applied to this cohort of product codes, we identified that for [REDACTED] product codes, greater than 20% of the individual sales volumes were not profitable or not recoverable over a reasonable period of time and therefore these non-recoverable sales are considered not to be in the OCOT. However, once these non-OCOT sales were excluded there was still a sufficient volume of sales for each of the [REDACTED] product codes for the purposes of calculating normal values.

10.1 Constructed normal values

There are [REDACTED] product codes exported to Australia for which there are no domestic sales of those same product codes during the investigation period. We considered whether a product code that was reasonably similar to those product codes could be used as the basis for establishing normal values under s. 269TAC(1) of the Customs Act, with adjustments to account for specification differences. After analysing the domestic sales data to establish whether sufficient trends in pricing existed so as to make the necessary adjustments, we consider it is not possible to reasonably adjust for product differences between product codes that are similar, but not exactly the same. As discussed previously [REDACTED] [REDACTED] [confidential information regarding the calculation of Hyundai's pricing for domestic sales]

Due to the absence of sales of like goods that would be relevant for the purpose of determining a selling price under s.269TAC(1) of the Customs Act, we consider the most appropriate option is to construct normal values for the seven product codes using s. 269TAC(2)(c) of the Customs Act.

We established the constructed normal value by using the cost to make the product codes exported to Australia, plus the domestic SG&A costs. We calculated the profit on all domestic sales of like goods as [REDACTED]% and added this to the constructed CTMS. We then made the relevant adjustments to ensure fair comparison between the constructed normal value and export prices, as detailed in section 9 above.

10.2 Conclusion on normal value

We consider that information gathered and detailed in this report and its attachments can be relied upon to establish normal values and be compared to the product codes exported to Australia during the POI under s. 269TAC(1) of the Customs Act.

We have prepared calculations of normal values under s269TAC(1) of the Customs Act for ■ product codes and s269TAC(2)(c) of the Customs Act for ■ product codes.

Normal value calculations are at **confidential appendix 5**.

11 DUMPING MARGINS

We calculated a weight average product dumping margin of 1.9%. Calculation of the dumping margin is at **confidential appendix 5**.

The normal values and preliminary dumping margin that we have determined may be revised following Customs and Border Protection's assessment.

12 OTHER MATTERS**11.1 Submission regarding material injury**

At the visit, Hyundai made a detailed verbal submission regarding material injury. Hyundai advised that the issues discussed would be included in a more detailed written submission to be provided at a later date¹⁸.

In summary, Hyundai queried the veracity of the applicant's claim that material injury had been suffered as a result of dumped imports from The Republic of Korea.

Hyundai submitted that there are a number of significant potential causes of injury to the applicant (if such injury can be demonstrated), which are unrelated to any imports of the GUC from The Republic of Korea, dumped or otherwise. The potential causes of injury posited by Hyundai are as follows:

- Exports of the GUC from countries other than Korea, and not identified by the applicant as part of the investigation;
- Global retraction of demand for the GUC as a result of the global economic crisis;
- Impact of the growing strength of the Australian dollar; and
- Significant increases in the cost of key raw materials consumed in the manufacture of the GUC;

Hyundai also submitted that there are several significant potential causes of injury suffered by the applicant which relate specifically to the applicant's manufacturing processes and corporate administration. These are:

- Capacity and quality concerns associated with the applicant's manufacturing processes;
- Production inefficiencies associated with the applicant's manufacturing processes; and
- Significant financial costs incurred related to recent corporate re-structuring

Hyundai submitted that such potential causes of injury to the applicant must be thoroughly examined.

¹⁸ Hyundai's formal written submission in relation to material injury was received by Australian Customs Border Protection on Monday 17 September 2012. A copy of the submission, in full, has been made available on the public record.

13 LIST OF APPENDICES AND ATTACHMENTS
--

Confidential appendix 1	Export price calculations
Confidential appendix 2	Ordinary course of trade calculations and Sufficiency test
Confidential appendix 3	CTMS worksheet
Confidential appendix 4	Normal value calculations
Confidential appendix 5	Dumping margins calculations
Confidential attachment SALES 1	Export and domestic sales reconciliation
Confidential attachment GEN 1	Hyundai company background package
Confidential attachment GEN 2	Hyundai organisation chart
Confidential attachment GEN 3	Hyundai cost and financial accounting flowchart package
Confidential attachment GEN 4	Hyundai management accounts package
Confidential attachment GEN 5	Hyundai audited financial statements
Confidential attachment GEN 6	Bluescope Steel product specification brochure
Confidential attachment GEN 7	Standard/product code correlation table
Confidential attachment GEN 8	Translated auditors opinion
Confidential attachment EXP 1	Hyundai submission regarding corrected sales
Confidential attachment EXP 2	Sample export sales packages
Confidential attachment EXP 3	Packing cost calculation explanation
Confidential attachment DOM 1	Sampled sales documentation
Confidential attachment DOM 2	Advertising unit cost explanation
Confidential attachment DOM 3	Short term borrowing rate calculation sheet
Confidential attachment DOM 4	██████████ [type of refund] explanation
Confidential attachment CTMS 1	Reconciliation of cost of sales to COM
Confidential attachment CTMS 2	Cost statement
Confidential attachment CTMS 3	Cost centre report
Confidential attachment CTMS 4	Cost of finished goods worksheet
Confidential attachment CTMS 5	Finished Goods Inventory Movement Ledger
Confidential attachment CTMS 6	Inventory Movement Ledger package
Confidential attachment CTMS 7	Non-Guc production quantity and cost report
Confidential attachment CTMS 8	Third country sales summary report
Confidential attachment CTMS 9	Information relating to sampled product codes – December 2011
Confidential attachment CTMS 10	Sample product code cost calculation package
Confidential attachment CTMS 11	Sample product code cost detailed item code report
Confidential attachment CTMS 12	Detailed item code production process cost flowchart
Confidential attachment CTMS 13	Iron ore cost verification package
Confidential attachment CTMS 14	Coal cost verification package

Confidential attachment CTMS 15	Labour cost verification package
Confidential attachment CTMS 16	Electricity cost verification package
Confidential attachment CTMS 17	Depreciation cost verification package
Confidential attachment CTMS 17A	Asset register (as at November 2011)
Confidential attachment CTMS 18	SG&A verification package
Confidential attachment CTMS 19	SG&A allocation (revised by export and domestic market)