Folio No. 149

PUBLIC RECORD

Australian Government
Australian Customs and Border Protection Service

INVESTIGATION INTO THE ALLEGED DUMPING OF ZINC COATED (GALVANISED) STEEL AND ALUMINIUM ZINC COATED STEEL EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA AND TAIWAN

EXPORTER VISIT REPORT

Union Steel Co., Ltd

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

February 2013

TABLE OF CONTENTS

2 BACKGROUND

2.1 Applications

On 3 August 2012, applications[1] were lodged on behalf of BlueScope Steel Limited (BlueScope) requesting that the Minister for Home Affairs (the Minister) publish dumping duty notices in respect of:

- zinc coated (galvanised) steel exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan; and
- aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

BlueScope alleges that the Australian industry has suffered material injury caused by galvanised steel and aluminium zinc coated steel (the goods) being exported to Australia from China, Korea and Taiwan at dumped prices.

On 17 August 2012[2] and 27 August 2012 additional information and data were received in respect of the applications. As a result, the Australian Customs and Border Protection Service (Customs and Border Protection) restarted the 20 day period for considering the applications.

On 5 September 2012, following consideration of the applications, the Chief Executive Officer of Customs and Border Protection (CEO) decided not to reject the applications and initiated investigations in the alleged dumping of galvanised steel and aluminium zinc coated steel exported from China, Korea and Taiwan. Public notifications of initiation of the investigations were published in *The Australian* on 5 September 2012. Australian Customs Dumping Notice No. 2012/40 provides further details of the investigations and is available at www.customs.gov.au.

2.2 Anti-dumping investigations and measures

2.2.1 Investigations

A countervailing investigation regarding galvanised steel and aluminium zinc coated steel exported from China was initiated on 26 November 2012. There have been no recent dumping investigations in respect of galvanised steel and aluminium zinc coated steel products.

---

[1] *Application for Dumping Duties for Galvanised Steel exported from China, Korea and Taiwan* (Galvanised Steel Application) received on 3 August 2012; and *Application for Dumping Duties for Aluminium Zinc Coated Steel exported from China, Korea* and *Taiwan* (Aluminium Zinc Coated Steel Application) received on 3 August 2012.

[2] Additional information relating to minor issues was also provided on 20 and 21 August 2012.

2.2.2 Anti-dumping measures

There are no current anti-dumping or countervailing measures on galvanised steel and aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

2.3 Events after date of visit

On 6 February 2013, the delegate of the CEO gave notice of that preliminary affirmative determinations (PADs) have been made that there appears to be sufficient grounds for the publication of dumping duty notices in respect of:

- galvanised steel exported to Australia from China, Korea and Taiwan; and
- aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

In reaching these preliminary decisions, the CEO was satisfied that dumped goods appear to have caused material injury to the Australian industry producing like goods.

The decision to make PADs was based on the information available to the delegate at the time of making the PADs. The preliminary findings, including dumping margins may change between the time of the publication of the PADs and the publication of the statements of essential facts in respect of both investigations.

At the time of making the PADs, the delegate further determined that securities should be required and taken under section 42 of the Act in respect of interim dumping duty that may become payable in respect of certain goods from China, Korea and Taiwan, being satisfied that it is necessary to require and take securities in order to prevent material injury occurring to the Australian industry while the investigations continue.

Dumping securities will be taken in respect of any interim dumping duty that may become payable in respect of the goods entered for home consumption on or after 6 February 2013.

Further details of the PADs are contained in ACDN 2013/11 and the report, PAD 190. Both can be found on the electronic public record for the investigations.

Given the making of the PADs following the visit, this report serves both as an account of the verification conducted as well as providing details of the dumping margin calculated based on the preliminary determinations contained in PAD 190.

2.4 Background to meeting

Following the initiation of the investigations, a search of Customs and Border Protection's import database indicated that Union Steel Co., Ltd (Union) exported galvanised and aluminium zinc coated steel from Korea to Australia from 1 July 2011 to 30 June 2012 (the investigation period).

Customs and Border Protection notified Union of the initiation of the investigations and sought its cooperation with the investigations and provided an exporter questionnaire in respect of aluminium zinc coated steel and galvanised steel for Union to complete. Union completed the exporter questionnaire, and the non-confidential version of this questionnaire response is available on the Public Record.

2.5 Purpose of visit

The purpose of the visit was to verify information contained in the exporter questionnaire response submitted by Union.

Union's exporter questionnaire response consisted of background to its activities, details of exports to Australia, details of exports to other countries, cost to make and sell information and details of domestic sales and information on adjustments to domestic selling prices. The exporter questionnaire response was supported by attachments.

Verified information has been used to make preliminary assessments of:

- who is the exporter and who is the importer;
- export prices and normal values for coated steel manufactured by Union; and
- dumping margins.

2.6 Visit

COMPANY	Union Steel Co., Ltd (Union)
ADDRESS	Ferrum Tower 66, Suha-Dong, Jung-Gu Seoul, Korea
DATES	15 – 18 January 2013
ATTENDEES: Union	
Mr. Sungho (Stan) Lee Mr. Doo Young Park Mr. Han Ki Kim Mr. Kwang Bum Park Mr. Doo-Soo Park Mr. Ickseok Choi Mr. Jang Kyn Lee	Managing Director, Strategic Management Group General Manager, Strategic Management Group Deputy General Manager, Strategic Management Group Manager, Strategic Management Group Assistant Manager, Cold rolled & Galvanized steel Sales Team Manager, Customer Service Team Overseas Sales Team
ATTENDEES: KPMG Samjong Consulting Inc.,	
Mr. Won (Wayne) Park Mr. Jong Ho Lee	Senior Manager, KICPA, AICPA Superior Senior, CPA

Mr Young Hoon Hyun	KICPA
ATTENDEES: Moulis Legal	
Mr. Daniel Moulis Mr. Charles Zhan	Lawyer Lawyer
ATTENDEES: Customs & Border Protection	
Ms Andrea Stone Ms Pamela Garabed	Manager, Operations 3 Supervisor, Operations 1

At the visit we provided a summary of the investigation process and timeframes as follows (highlighting that the following process and timeframes are for both the galvanised steel and aluminium zinc coated steel investigations):

- the investigation period for both investigations is 1 July 2011 to 30 June 2012;
- Customs and Border Protection will examine the Australian market from July 2007 for the purpose of analysing the condition of the Australian industry;
- a statement of essential facts (SEF) for the respective investigations will be placed on the public record by 16 March 2013, as the Minister granted an extension from the initial due date of 24 December 2012;
- this SEF will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister and will invite interested parties to respond, in 20 days, to the issues raised (submissions received in response to the SEF will be considered when compiling the report and recommendations to the Minister);
- Customs and Border Protection's report to the Minister is due by 30 April 2012, in line with the extension of time for publication of the SEF granted by the Minister;
- the Minister will have 30 days from the date of receipt of the final report to make a final decision; and
- certain interested parties have the right to seek a review to the Trade Measures Review Officer in relation to the Minister's final decision.

Union was co-operative and had the required documentation available for the visit.

3 COMPANY INFORMATION

3.1 Company background

Union is a limited liability company established in 1962 as Yeonhap Steel, a subsidiary of Dongkuk Steel Manufacturing Co., Ltd (DSM). In its response to the exporter questionnaire, Union provided a list of its major shareholders and the major shareholders of DSM.

Union describes itself as a steel manufacturer engaging in the production and sale of cold rolled steel, galvanised steel (various zinc coatings), pre-painted steel and high-performance steel.

Union produces zinc and paint coated steel at its Busan factory. Here it has **[CONFIDENTIAL TEXT DELETED - details of production facilities in Busan factory]**. In addition, Union also owned and operated a factory at Kiheung during the investigation period. This factory only produced pre-painted (paint coated) product and did not have a galvanising facility.

The Kiheung factory was closed and sold by Union in March 2012.

Union's annual production of surface treated steel at its Busan factory is **[CONFIDENTIAL TEXT DELETED – production volume]**. Union provided us with a company profile brochure which is at **attachment GEN 1**.

3.2 Accounting

Union's financial year is the calendar year, 1 January to 31 December.

Union included copies of the following documents in the exporter questionnaire response and at the verification meeting:

- Union's 2011 audited reports and financial statements (**Confidential Attachment GEN 2**);
- Union's first half 2012 auditor's review report and financial statements (**Confidential Attachment GEN 3**);
- Union's chart of accounts (**Confidential Attachment GEN 4**); and
- Union's accounting system breakdown, including a financial accounting flowchart, an inventory cycle flowchart and a detailed cost accounting system flowchart (**Confidential Attachment GEN 5**).

Union explained that it uses two **[CONFIDENTIAL TEXT DELETED – details of cost accounting structure]**. Further discussion on Union's cost accounting structure is below in Chapter 6.

The company representatives at the meeting advised that Union uses an in-house accounting system called ECHO.

3.3 Product range

During the investigation period, Union produced and sold a variety of steel products. These can primarily be split into two main categories:

- galvanised product (zinc coated); and
- pre-painted product (paint coated).

In its zinc coated steel range, Union produces hot-dip galvanised steel (galvanised steel), electrolytic galvanised steel, galvalume or Aluminium-zinc alloy coated steel (aluminium zinc coated steel) and galvannealed steel.

These products are sold both in the domestic and export markets.

Union identifies these products in its records by reference to a product group code (with 'G' referring to galvanised steel and 'L' to aluminium zinc coated steel). Union provided us with a listing of all of its product group codes and a description of each (**Confidential Attachment GEN 6**).

See Chapter 4 for further description/discussion of the characteristics of galvanised steel and aluminium zinc coated steel.

3.4 Production process – galvanised steel and aluminium zinc coated steel

Union explained its production process of galvanised steel and aluminium zinc coated steel at the Busan factory to be as follows.

1. Hot rolled coil (HRC) is delivered by ship to Union's factory premises (which has its own port).
2. HRC is processed **[CONFIDENTIAL TEXT DELETED – production line details]** into cold rolled coil (CRC), at which point it becomes 'semi-finished goods'. During this process, the steel is side trimmed, and rolled through a series of rollers to thin the steel.
3. The Union-produced CRC is then processed **[CONFIDENTIAL TEXT DELETED – production line details]** into finished goods.

Union explained that the Busan factory does not produce by-products or co-products as part of the production process of galvanised steel or aluminium zinc coated steel.

Union explained that, at the Busan factory, steel scrap is collected at each line. **[CONFIDENTIAL TEXT DELETED – production line details]**.

3.5 Related parties

Union provided details of its related parties in the exporter questionnaire response, referring to footnotes related to "Disclosure of related parties" in Union's financial

statements. Union also provided a diagram showing all affiliated companies in the DSM group, which forms **Confidential Attachment GEN 7**.

We did not find that Union sold the goods under consideration or like goods (see Chapter 4) to related parties, either domestically or in its export sales to Australia.

We found that Union was supplied raw materials related to the goods under consideration and like goods from related suppliers, being POSCO and JFE Steel Corporation (JFE). Whilst JFE does not have a significant shareholding in Union (currently **[CONFIDENTIAL TEXT DELETED - number])**%), it also holds shares in DSM (**[CONFIDENTIAL TEXT DELETED – number]** %). Union provided a summary of transactions between its related suppliers (**Confidential Attachment GEN 8**).

Purchases from related companies are further discussed in Chapter 6 of this report.

We found that Union was also supplied some services from related parties.

Union currently obtains IT services from DK UNC. Union submits that the process of contractor selection is based on fair competition, and services are provided at market prices.

Union also uses Integris, a related transport company, for logistics services. Union provided a contract for service between itself and Integris with its response to the exporter questionnaire (**Confidential Attachment GEN 9**). Union explained it also obtains freight services from unrelated parties.

During verification, we obtained a contract of for logistic services between Union and an unrelated transporter, **[CONFIDENTIAL TEXT DELETED – name of service provider]**-(**Confidential Attachment GEN 10**). By comparison of the fee for a similar route (Kiehung to Busan) outlined in the fee schedule of each contract, we were able to confirm that Integris provides logistics to Union at competitive market rates.

4 THE GOODS AND LIKE GOODS

4.1 The goods the subject of the applications (the goods)

As discussed in Section 2.1, the applications lodged by BlueScope relate to two products exported to Australia:

- galvanised steel; and
- aluminium zinc coated steel.

Throughout this report, these are referred to collectively as 'the goods'.

4.1.1 Description

Galvanised steel

The goods the subject of the galvanised steel application are:

> *"flat rolled products of iron and non-alloy steel of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc"*[3].

These goods are generically called galvanised steel (referring to zinc coated steel). The application covers galvanised steel of any width.

The application stated that trade and other names often used to describe galvanised steel include:

- "GALVABOND®" steel;
- "ZINCFORM®" steel;
- "GALVASPAN®" steel;
- "ZINCHITEN®" steel;
- "ZINCANNEAL"steel;
- "ZINCSEAL"steel;
- Galv;
- GI;
- Hot Dip Zinc coated steel;
- Hot Dip Zinc/iron alloy coated steel; and
- Galvanneal.

The application noted that the amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m2) with the prefix being Z (*Zinc*) or ZF (*Zinc converted to a Zinc/Iron alloy coating*). The application claims that the common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

[3] Galvanised Steel Application, page 10.

Product treatment

The galvanised steel application covers galvanised steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated, (often referred to as chromated or unchromated), oiled or not oiled, skin passed or not skin passed, phosphated or not phosphated (for zinc iron alloy coated steel only).

*Goods excluded from investigation sc*ope

Painted galvanised steel, pre-painted galvanised steel and electro-galvanised plate steel are not covered by the application and subsequent investigation.

Aluminium zinc coated steel

The goods the subject of the aluminium zinc coated steel application are:

> "*flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys,* ***not painted*** *whether or not including resin coating*"[4].

The goods the subject of this application are generically called aluminium zinc coated steel. The application stated that trade and other names often used to describe aluminium zinc coated steel, include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

The application noted that the amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in g/m2 with the prefix being AZ (*Aluminium Zinc*). The applicant claims that the common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

Product treatment

The aluminium zinc coated steel application covers aluminium zinc coated steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated, (often referred to as chromated or unchromated), resin coated or not resin coated (often referred to as Anti Finger Print (AFP) or not AFP), oiled or not oiled, skin passed or not skin passed.

---

[4] Aluminium zinc coated steel application, page 10.

Goods excluded from investigation scope

Painted aluminium zinc coated steel and pre-painted aluminium zinc coated steel are not covered by the application and subsequent investigation.

4.1.2 Product standards

The applications stated that:

> *"Typically each Australian and International Standard has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs"*[5].

Australia

The applications state that the Australian and New Zealand Standard Industrial Classification Code applicable to galvanised steel and aluminium zinc coated steel is category 2711.

International

The applications state that there are a number of relevant International Standards for galvanised steel and aluminium zinc coated steel products (figures 1 and 2 refer) that cover a range of products through specific grade designations, including the recommended or guaranteed properties of each of these product grades.

International Standards	Product Grade Names
General and Commercial Grades	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
Forming, Pressing & Drawing Grades	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN10346	DX53D, DX54D
JIS 3302	SGCD, SGCDD,
Structural Grades	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A 653/A 653M	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3302	SGC340, SGC400, SGC440, SGC490, SGC570 SGH340, SGH400, SGH440, SGH490, SGH570

Figure 1: International Standards for galvanised steel[6]

5 Galvanised steel application, page 12.

6 Galvanised Steel Application, page 11.

International Standards	Product Grades
General and Commercial Grades	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN10346	DX51D, DX52D
JIS 3321	SGLCC
Forming, Pressing & Drawing Grades	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN10346	DX53D, DX54D
JIS 3321	SGLCD, SGLCDD
Structural Grades	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A792	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

Figure 2: International Standards for aluminium zinc steel[7]

4.1.3 Tariff classifications

Galvanised steel

The application states that galvanised steel is classified to tariff subheadings 7210.49.00 (and statistical codes 55, 56, 57 and 58) and 7212.30.00 (statistical code 61) of Schedule 3 to the *Customs Tariff Act 1995* (Tariff Act). Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that galvanised steel is correctly classified to these tariff subheadings.

The general rate of duty is currently 5% for goods imported under these tariff subheadings. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

There are several Tariff Concession Orders (TCOs) applicable to the relevant tariff classification subheading 7210.49.00, which covers galvanised steel (figure 2 refers).

[7] Aluminium Zinc Coated Steel Application, page 11.

TC No.	Description
TC 0939596	STEEL, COIL, hot dip zinc coated, complying with Japanese Industrial Standard JIS G 3302:2007, having ALL of the following: (a) yield strength NOT less than 275 N/mm2 and NOT greater than 380 N/mm2; (b) tensile strength NOT less than 440 N/mm2; (c) elongation NOT less than 29% and NOT greater than 41%; (d) coating mass NOT less than 45 g/m2 and NOT greater than 65 g/m2; (e) thickness NOT less than 1.14 mm and NOT greater than 1.26 mm; (f) width NOT less than 1590 mm and NOT greater than 1605 mm
TC 9612218	STEEL, flat rolled non alloy, hot dipped galvannealed, having ANY of the following: (a) differential coating mass on each side; (b) additional iron base alloy electroplated outer coatings; (c) width exceeding 1525 mm; (d) a minimum ultimate tensile strength of 340 MPa

Figure 3: TCOs applicable to tariff subheading 7210.49.00

Customs and Border Protection notes that the applications did not specify that TCOs in respect of the goods were applicable. Customs and Border Protection considers that the relevance of the TCOs to the goods the subject of the application for galvanised steel requires further investigation.

Aluminium zinc coated steel

The application states that aluminium zinc coated steel is classified to tariff subheading 7210.61.00 (and statistical codes 60, 61, and 62) of Schedule 3 to the Tariff Act. Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that the goods are correctly classified to this tariff subheading.

The general rate of duty is currently 5% for goods imported under this tariff subheading. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

There are no TCOs applicable to the relevant tariff classification subheading for aluminium zinc coated steel.

4.1.4 Union's exports of the goods

Union manufactured and sold the goods to Australia in a wide range of grades, widths, thicknesses, coating masses and finishes during the investigation period.

In its response to the exporter questionnaire, Union submitted costs and sales data for the goods distinguished by an eight digit code for both galvanised steel and aluminium zinc coated steel.

The composition of the product codes is as follows:

Digit	Represents	Description
1	**[CONFIDENTIAL TEXT DELETED – details of products]**	**[CONFIDENTIAL TEXT DELETED– details of products and sales information]**
2		
3 and 4		
5		
6		
7		
8		
9		

The detailed composition of the product code is at **Confidential Attachment GOODS 1**.

Based on these product codes, Union exported **[CONFIDENTIAL TEXT DELETED – number]** models of galvanised steel and **[CONFIDENTIAL TEXT DELETED - number]** models of aluminium zinc coated steel to Australia during the investigation period. None of these products were non-prime. **[CONFIDENTIAL TEXT DELETED – details of exported products]**. Union's export volumes of each exported model are identified in the bellow table.

PUBLIC RECORD

Exporter visit – Union Steel Co., Ltd

Model	Product	Investigation period export volume (T)
[CONFIDENTIAL TEXT DELETED – sales information]		

Union exported galvanised steel and aluminium zinc coated steel products to Australia that conform to Australian standards (AS).

Additional product characteristics

In addition to the characteristics identified by Union in its product code, we identified that there were also differences amongst the goods in sub-sets of grade (quality) and the type of finish that were not identifiable in Union's product codes.

Grade (quality)

[CONFIDENTIAL TEXT DELETED – details of sales policy]In particular, we observed that is itself broken into sub-grades **[CONFIDENTIAL TEXT DELETED – details of grades sold and pricing policy]**

This is discussed further at Section 9.4.2 of this report.

Finish

We discussed with Union whether it produced and sold the goods in different finishes.

Union advised that the following optional surface treatments are available with combinations of finishes possible:

- skin passed;
- oiled;
- anti-finger print coated; and
- chromated.

Union explained **[CONFIDENTIAL TEXT DELETED – details of company records]**

Union explained that these finishes **[CONFIDENTIAL TEXT DELETED – details of production costs]**.

We observed from Union's **[CONFIDENTIAL TEXT DELETED – details of pricing policy]**

The costs for all finishes are **[CONFIDENTIAL TEXT DELETED – details of production cost]**. This is discussed further in Chapter 6 below.

4.2 Like goods

4.2.1 Union's domestic sales

On the domestic market, Union sold 141 models of galvanised steel and 184 models of aluminium zinc coated steel during the investigation period, identifiable by product code in the same way as export sales.

Like exports of the goods, these sales were of numerous different thickness, grade (including sub-grade), width, coating mass, edge, finish, etc.

In is response to the exporter questionnaire, Union identified that it made sales of all models of galvanised steel and most models of aluminium zinc coated steel on the domestic market that it considers to be identical to those products sold to Australia.

Union also identified that it made sales of three models of aluminium zinc coated steel to Australia that were not sold on the domestic market. Union suggested other models of aluminium zinc coated steel sold domestically that it considered to be closely comparable to these exported models. This is outlined in the below table.

Export model	Substitute domestic model	Difference(s)
[CONFIDENTIAL TEXT DELETED – product details]		

Union's domestic sales of galvanised steel and aluminium zinc coated steel are summarised by product in the below table.

Product	Investigation period domestic volume (T)
Galvanised steel	[CONFIDENTIAL TEXT DELETED - numbers]
Aluminium zinc coated steel	

Union stated that the galvanised steel and aluminium zinc coated steel sold on the domestic market was manufactured to Japanese standards (JIS).

[CONFIDENTIAL TEXT DELETED – details of products and production] .

4.2.2 Like goods – preliminary assessment

We consider that like goods produced by Union for domestic sale have characteristics closely resembling those of the goods under consideration and are therefore "like goods" in accordance with subsection 269T(1).

5 EXPORT SALES TO AUSTRALIA

5.1 General

5.1.1 Volumes and sales routes

Union exported the following volumes of galvanised steel and aluminium zinc coated steel to Australia during the investigation period:

Coated steel type	Quantity (MT)
Galvanised steel	**[CONFIDENTIAL TEXT DELETED - numbers]**
Aluminium zinc coated steel	

The details of the sales and sales routes are described below.

In its response to the exporter questionnaire, Union provided two Australian Sales spreadsheets, separately listing line-by-line sales data of all sales of galvanised steel and aluminium zinc coated steel to Australia during the investigation period.

These Australian Sales spreadsheets form **Confidential Attachment EXP 1**.

Union explained that it sells to most of its Australian customers from inventory or made-to-order, depending on the requirements.

5.1.2 Sales process - aluminium zinc coated steel

During the investigation period, Union described that it had one channel of sale for aluminium zinc coated steel. Its customers for the Australian market were:

[CONFIDENTIAL TEXT DELETED – details of customers]

The sales process is the same for all customers, as described below.

[CONFIDENTIAL TEXT DELETED – details of sales process, sales terms]

5.1.3 Sales process - galvanised steel

During the investigation period, Union described that it had one channel of sale for galvanised steel. Its customers for the Australian market were:

[CONFIDENTIAL TEXT DELETED – details of customers]

The sales process for galvanised steel exported to Australia is the same to that for aluminium zinc coated steel and is outlined above at section 5.1.2.

During the investigation period, **[CONFIDENTIAL TEXT DELETED – details of sales term and payment terms]**

5.2 Export pricing

Union outlined that the base price for both galvanised steel and aluminium zinc coated steel is determined on the same factors.

[CONFIDENTIAL TEXT DELETED – details of pricing policy] .

Union also looks to the Australian market in determining its export price to Australia and noted that the price to Australia is often higher because of freight and related expenses.

Union submitted that the domestic price of its coated steel products is also considered when determining the base price as Union is sensitive to claims of dumping in its export markets.

[CONFIDENTIAL TEXT DELETED – details of pricing policy] These form **Confidential Attachment EXP 2**.

We observed that the **[CONFIDENTIAL TEXT DELETED – details of pricing policy]**

Union submits that **[CONFIDENTIAL TEXT DELETED – details of pricing policy]** and that in all cases export prices are determined based on negotiation with customers.

5.3 Verification of sales up to audited financial statements – export and domestic sales

Note: for the purposes of this report, the 'upwards' verification of export and domestic sales are discussed collectively in this section. Separate discussion of domestic sales generally and the verification of those sales to source documents is found in Chapter 7 of this report).

To determine the completeness and relevance of both export sales to Australia and domestic sales, we verified the information provided in the response to the exporter questionnaire upwards through management reports to Union's audited financial statements.

As discussed in Section 3.2, Union provided us with its audited income statements for the 2011 calendar year (Confidential Attachment GEN 2) and for the first half 2012, which also broke down the first half figures for 2011 (Confidential Attachment GEN 3). We were able to determine the total revenue for the investigation period by adding the first half 2012 sales revenue and subtracting the first half 2011 sales revenue to the 2011 calendar year sales revenue.

Total sales revenue had two components; **[CONFIDENTIAL TEXT DELETED – accounting details].** We were able to determine the total for each component by

looking at the operating segment breakdowns in the 2011 and first half 2012 financial reports. We then determined the total for each component during the investigation period by adding the first half 2012 component and subtracting the first half 2011 component to the 2011 calendar year component.

Union was able to demonstrate using the ECHO accounting system the total volume and value (in KRW) of export sales to Australia, total export sales and total domestic sales for the investigation period. These searches were broken down to product group, so that totals for galvanised steel and aluminium zinc coated steel were also provided.

Screen prints of these searches form **Confidential Attachment EXP 3**.

Union provided a sales of goods details report (sales report) which provided a monthly breakdown of the categories that made up the total sales of goods recorded in the audited financial statements (**Confidential Attachment EXP 4**). The domestic sales total from the ECHO system included **[CONFIDENTIAL TEXT DELETED – accounting details]** The total export sales recorded in ECHO included sales of produced goods and export scrap sales.

Also in the sale of goods is “other sales” which represents sales of HRC which was purchased for cold rolled coil/coated steel production but was not used.

The proportion of total revenue of each form of revenue is outlined in the below table.

Produced goods	**CONFIDENTIAL TEXT DELETED-numbers]**
Scrap sales	
Rental income	
Toll processing	
Merchandise goods	

A closing adjustment was then applied to the total for domestic sales, which represented:

[CONFIDENTIAL TEXT DELETED – accounting details]

Union provided the sub-ledger for December 2011 so that we could verify the totals of each category recorded in the sales report. During verification, we requested the sub-ledger for April 2012 in order to further verify the accuracy of the sales report. These sub-ledgers form **Confidential Attachment EXP 5**. Both sub-ledgers reconciled to the sales report.

We were then able to reconcile:

- the export sales of produced goods and export scrap sales totals in the sales report to the total export sales listing recorded in ECHO;

- the total of the domestic sales of **[CONFIDENTIAL TEXT DELETED – accounting details]** minus the closing adjustment in the sales report to the total domestic sales reported in ECHO; and

- the sum of the total export sales and total domestic sales listed in the sales report to the total sales of goods in the audited financial statements.

Having been satisfied that the sales report reconciles to the audited income statements, we then sought to reconcile the sales listings in ECHO to the Australian Sales and Domestic Sales spreadsheets (discussed in Section 7.1 below) for galvanised and aluminium zinc coated steel.

For export sales to Australia, we were able to reconcile the listings in the Australian Sales spreadsheets for galvanised steel and aluminium zinc coated steel to the search report provided from ECHO. We were then able to trace this upwards to the total of sales of the goods under consideration, to the total export sales for Union listed in ECHO.

For domestic sales, the volume and value recorded in the ECHO listings did not reconcile to the Domestic Sales spreadsheets included in the response to the exporter questionnaire.

Union outlined that it had applied a negative offset to the totals recorded in ECHO. This negative offset represented **[CONFIDENTIAL TEXT DELETED – details of accounting and sales information]** As the sales system records each adjustment and resale as a new sale, the total sales listing in ECHO for the period were adjusted to ensure that sales made prior to the investigation period were not double counted.

To verify the negative sales offset, Union provided a complete list of its negative sales for both galvanised steel and aluminium zinc coated steel (**Confidential Attachment EXP 6**). In order to ensure the sales listing reconciled to the ECHO system, Union was also able to undertake a search, to extract the negative sales data from ECHO for the relevant period.

A screen print of this search forms **Confidential Attachment EXP 7**.

The totals of the ECHO search matched the totals in the negative sales listings. When the negative sales were deducted from the ECHO totals sales listing for galvanised steel and aluminium zinc coated steel, the totals reconciled to the Domestic Sales spreadsheets provided in the exporter questionnaire response.

A diagram of the verification of sales to audited financial reports is included at **Confidential Attachment EXP 8**.

Conclusion

Having been able to reconcile Union's galvanised steel and aluminium zinc coated steel Australian Sales and Domestic Sales spreadsheets to Union's audited financial statements, we are satisfied that the sales listings included in the exporter questionnaire response are complete and only contain relevant sales.

5.4 Verification of export sales down to source documents

Prior to the visit, we selected eight sales of galvanised steel and eight aluminium zinc coated steel export sales from the detailed Australian export sales spread sheet and requested that Union provide source documents in relation to each invoice.

For each selected invoice, the Union provided copies of the following documents during the visit:

- customer purchase order;
- Union internal order memo;
- shipping notice;
- mill certificate;
- commercial invoice to Australian customer;
- packing list;
- bill of lading;
- letter of credit;
- proof of payment from Australian customer;
- inland transport documents where applicable;
- handling fee documents where applicable; and
- credit expense documents.

We were able to match the sales information in the source documents to the data contained in the detailed Australian Sales spread sheet for both galvanised steel and aluminium zinc coated steel.

The source documents for the selected sales of galvanised steel are at **Confidential Attachment EXP 9**.

The source documents for selected sales of aluminium zinc coated steel are at **Confidential Attachment EXP 10**.

5.4.1 Inland transport

For FOB sales of both galvanised steel and aluminium zinc coated steel, Union provided inland transport documentation in the form of a monthly invoice from Integris, a related transport company, for all transport of the goods undertaken in that period**[CONFIDENTIAL TEXT DELETED- details of transportation arrangement]**

As discussed in Section 3.5, we are satisfied that this service was provided at a reasonable market rate.

The inland transport fee relating to the specific FOB sale to Australia was distinguished on the basis of the name of the ship used for freight, which was provided on the bill of lading.

Union calculated the unit price for the total goods loaded onto that ship and recorded that amount against the specific sale in the Australian Sales spread sheet. For all of

the selected invoices, we were able reconcile the amount shown on the Australian Sales spread sheets for each product to these source documents.

5.4.2 Handling fee

No handling fees were included in the Australian Sales spreadsheet for galvanised steel **[CONFIDENTIAL TEXT DELETED – details of sales arrangement]**.

In relation to sales of aluminium zinc coated steel, Union provided information in relation to handling charges for some but not all FOB sales to Australia.

During verification, Union explained that for **[CONFIDENTIAL TEXT DELETED – details of sales arrangement]** Union provided the invoice for Integris in relation to handling with the source documents where applicable. As with inland transport, the fee was incurred in relation to a shipment of goods.

In order to verify that the amount recorded in the Australian Sales spreadsheet was the amount incurred by Union, we matched the ship on the invoice to that listed on the bill of lading. Union recorded the unit amount for handling for the shipment in the Australian Sales spreadsheet.

For all applicable selected invoices, we were able to reconcile the amount shown on the Australian Sales spreadsheet to these source documents.

5.4.3 Packaging

Union outlined that it had a number of types of packaging using materials such as steel, paper, wood and plastics. Union offers a number of packaging options, including:

- rings or band;
- inner rims (to maintain shape of coil) and outer rim (to protect coil);
- steel, paper or plastic wrapping;
- frames; and
- for sheet packing, steel sheets are used to maintain shape.

Union makes its steel packaging onsite but purchases paper, wood and plastics packaging. Union outlined that inner and outer rims and frames are recycled, so that domestic customers return these packaging types once goods are received.

Union explained that there is no or very little difference between export and domestic sales packaging, and that packaging is not standard across products, but conforms to customer request. Union outlined that the main cost difference for packaging is not the sales market, but whether the product is being sold in coil or sheet form (noting all sales to Australia were in coil form during the investigation period).

While we did not undertake a tour of Union's production facilities, Union provided a detailed explanation of its packaging and presented numerous photographs of packaging types. These form part of the packaging documents discussed in relation to costs verification in Chapter 6.

Union's sales system **[CONFIDENTIAL TEXT DELETED – accounting details]** The verification of packaging costs is discussed in Section 6.4.9 below.

5.4.4 Bank charges

Union incurred bank charges as a result of export sales.

Union provided the invoices associated with the discharge of letters of credit with source documents.

Where the letter of credit represented more than one sales transaction, the bank charge was allocated across transactions. Union then calculated the unit price for each transaction and recorded that amount in the Australian Sales spread sheet.

For all selected transactions, we were able to reconcile the amount shown on the Australian Sales spread sheet to these source documents.

5.4.5 Conclusion

Having been able to reconcile Union's galvanised steel and aluminium zinc coated steel Australian Sales spread sheets down to source documents, we are satisfied that the spread sheets are accurate .

5.5 The exporter

We consider Union to be the exporter of galvanised steel and aluminium zinc coated steel exported to Australia from Korea.

Union:

- is the manufacturer of the goods and manufactured the goods to the specific order of the Australian customer;
- owned the goods at the time of export;
- is listed as the supplier on the bill of lading;
- arranges and pays the inland freight where applicable;
- 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; and
- sent the goods for export to Australia and was aware of the identity of the Australian end customer of the goods.

5.6 The importer

We consider that for export sales of galvanised steel and aluminium zinc coated steel, **[CONFIDENTIAL TEXT DELETED – names of customers]**—were the beneficial owner of the goods at the time of importation. The beneficial owner is considered to be the one who was entitled to all the benefits associated with ownership even though they may not be the legal owner of the goods.

[CONFIDENTIAL TEXT DELETED – names of customers] :

- negotiated with Union directly;
- are named on the commercial invoice as the customer;
- are named as the consignee on the bills of lading;
- arrange and pay ocean freight, marine insurance, Customs clearance, logistics, and storage of the goods after they're delivered to the Australian port; and
- take control of the goods at the port in Korea and become the beneficial owner of the goods.

We consider **[CONFIDENTIAL TEXT DELETED – names of customers]** to be the importers of both galvanised steel and aluminium zinc coated steel.

5.7 Arms length

In respect of Union's sales to Australia we found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price; or
- 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
- 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 the export sales of galvanised steel and aluminium zinc coated steel by **[CONFIDENTIAL TEXT DELETED – names of customers]** were arm's length transactions.

5.8 Export price – preliminary assessment

For all sales we are satisfied that:

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

We consider that the export price for these sales can be determined under s. 269TAB(1)(a) using the invoiced price from Union to **[CONFIDENTIAL TEXT DELETED – names of customers]** less any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation.

We calculated quarterly weighted average export prices, on an **[CONFIDENTIAL TEXT DELETED – sales term]** Details of the export price calculations and summary export prices are at **Confidential Appendix 1** (separately for galvanised steel and aluminium zinc coated steel).

6 COSTS TO MAKE & SELL

6.1 Data provided

6.1.1 Aggregate CTMS

In the exporter questionnaire response Union provided separate cost to make and sell (CTMS) spreadsheets for galvanised steel and aluminium zinc coated steel for domestic and Australian export sales (**Confidential Attachment CTMS 1**). The spreadsheets recorded monthly CTMS calculations for each product as an aggregate, rather than at individual product code (model) levels.

In preparing these aggregated spreadsheets, Union calculated the CTM for galvanised steel and aluminium zinc coated steel on a monthly basis across all production (for both domestic and export sales). It then allocated these manufacturing costs specifically for the domestic and Australian sales by the sales volumes of the specific product in each month.

6.1.2 Model-by-model CTMS

In addition to the above aggregate calculations, in its response to the exporter questionnaire Union provided a separate spreadsheet that included monthly and investigation period CTMS calculations for each individual product code (model) of galvanised steel and aluminium zinc coated steel sold domestically or for export during the investigation period.

These calculations arrived at cost to make (CTM) for each model based on production volumes of each. Union submitted that the CTM of galvanised steel and aluminium zinc coated steel of the same product code for domestic or export sales was the same.

These calculations were broken into the following cost components:

- raw materials;
- direct labour;
- depreciation;
- manufacturing overheads;
- SG&A and others.

The SG&A figures in these more detailed model-specific calculations only included one yearly unit SG&A for each product (i.e. one for galvanised steel and one for aluminium zinc coated steel) and did not differentiate between export and domestic sales.

Upon request, Union provided a revised version of the more detailed CTMS calculations that split its model-by-model calculations into the CTM components and sub-components of:

- substrate raw material (HRC)
  - substrate raw material costs
  - 'Settlement of cost of goods sold'
  - 'Other scrap deduction'
- zinc material (both zinc and aluminium zinc)
  - zinc material costs
  - zinc dross deduction
- painting and colouring material (all zero as only relevant to pre-painted product that is not under consideration);
- direct labour
  - fixed
  - variable
- depreciation (manufacturing);
- manufacturing overheads excluding packaging
  - electronics (electricity)
  - fuels
  - oils
  - water
  - roll expense
  - chemical expense
  - repair expense
  - expendable expense
- packaging expenses.

In addition, Union re-submitted its SG&A calculations to correct minor errors in its original submission, and split the total pool of SG&A costs into domestic and export expenses. These calculations arrive at a unit annual average domestic SG&A for galvanised steel and aluminium zinc coated steel separately. The calculations also identify the total pool of SG&A costs applicable to ex-works sales to Australia (from which a unit ex-works Australian SG&A can be derived).

To arrive at accurate domestic CTMS calculations, we have included the unit domestic SG&A in the model-by-model CTMS discussed above (replacing the aggregate SG&A originally included in these calculations). These model-by-model CTMS calculations form **Confidential Attachment CTMS 2**.

We verified and considered these detailed model-by-model CTMS data (suitable for conducting OCOT tests and constructing normal values (if required).

6.2 Cost elements

An examination of the costs of galvanised steel and aluminium zinc coated steel showed that the main cost element for both products was the HRC input ('substrate' raw material). The breakdown of Union's CTMS by cost element is as follows:

Cost elements	Aluminium zinc coated steel	Galvanised steel
Substrate raw material	[CONFIDENTIAL TEXT DELETED- numbers]	
- substrate costs		
- Settlement of cost of goods sold		
- Other scrap deduction		
Zinc material (zinc and aluminium zinc)		
- Zinc material costs		
- Zinc dross deduction		
Direct labour		
Depreciation and manufacturing overheads (excluding packing)		
Packaging expenses		

6.3 Verification of production costs to audited financial statements (completeness and relevance)

We explained to Union that we sought to reconcile the total production costs (i.e. CTM) for both galvanised steel and aluminium zinc coated steel in Confidential Attachment CTMS 2 to the company's audited accounts.

As discussed a Section 3.2, Union provided its 2011 FY and first half 2012 (January – June) audited financial accounts broken into:

- Union's financial year 2011; and
- January – June 2012 (including the corresponding period of 2011 – i.e. first half 2011)

from which the investigation period can be calculated.

Union also provided its management account income statements for the following periods:

- January – June 2011;
- Union's financial year 2011; and
- January – June 2012

To assist verification of costs to its audited financial statement, Union submitted a *Costs Reconciliation* document package as well as copies of its Cost of Manufacturing (COM) statements for the above income statement periods.

The COM statements were provided separately for the Busan factory (where the goods and like goods are manufactured), Kiheung factory (painting line – did not manufacture the goods or like goods) and the company as a whole (both factories).

The C*ost Reconciliation* package and COM statements are at **Confidential Attachment CTMS 3**.

The costs reconciliation took the following steps.

1) The C*ost Reconciliation* package listed:

   - the total production volume and CTM for each cost element (excluding packaging) for galvanised steel and aluminium zinc coated steel for the investigation period at the Busan factory; and
   - the same data for all other product types produced at the Busan factory during the investigation period.

   This is the net (minus scrap offsets, packaging and other adjustments) CTM for these products during the investigation period (discussed below).

   The above data was broken into product group code (G for galvanised steel, L for aluminium zinc coated steel, etc).

   The costs reconciliation package further split the 'L' (aluminium zinc) product group code into 'Subject L' and 'Non-subject L' to identify costs for aluminium zinc products below 600mm in width (not under consideration).[8]

[8] We asked Union to demonstrate that only <600mm width aluminium zinc coated steel was included in the 'Non-subject L' category. We sighted a spreadsheet that Union explained was a download of all CTM data from the Busan factory, and observed Union filter this data to identify costs for L code finished goods of <600mm thickness. The volume and total CTM of these goods reconciled exactly to the data in the costs reconciliation package. In addition, we examined the product codes of the models of aluminium zinc contained in the CTMS calculations in Confidential Attachment CTMS 2 (with reference to the provided explanation of product codes – see Section 4.1.4) and noted that these did not include product codes for products of <600mm width.

2) The total net CTM (excluding packaging, scrap offsets and other adjustments) and production volumes for G and Subject L listed in the *Costs Reconciliation* package reconciled to the total CTM for all models for galvanised steel and aluminium zinc coated steel (excluding packaging) in the CTMS calculations at Confidential Attachment CTMS 2.

3) The volume and CTM data for G and Subject L product groups was summed with Non-subject L and all other product codes to arrive at a total production volume and net CTM[9] for the investigation period for all 'normal' finished products at the Busan factory.

   Union explained that 'normal' products are fully manufactured saleable goods, as opposed to:

   - 'internal' product (steel packaging material made by Union for use in packaging normal products); and
   - 'half' products (cold rolled coil (CRC) purchased by Union as HRC then cold rolled as the first step of the manufacturing process of galvanised steel and aluminium zinc coated steel or other products, but not yet processed into these or other 'normal' products).

     Completed galvanised steel and aluminium zinc coated steel are considered 'normal' products, however all three of the above categories are considered 'finished goods' and have been categorised this way in the CTM calculations.

4) This net CTM was summed to total adjustments for the Busan factory for:

   - zinc dross deduction (offsetting the revenue of zinc scrap);
   - other scrap (offsetting the revenue of certain steel substrate scrap);
   - a 'settlement of cost of goods sold' adjustment; and
   - total packing costs (material and labour) for the Busan factory for the investigation period

   to arrive at a total net CTM for 'normal product' for Busan in that period.

   Each of these adjustments and packing costs has been separately verified with Union, as discussed throughout this Chapter.

5) The total CTM for 'normal' product at Busan was summed with the total CTM of 'internal use' finished goods (steel packaging) to arrive at a total 'product manufacturing cost' for that factory for the investigation period.

6) This total product manufacturing cost directly reconciled with the provided COM statements for the Busan factory.

[9] Excluding packaging costs.

7) The total product manufacturing cost for the Busan factory was summed to the total product manufacturing cost of the Kiheung factory[10] to arrive at a total CTM for manufactured products (i.e. 'produced merchandise') for the entire company in the investigation period.

8) This total CTM of manufactured product for both factories reconciled to the cost of goods sold (COGS) for produced merchandise figure in the company's income statement through the following calculation:

Total COGS in income statement (produced merchandise)	=	Beginning balance (produced merchandise) + Current cost of manufacturing (i.e. total CTM of produced merchandise manufactured at both factories) + Transfer from another account + Inventory valuation loss	**MINUS**	Transfer to another account + Ending balance (produced merchanside)

We traced the ending balance of produced merchandise to the balance sheets provided in Union's audited financial accounts.

9) We observed how the total COGS of merchandise produce recorded in the income statement then reconciled exactly to Union's audited income statements.

6.4 Verification of production costs to source documents (accuracy)

6.4.1 Introduction

We sought to verify the submitted CTM for each product (galvanised steel and aluminium zinc coated steel) in Confidential Attachment CTMS 2 to source documents to verify its accuracy.

[10] Itself demonstrated in a separate package for the Kiheung factory's production in the investigation period, included in Confidential Attachment CTMS 3.

Of the model-specific CTMS calculations provided, the following were selected for detailed verification:

- galvanised steel – **[CONFIDENTIAL TEXT DELETED – product model designations]** for the month of July 2011; and
- aluminium zinc coated steel – **[CONFIDENTIAL TEXT DELETED – product model designations]** for the month of March 2012.

As discussed in Section 6.4.2 below, Union prepared and provided various document packages to verify the details of the production costs for these selected models.

Throughout our verification, we chose to focus on examining the packages and documents for galvanised steel model **[CONFIDENTIAL TEXT DELETED – product model designations]** for July 2011, and then checked to ensure the documents for the remaining models/month accurately contained the same calculations.

We collected source documentation for various cost elements that can be traced to the CTM calculations for each selected product models/months.

6.4.2 CTM verification packages provided

(i) Costs build up packages

To assist the verification of the accuracy of certain CTM components of the chosen models/months, Union prepared two separate *Costs build up* verification packages (one for the two chosen galvanised steel models, and other for the two chosen aluminium zinc coated steel models).

Each *Costs build up* package contained two *Breakdown CTMS and sample* packages (one for each selected model in the selected month) which:

- listed all manufacturing orders (which record the actual CTM for elements of that model manufacturing run) for that specific model in the selected month, showing the CTM details of each manufacturing order in the same format/categories as Confidential Attachment CTMS 2; and
- selected one manufacturing order from the list for each model for further verification.

We observed that the total of each cost element of the list of manufacturing orders for each selected model/month chosen matched the total for each cost element in Confidential Attachment CTMS 2 (e.g. the total direct labour costs of all the listed manufacturing orders for each specific model/month matched the total direct labour for that model/month as listed in the detailed CTMS calculations). We also observed that the total production of these manufacturing orders reconciled to the total production volumes in Confidential Attachment CTMS 2 in the same way.

The *Breakdown CTMS and sample* packages then included a separate package for each separate chosen model for the chosen month, which included the following sub-packages:

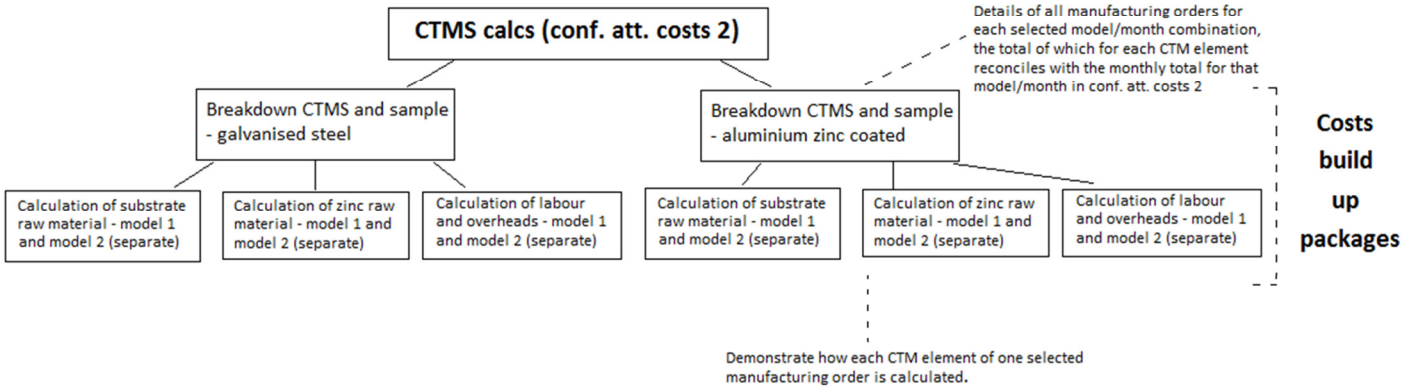
1) *Calculation of substrate raw material*;
2) *Calculation of zinc material cost*; and
3) *Calculation of labour and overheads* (including manufacturing depreciation, direct labour and manufacturing overheads but excluding packaging).

Packing costs were subject to a separate package (see below).

These sub-packages demonstrated the calculation of each of the CTM elements listed above.

These *Cost build-up* packages and sub-packages form **Confidential Attachment CTMS 4** (galvanised steel) and **Confidential Attachment CTMS 5** (aluminium zinc coated steel).

The way in which these CTM documents work together is demonstrated in the below diagram.



(ii) Other documents provided

In addition to the above, Union also provided the following packages to assist the CTM verification of the selected models/months:

1) *Raw material cost (Substrate: hot rolled coil)* – to reconcile Union's HRC purchases to the CTMS calculations;
2) *Raw material cost (zinc material)*;
3) *Scrap deduction* – demonstrating the other (substrate) and zinc dross scrap amounts deducted from the CTM to arrive at the 'net' costs in the CTMS calculations; and
4) *Packing expense (packing material and labour)*.

These packages form **Confidential Attachments CTMS 6, 7, 8 and 9** respectively.

Union also provided multiple other documents to the verification team, as requested throughout the verification of production costs (discussed below).

6.4.3 Checking listed manufacturing orders related to the selected model

After determining that the total of the CTM in the listed manufacturing orders for each model/month reconciled to the calculations as submitted in Confidential Attachment CTMS 2, we sought to verify that the manufacturing orders listed for the chosen model/month in the *Breakdown CTMS and sample* did in fact relate to the model and month reported.

For model **[CONFIDENTIAL TEXT DELETED – product model designations]** , for the manufacturing order selected by Union in the CTM documents for further verification, we observed Union manipulate its ECHO system to show the manufacturing order itself, which included details as to date of production (July 2011), **[CONFIDENTIAL TEXT DELETED – product model designations]**
Using the submitted product code explanation sheet (Confidential Attachment GOODS 1), we constructed the product code for the manufacturing order to correctly be **[CONFIDENTIAL TEXT DELETED – product model designations]** .

We selected another manufacturing order from the breakdown list and observed Union manipulate ECHO in the same way, again arriving accurately at product code **[CONFIDENTIAL TEXT DELETED – product model designations]** and was manufactured in July 2011.

We are therefore satisfied that the listed manufacturing orders listed in the break down for each selected model/month accurately relate to those models/months.

We are also satisfied that the listed manufacturing orders are complete lists of all manufacturing orders that relate to each selected model/month (noting the above observation that the total of each manufacturing order list reconciled exactly to the CTMS calculations in Confidential Attachment CTMS 2, and these calculations have been traced to Union's audited accounts).

6.4.4 Verification of production volumes

We sought to verify the production volumes used by Union in its CTM calculations.

Firstly, we observed Union manipulate the ECHO system to show the production volume of a selected manufacturing order for galvanised steel, model **[CONFIDENTIAL TEXT DELETED – product model designations]** in July 2011. This reconciled exactly to the production volume of that manufacturing order in the *Breakdown CTMS and sample* package for that model.

We note that we have already demonstrated that the total volume of all manufacturing orders reconciles directly to Union's CTMS calculations for galvanised steel and aluminium zinc coated steel (see Section 6.4.2).

Further, we observed Union run a production report in the ECHO system for the investigation period. We observed that this generated the total investigation period production volume of all of Union's product group codes (i.e. G, L, etc.).

We observed that the production volumes for all codes matched the figures use in Union's CTMS calculations, but the 'L' (aluminium zinc coated steel) production volume was reported in this report in total and not split into subject and non-subject product.

We observed Union manipulate a working spreadsheet that filtered and analysed a download of costs information from the Busan factory over the investigation period (hereafter referred to as the Busan costs download) to demonstrate the production volumes of subject and no-subject L product.

We were therefore satisfied that the production volumes were accurately recorded.

6.4.5 Raw material costs – substrate (HRC)

General

Union purchases both domestic and imported HRC from a number of different suppliers, two of which are related to Union by ownership.

HRC is purchased by Union **[CONFIDENTIAL TEXT DELETED – details of raw material purchase]**
As discussed in Section 3.4, HRC purchased by Union is firstly cold rolled (into CRC) on the **[CONFIDENTIAL TEXT DELETED – production process detail]** to make both galvanised steel and aluminium zinc coated steel.

As part of its response to the exporter questionnaire, Union submitted a detailed listing of all purchases of HRC made by the Busan factory during the investigation period. This identified whether the HRC purchased was from a related or unrelated entity. Verification of this list to the CTM calculations is discussed below.

Our analysis of this listing demonstrates that Union's purchases of HRC from related entities were at comparable prices to those from unrelated companies during the period, with no clear trend demonstrating that the purchase price of Union's HRC was affected by its relationship with the supplier. This listing of purchases and analysis forms **Confidential Attachment CTMS 10**.

Calculation methodology

In its CTMS calculations, Union calculated its net substrate (HRC) raw material cost for each model/month as:

Substrate raw material costs - Settlement of 'cost of goods sold' - Other scrap deduction

Union explained that:

- its monthly model 'Substrate raw material costs' represents the actual cost of substrate HRC use in making each specific model, including an offset for the

cost of cold rolling scrap produced at the **[CONFIDENTIAL TEXT DELETED – production process detail]** ;

- the 'Settlement of costs of goods sold' is an adjustment for differences between the original purchase price of HRC and the final price paid, as there were instances during the investigation period where the final price paid for HRC differed from that originally invoiced and this was settled at a later date **[CONFIDENTIAL TEXT DELETED – details of raw material purchase arrangement]**and
- the 'Other scrap deduction' is another offset of scrap revenue for sales of <u>other</u> substrate scrap produced in the manufactured of galvanised steel and aluminium zinc coated steel as well as other products **[CONFIDENTIAL TEXT DELETED – production process detail]**

We verified each of these figures with Union as outlined below.

Note: for clarity, Union's substrate raw material calculations contain offsets for <u>two</u> types of substrate scrap:

- *the cost of cold rolling scrap, included in the 'Substrate raw material costs' calculation labelled a 'Scrap deduction'; and*
- *the revenue generated by other substrate scrap, the separate element of 'Other scrap deduction' in the CTMS calculations (which itself is made up of 'Other cold rolled scrap' and 'Oxidised steel').*

Union's total raw material calculations include an offset for another form of scrap for 'Zinc dross' (i.e. zinc scrap produced in galvanising or aluminium zinc coating). This is discussed separately in Section 6.4.6 of this report.

<u>1) Substrate raw material costs</u>

We asked Union to demonstrate the accuracy of the substrate raw material costs in the selected manufacturing order for July 2011 for model **[CONFIDENTIAL TEXT DELETED – product model designations]** .

Union directed us to the *Calculation of substrate raw material* package that formed part of its *Breakdown CTMS and sample* package for that model.

Union explained that, in calculating net (before other substrate scrap has been offset separately as the 'Other scrap deduction' – see below at point 3) actual substrate raw material costs on a monthly basis, it:

[CONFIDENTIAL TEXT DELETED – details of cost accounting]

Union demonstrated in the *Calculation of substrate raw material* package calculations, that the calculation of **[CONFIDENTIAL TEXT DELETED – details of cost accounting information]**

Standard unit substrate raw material costs for month (KWN/T)	X	Yield ratio	X	Volume of the weight of the substrate in the manufacturing order (final product weight will be higher due to coating)

We observed the following:

[CONFIDENTIAL TEXT DELETED – details of cost accounting]

Verification of Scrap deduction

We sought to further verify the total 'Scrap deduction' for the selected model/month (noting that this is not an individual cost element reported in Union's CTMS calculations, as it already forms part of the 'Substrate raw material' figures as discussed above).

Union directed us to the *Scrap deduction* package provided in support of its CTMS calculations (Confidential Attachment CTMS 8). This package included calculations that:

- demonstrated the total volume and value of all scrap sales (all types of scrap) made by Union during the investigation period (which reconciled to the sales reconciliation discussed at Section 5.3);
- split this total scrap sales value and volume between the Busan and Kiheung factories (which we observed in the ECHO system);
- split the total volume and value of all scrap sales for the Busan factory into the types of scrap they related to:
    - Cold rolled scrap **[CONFIDENTIAL TEXT DELETED – production process detail]** – the subject of the 'Scrap deduction);
    - Other cold rolled scrap **[CONFIDENTIAL TEXT DELETED – production process detail]** ;
    - Oxidised steel **[CONFIDENTIAL TEXT DELETED – production process detail]**); and
    - Zinc dross (deducted from the CTM to arrive at net zinc material costs – see Section 6.4.6).

Union then demonstrated in the *Scrap deduction* calculations:

- the monthly value of scrap sales of Cold rolled scrap feeding into the Cold rolled scrap inventory ledger for the Busan factory;
- the movement of Cold rolled scrap inventory across the investigation period in that ledger, including monthly 'Inventory in' (i.e. the total monthly cost of Cold rolled scrap created at the Busan factory – we verified the total of this inventory in cost for January – June 2012 to the COM statement for the Busan factory for that period);
- the total investigation period Cold rolled scrap inventory split between semi-finished products, normal products and internally-manufactured packaging (allocated by total Tons of each);
- how the total cost of Cold rolled scrap allocated to normal products was split across all finished product groups (by Tons).

We observed that the *Scrap deduction* calculations then subtracted the total Cold rolled scrap deduction for the investigation period by product group from the gross actual cost of substrate raw materials for each product group for the period to arrive at the net actual substrate raw material cost for each product, as recorded in the CTMS calculations.

Verification to source documents – Cold rolled scrap

We sought to verify the selling price of Cold rolled scrap in Union's *Scrap deduction* calculations to source documents.

Union provided a monthly listing of sales of:

- Cold rolled scrap;
- Other cold rolled scrap; and
- Oxidised steel

by customer for the investigation period. We observed that the monthly and yearly volume and value totals of these sales reconciled to the volume and value of each type of this scrap in the *Scrap deductions* calculation.

We requested invoices for sales of Cold rolled scrap to one customer for July 2011. Union provided a copy of the relevant invoice (only one for the month as invoiced monthly), which reconciled to the scrap sales listing.

The listing of scrap sales and the selected invoice form **Confidential Attachment costs 11**.

Verification to source documents – HRC purchases

To reconcile actual HRC purchases to Union's CTMS, Union directed us to the supporting *Raw material cost (Substrate: hot rolled coil)* package (Confidential Attachment CTMS 6).

This package reconciled:

- the total HRC purchases listing for the Busan factory in the investigation period (provided as part of Union's response to the exporter questionnaire and discussed above as part of Confidential Attachment CTMS 10); to
- the total net raw material costs for galvanised steel and aluminium zinc coated steel for the investigation period, as recorded in the CTMS calculations at Confidential Attachment CTMS 2.

This reconciliation:

- listed the total net purchase price of HRC for the Busan factory as recorded in the purchases listing;

- summed this HRC purchase price to the purchase price of other substrate raw materials for the Busan factory for that period (CRC, electrolytic galvanised coil, etc.);
- demonstrated how this purchase price fed into the substrate raw material movement ledger for the Busan factory (for which we obtained a sub-ledger for July 2011 to verify the listed inventory in and out amounts for that month, included in the *Raw material cost (Substrate: hot rolled coil)* package);
- demonstrated how the inventory out (i.e. the current cost of manufacturing) was split between work in progress and finished goods on a monthly basis; and
- demonstrated how the finished goods current cost of manufacturing for finished goods was split between 'normal' product, internal use product and 'half' product.

We were able to reconcile these substrate raw material costs for normal, internal and half product to those listed for the Busan factory in the *Costs Reconciliation* package (used to trace costs to Union's audited accounts – see Section 6.3).

To verify the HRC purchases listing to source documents, we requested all of the invoices from three separate suppliers for the month of July 2011. Union provided these invoices, which we were able to reconcile with the HRC purchases listing. The provided HRC purchases invoices form **Confidential Attachment CTMS 12**.

2) Settlement of 'cost of goods sold'

We observed that none of the chosen models/months selected for verification had any amount recorded under this cost element.

We also noted that the settlement of costs of goods sold accounted for a **[CONFIDENTIAL TEXT DELETED - number]** % and **[CONFIDENTIAL TEXT DELETED – number]**% cost reduction for galvanised steel and aluminium zinc coated steel respectively for the investigation period.

In any case, we observed Union manipulate is Busan costs download to demonstrate:

- the total settlement of costs of goods sold for normal product in the Busan factory for the investigation period (which reconciles to the figure shown for this in the *Costs Reconciliation* package that was used to verify total costs to audited accounts); and
- the total settlement of costs of goods sold for galvanised steel for the investigation period (which reconciled to the total settlement for galvanised steel in Confidential Attachment CTMS 2).

3) Other scrap deduction

We sought to verify the 'Other scrap deduction' as recorded in the detailed CTM calculations for model **[CONFIDENTIAL TEXT DELETED – product model designation]** for July 2011.

Union explained that the recorded value of the 'Other scrap deduction' was the total revenue received for sales of this other form of substrate scrap **[CONFIDENTIAL TEXT DELETED – production process detail]** allocated across the production of all relevant products.

Union explained this other substrate scrap was made of two components:

1) 'Other cold rolled scrap'; and
2) Oxidised steel.

Union again directed us to the *Scrap deduction* package provided in support of its CTMS calculations (Confidential Attachment CTMS 8)

In these calculations, after splitting the total volume and value of all scrap sales for the Busan factory into the types of scrap they related to, Union:

- demonstrated how the total for Other cold rolled scrap and Oxidised steel for the Busan factory was split between semi-finished products, normal products and internally-manufactured packaging (based on total Tons);
- demonstrated how the total deduction allocated to normal products was split across all finished product groups (as all created this type of scrap) based on volume.

We observed that the total Other scrap deduction in these calculations for galvanised steel and subject aluminium zinc coated steel (i.e. product codes G and Subject L) matched the total for the Other scrap deduction for the investigation period for each product in the CTMS calculations (Confidential Attachment CTMS 2).

We then sought to verify this figure to the Other scrap deduction in the CTMS for model **[CONFIDENTIAL TEXT DELETED – product model designation]** for July 2011.

In the Busan costs download, Union demonstrated how the total Other scrap deduction figure for galvanised steel for the investigation period was split into months, and again into product codes. We were able to verify this to the figure for **[CONFIDENTIAL TEXT DELETED – product model designation]** for July 2011.

As we were able to verify the selling price of Cold rolled scrap to source documents (discussed above at point 1) we considered further verification of this Other scrap was not necessary.

6.4.6 Raw material costs – zinc

Calculation methodology

In its CTMS calculations, Union calculated its net zinc raw material cost for each model/month as:

Zinc material - Zinc dross deduction

Union explained that:

- the 'Zinc material' was the net cost of zinc used in each model for the month; and
- the 'Zinc dross deduction' reflected an offset for the revenue generated by sales of zinc scrap.

We verified each of these figures with Union as outlined below.

1) Zinc material

We asked Union to demonstrate the accuracy of the Zinc material costs in the selected manufacturing order for July 2011 for model **[CONFIDENTIAL TEXT DELETED – product model designation]** .

Union directed us to the *Calculation of Zinc material cost* package that formed part of its *Breakdown CTMS and sample* package (part of Confidential Attachment CTMS 4) for that model, and the additional *Raw material cost (zinc material)* document package that Union provided as support for its CTM calculations (Confidential Attachment CTMS 7).

Union explained that the calculation of zinc material costs in the manufacturing order was as follows:

(Zinc weight of manufacturing order / Monthly finished goods zinc weight) X Finished goods zinc material cost (monthly)

Union explained that the zinc weight **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**

We also observed the calculated zinc weight for the manufacturing order and the monthly finished goods zinc weight in the Busan costs download spreadsheet.

To verify the finished goods zinc material cost, Union directed us to the *Raw material cost (zinc material)* document package.

We observed the following calculation steps in this package.

1. The total net (minus 'Zinc dross deduction') zinc material cost for galvanised steel and aluminium zinc coated steel[11] (which reconciled to the total net zinc

[11] Product group codes G and Subject L.

raw material costs for the investigation period for each product in Confidential Attachment CTMS 2) was summed with the net zinc raw material costs for all other product group codes to arrive at a total net zinc raw material cost for the investigation period for normal product.[12]

Note: only the Busan factory produced any form of galvanised/zinc coated steel during the investigation period (Kiheung only produced pre-painted product) so zinc raw material costs only relate to the Busan factory.

2. This total net zinc raw material cost for normal product (presented split into monthly data) was summed with the net raw material costs for 'half product for pre-painted goods' (i.e. steel that has been zinc coated in preparation for painting) and packing material (i.e. internally produced packaging) to arrive at a net zinc raw material cost for finished goods.

3. The package split the net finished goods by month into 'Zinc material cost' and 'Zinc dross deduction'. Zinc dross deduction is discussed separately below.

Verification to source documents

We followed the *Raw material cost (zinc material)* document package further to verify zinc raw material costs to source (purchase) documents.

We observed the following.

1. In addition to splitting net finished goods zinc costs into zinc dross deduction and zinc material costs, the package also displayed the monthly net zinc raw material cost for work in process, splitting this into 'Zinc material cost' and 'Zinc dross deduction', noting that no Zinc dross deduction was allocated to work in process as only finished goods were allocated an offset for Zinc dross revenue.

2. The total current cost of manufacturing (zinc raw material) was then calculated as:

(Finished goods zinc material cost + Work in progress zinc material cost) - Prior month work in progress zinc material cost

We reconciled this cost of manufacturing for zinc raw material to the relevant COM statements.

3. The package then demonstrated how the total current cost of manufacturing (zinc raw material) fed into Union's Zinc material movement ledger, which included the total monthly purchases of zinc raw material.

[12] Incorrectly labelled as 'finished goods' at this stage in the calculation package, as finished goods also includes half product ad produced packaging.

In the *Raw material cost (zinc material)* package, Union had already provided a listing of all zinc raw material purchases for the investigation period, which reconciled exactly to the zinc material movement ledger.

From this listing, we selected purchases from **[CONFIDENTIAL TEXT DELETED – unrelated supplier]** and requested Union provide source documents to demonstrate the purchase price of this zinc.

Union explained that **[CONFIDENTIAL TEXT DELETED – unrelated supplier and details of purchase arrangement]** and supplied the invoice for July 2011 from that supplier (**Confidential Attachment CTMS 13**). This reconciled exactly to the zinc purchases listing.

2) Zinc dross deduction

Union demonstrated the calculation of the zinc dross deduction by reference to its *Raw material cost (zinc material)* package (in a sub-package entitled 'Zinc dross deduction').

This package demonstrated the following.

- The sales of zinc dross scrap at the Busan factory in the investigation period (as discussed in Section 6.4.5).

- How this total zinc dross sales amount was split between the three different types of zinc dross scrap:

    - 'anod dross' not relevant to either galvanised steel or aluminium zinc coated steel;
    - 'G/L top dross' relevant to aluminium zinc coated steel as well as other finished products not under consideration; and
    - 'CI top dross', relevant to galvanised steel as well as other finished products not under consideration.

  Union demonstrated this split of total zinc dross sales in the ECHO system.

- The allocation of each different type of zinc dross scrap to relevant finished goods (normal product, half product and internally-produced packaging), based on the theoretical zinc weight in the finished goods.

We observed in this package that the monthly and yearly (investigation period) totals of the zinc dross deduction allocated to galvanised steel (product group code G) and aluminium zinc coated steel (product group Subject L) reconciled to the monthly and yearly totals of these products in the CTMS calculations at Confidential Attachment CTMS 2.

Union also provided a listing of all zinc dross scrap sales in the investigation period as part of its *Raw material cost (zinc material)* package. We observed this reconciled

to the total revenue for zinc dross in the package, which has been demonstrated to reconcile to the total 'Scrap sales' of all scrap in the upwards sales reconciliation (see Section 6.4.5).

6.4.7 Direct labour costs

We sought to verify the direct labour costs in the selected manufacturing order for model **[CONFIDENTIAL TEXT DELETED – product model designation]** for July 2011.

Union advised that the direct labour costs did not including packaging labour, which has been included separately in the packaging expenses element of the CTMS calculations (see Section 6.4.9 for discussion).

Union directed us to its *Calculation of Labour and Overhead cost* package for that model (part of its *Breakdown of CTMS and sample* package for galvanised steel).

Union advised that fixed **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**

Union explained that, for variable direct labour, it had used two types of allocation:

[CONFIDENTIAL TEXT DELETED – details of cost accounting]
Line basis allocation (fixed and variable direct labour)

We observed that Union had calculated fixed and variable direct labour by **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**

(Monthly total labour cost for machine line / Monthly number of hours of operation of line) X Hours to manufacture specific manufacturing order

Union performed this calculation **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**
Union demonstrated the following:

- the hours to manufacture the selected manufacturing order in the ECHO system;
- the monthly total labour costs for the PLTCM machine line in the Busan costs download; and
- the monthly hours of operation of the PLTCM line in the monthly cost download.

We observed that the fixed direct labour calculated in this way directly reconciled to the specific manufacturing order as listed in the *Breakdown CTMS and sample* package.

Product basis allocation (variable labour)

The *Labour and Overhead cost* package also identified the variable direct labour component allocated to the specific manufacturing order on the product basis.

We observed this in the ECHO system.

We noted that the sum of this product-allocated variable direct labour and the line basis allocated variable direct labour discussed above reconciled directly to the total variable direct labour in the selected manufacturing order as listed in the *Breakdown CTMS and sample* package.

6.4.8 Depreciation and manufacturing overheads

We sought to verify the depreciation (manufacturing) and manufacturing overheads in the selected manufacturing order for model **[CONFIDENTIAL TEXT DELETED – product model designation]** for July 2011.

Again, Union directed us to the *Labour and Overhead cost* package.

Union explained that **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**

Line basis allocation

We observed Union's calculation of each element of manufacturing overheads for the **[CONFIDENTIAL TEXT DELETED – production process detail]**, using the following allocation methods:

- **[CONFIDENTIAL TEXT DELETED – details of cost accounting]**

We considered these methods of allocation across the relevant production lines to be reasonable.

We observed that the costs calculated for electronics (electricity), fuels, oils, water, roll expenses and repair expenses directly reconciled to those amounts listed for the specific manufacturing order in the *Breakdown CTMS and sample* package.

Further, we matched the total depreciation costs and fuel for the selected manufacturing order to the ECHO system.

We then chose to verify fuel costs to source documents.

We observed Union manipulate the Busan costs download to demonstrate monthly fuel costs for the Busan factory (an extract of this forms **Confidential Attachment CTMS 14**).

We observed how this fuel cost listing reconciled to Busan's cost of manufacturing statements.

We selected the month of July 2011 and requested Union provide invoices for the fuel charges incurred in that month. Union supplied these invoices (two in total), which reconciled exactly to the figures shown in the Busan costs download. These invoices form **Confidential Attachment CTMS 15**.

Product basis allocation (chemical and expendable expenses)

As with direct labour, we viewed the product-allocated costs for chemical and expendable expenses to the ECHO system.

We noted that the sum of line-basis and product-basis overheads for chemical and expendable expenses reconciled to those amounts listed for the specific manufacturing order in the *Breakdown CTMS and sample* package.

6.4.9 Packaging expenses

As discussed in Section 5.4.3 and 7.6.2, Union calculated investigation period unit packing expenses (including labour and materials) for galvanised steel and aluminium zinc coated steel for the Busan factory, noting that packing for export and domestic sales is essentially the same.

We sought to verify these calculations.

Union directed us to the *Packing expense (packing material and labour)* CTM supporting document package (Confidential Attachment CTMS 9), which outlined packaging calculations down to the total packaging expense for galvanised steel and aluminium zinc coated steel for the investigation period (reconciling to the total for each in the CTMS calculations at Confidential Attachment CTMS 2), and then to the unit packing costs.

In the *Packing expense (packing material and labour)* package, Union demonstrated:

- the total cost of packing material and labour for finished goods at the Busan factory during the investigation period (noting that work in progress was not allocated any packaging costs), which reconciled directly to the total packaging costs in the total cost of manufacturing for Busan in that period (as discussed in Section 6.3 as part of the verification of costs to Union's audited accounts);
- the total cost of packaging for 'normal' product during the investigation period (splitting finished goods into normal product, internal use and half product);
- the split of these finished product packaging costs amounts by product groups (G, Subject L, etc);
- the unit cost of packaging for galvanised steel and aluminium zinc coated steel for the investigation period (i.e. the total packaging costs for those products divided by the production volume of each).

We observed the split of the costs for all finished goods into product code in the Busan costs download.

We then sought to verify packing costs to purchase invoices for packing materials.

In the *Packing expense (packing material and labour)* package, Union provided a listing of the purchases of external packing material by month for the investigation period, summarised by supplier.

We observed how this listing fed into Union's total packaging costs as follows.

Union demonstrated how the total of these purchases reconciled to the 'inventory in' figure in the investigation period 'Other type' packaging inventory movement ledger. Union explained that its packaging material costs consist of:

- 'Metal type' – steel packaging made internally by Union; and
- 'Other type' – purchased packaging materials (to which the purchases listing relates).

Union demonstrated the total cost of packing material and labour for finished goods at the Busan factory (discussed above) to be the inventory out of 'Other type' packaging from this ledger, and the same for 'Metal type' packaging.

We requested Union supply invoices to demonstrate the purchase price of 'Other type' packaging materials for July 2011 in the listing in the *Packing expense (packing material and labour)* package. Union provided all invoices (one for each supplier as each supplier invoices all purchases on a monthly basis) for the selected month, which reconciled directly to the purchase listing.

These invoices have been included as in the *Packing expense (packing material and labour)* package at Confidential Attachment CTMS 10.

6.5 Selling, general, administrative and finance expenses

As discussed in Section 6.1, Union submitted SG&A calculations that arrived at a unit annual average domestic SG&A for galvanised steel and aluminium zinc coated steel separately.

These calculations also arrived at a total pool of SG&A costs for **[CONFIDENTIAL TEXT DELETED – sales terms]** sales to Australia (but did not differentiate between galvanised steel and aluminium zinc coated steel).

These calculations were submitted in the *Union sales reconciliation for explanation SGA* spreadsheet.

The SG&A calculations spreadsheet forms **Confidential Attachment CTMS 16**.

In this spreadsheet, Union calculated a total 'pool' of SG&A costs for allocation, then:

- calculated total pools of domestic SG&A expenses, allocated on sales value - **[CONFIDENTIAL TEXT DELETED – account details]**;
- calculated total pools of export SG&A expenses, allocated on sales value - **[CONFIDENTIAL TEXT DELETED – account details]**

We observed that Union's allocation of SG&A expenses to Australian sales did not include an allocation of domestic (inland) freight. We note that **[CONFIDENTIAL TEXT DELETED – details of sales terms and sales information]** and the fact that we do not consider it necessary to use Australian CTMS in our dumping calculations; we have not pursued a re-calculation of this expense.

We were able to trace the total revenue and revenue for each type of domestic and export revenue allocated SG&A costs to the *Sales reconciliation* package (traced to Union's audited income state – see Section 5.3).

We observed that those expenses apportioned as being wholly for export (e.g. ocean freight and export expenses) appeared reasonable. No expenses were identified as being wholly for domestic sales.

For the purposes of assessing completeness and relevance, we observed that all SG&A expenses and revenue recorded in Union's income statement for the investigation period were included in the total pool of SG&A costs allocated across the different types of revenue, excluding:

[CONFIDENTIAL TEXT DELETED - details of account and cost accounting not related to the goods]

Union explained items **[CONFIDENTIAL TEXT DELETED – details of internal group activities not related to the goods]**

Union explained that, as the above were considered to be investment activities not involved in the production of the goods or like goods, they should be excluded from the pool of SG&A costs. We considered this to be reasonable and have accepted their exclusion.

We observed that the SG&A expenses recorded in the income statement reconciled to Union's audited financial accounts.

In allocating its 'pools' of costs across the different revenue types, Union :

- allocated selling expenses as appropriate across all revenue excluding rental income;
- allocated finance and administration expenses across all revenue (including rental income).

We considered this to be reasonable as rental income would logically not incur selling expenses.

In light of the above, we are satisfied that the domestic SG&A expenses included in Union's calculations reflected those incurred by the company and that their allocation galvanised steel and aluminium zinc coated steel was reasonable.

6.6 Costs to make and sell – preliminary assessment

We verified Union's CTMS for galvanised steel and aluminium zinc coated steel to source documents and to audited financial statements. As a result, we are satisfied that the information provided is accurate, relevant and complete.

We consider the CTMS calculations are suitable for:

- determining a constructed normal value under section 269TAC(2)(c) of the Act; and
- assessing ordinary course of trade under section 269TAAD of the Act.

As noted above, Union's CTMS for galvanised steel and aluminium zinc coated steel were presented as monthly costs per model. For the purposes of our dumping calculations, we considered it reasonable to combine these into quarterly costs for each model.

The calculation of quarterly unit costs to make and sell for galvanised steel and aluminium zinc coated steel for Union is contained in **Confidential Appendix 2** (separately for galvanised steel and aluminium zinc coated steel).

7 DOMESTIC SALES

7.1 General

Union explained that it sold a range of galvanised steel and aluminium zinc coated steel on the domestic market in Korea.

Union outlined that its domestic customers all have longstanding relationships with Union as there are not a lot of suppliers of coated steel in Korea.

Union explained that it sells to most of its domestic customers from inventory rather than producing coated steel to order.

Union also outlined that it had arrangements with some of its customers **[CONFIDENTIAL TEXT DELETED – details of sales arrangement with unrelated customers]**

During verification, Union provided us with an updated Domestic Sales spreadsheet for galvanised steel and zinc coated steel to rectify errors in the customer name listing and credit expense calculation (see 8.3 below).

The updated Domestic Sales spreadsheets form **Confidential Attachment DOM 1**.

7.2 Levels of trade

In its response to the exporter questionnaire, Union identified two groups of customers; distributors and end users.

Union submitted that it does not have any agency arrangements for its coated steel products in the domestic market.

Union stated that domestic selling prices **[CONFIDENTIAL TEXT DELETED – details of pricing policy]**

7.3 Domestic sales process, pricing and terms

7.3.1 General

Union explained that the sales process of galvanised steel and aluminium zinc coated steel for its domestic customers is as follows.

[CONFIDENTIAL TEXT DELETED – details of sales process]

7.4 Domestic pricing

Union stated that domestic price negotiation usually occurs **[CONFIDENTIAL TEXT DELETED – details of pricing policy and price negotiation]**

Union stated that, like export sales, the base price for domestic sales are determined by **[CONFIDENTIAL TEXT DELETED – details of pricing policy]**

[CONFIDENTIAL TEXT DELETED – details of pricing policy]These form **Confidential Attachment DOM 2**.

Union explained that, as the market is so competitive in Korea, sales staff will try to keep the price as low as possible.

Union stated that the most significant factor in setting a domestic price **[CONFIDENTIAL TEXT DELETED – details of pricing policy]**

7.4.1 Delivery terms

Union stated that the customer has a choice whether to purchase the goods ex-warehouse or free-into-store.

7.4.2 Payment terms

Union explained that **[CONFIDENTIAL TEXT DELETED –details of payment terms and pricing policy]**

7.5 Verification of sales up to the audited financial statements

As discussed in section 5.3 above, we were able to reconcile Union's Domestic Sales spreadsheets for galvanised steel and aluminium zinc coated steel upwards to Union's audited financial accounts. We are therefore satisfied that the Domestic Sales spreadsheets are complete and contain only relevant sales.

7.6 Verification of domestic sales down to source documents

Prior to the visit, we selected eight galvanised steel and twelve aluminium zinc coated steel domestic sales from the detailed Domestic Sales spreadsheets, and requested that Union provide source documents in relation to each invoice.

For each selected invoice, the Union provided copies of the following documents during the visit:

- internal order memo;
- shipping notice;
- commercial invoice;
- inland transport documents;
- credit expense documents; and
- payment summary, in the form of accounts receivable and notes receivable summary.

We were then able to match the sales information in the source documents to the data contained in the detailed sales spreadsheet.

The source documents, including proof of payment, of the selected sales of galvanised steel are at **Confidential Attachment DOM 3**. The source documents of the selected sales of aluminium zinc coated steel are at **Confidential Attachment DOM 4**.

7.6.1 Inland transport

Similar to export sales in section 5.4.1 above, for free into store sales Union engaged Integris to transport the goods to the customer from its Busan factory.

Union provided a copy of the relevant Integris account for each selected transaction.

Each transport charge was recorded against the relevant domestic sales invoice number.

As with inland transport of export sales, the unit price shown related to the charge incurred against the selected transaction invoice number was applied to the transaction. For all of the selected invoices, we were able to reconcile the amount shown on the domestic sales spreadsheet to these source documents.

7.6.2 Packaging

As described in section 5.3.3 above, Union did not incur separate packaging expenses for domestic sales and export sales. Instead it calculated a unit packaging expense by allocating the total cost of packaging across its coated steel products. The verification of packaging is discussed in Section 6.4.9 above.

7.7 Arms length

In respect of Union's domestic sales of galvanised steel and aluminium zinc coated steel, we found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price; or
- 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.

We therefore consider Union's domestic sales of galvanised steel and aluminium zinc coated steel are arm's length transactions.

7.8 Ordinary course of trade

We sought to identify which domestic sales of like goods were made in the ordinary course of trade (OCOT) for possible use in normal values under s.269TAC(1) of the Act.

In order to test the profitability of Union's domestic sales, we compared the unit (per tonne) net sale price of each individual domestic sale of galvanised steel and

aluminium zinc coated steel by product code (model) with the corresponding quarterly weighted average unit CTMS for each product code.

Where there was no CTMS available for a specific model in a quarter where domestic sales were incurred for that model, we used the CTMS for the closest previous quarter (where available) or a subsequent quarter where no previous quarter was available.[13]

For those transactions calculated as being sold at a loss, we tested whether the sales were recoverable, by comparing the unit net sales price with the investigation period weighted average unit CTMS for each finish.

The below tables show the volume of sales calculated as being unprofitable and non-recoverable for all models identified by Union as being identical or closely matching to export sales in the investigation period (see Section 4.2.1).

Model	Volume not recoverable (T)	Total Domestic Sales (T)	% not recoverable	Domestic sales in OCOT (T)

[13] We note that no models used to determine s.269TAC(1) normal values (see Chapter 10) were affected by this issue in any case.

PUBLIC RECORD

Exporter visit – Union Steel Co., Ltd

[CONFIDENTIAL TEXT DELETED - numbers]

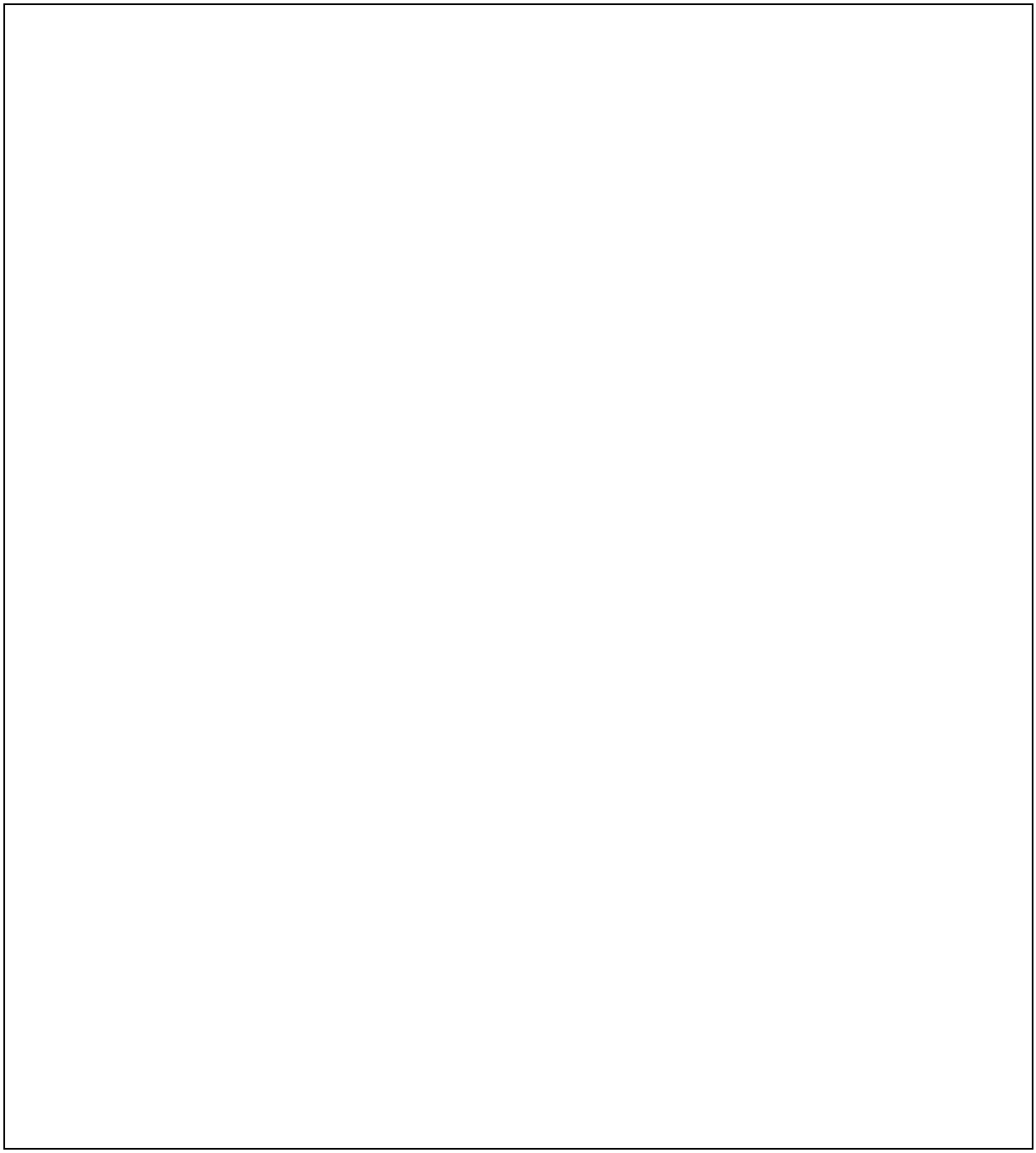


Figure 3: Volume of sales in OCOT – aluminium zinc coated steel (relevant models)

Model	Volume not recoverable (T)	Total Domestic Sales (T)	% not recoverable	Domestic sales in OCOT (T)

[CONFIDENTIAL TEXT DELETED - numbers]

Figure 4: Volume of sales in OCOT – galvanised steel (relevant models)

We found that non-recoverable sales represented greater than 20% of the volume for all those models marked in grey in Figure 3. Consequently, we have regarded the non-recoverable sales for those models as not being made in OCOT. As such, the non-recoverable sales have not been used in calculating normal values for those models.

For those models where recoverable sales were less than 20% of the volume (coloured green in the above tables), all sales of those models were considered as being made in OCOT and were used in calculating normal values for those models.

7.8.1 Sufficiency of sales

We then sought to determine whether there were sufficient domestic sales in OCOT for all exported models in the investigation period in order to calculate normal values under s.269TAC(1).

The below tables below show this analysis.

PUBLIC RECORD

Exporter visit – Union Steel Co., Ltd

Model	Export quantity (T)	Domestic sales in OCOT (T)	% Domestic OCOT/ Export	Sufficient sales in OCOT?
[CONFIDENTIAL TEXT DELETED - numbers]				

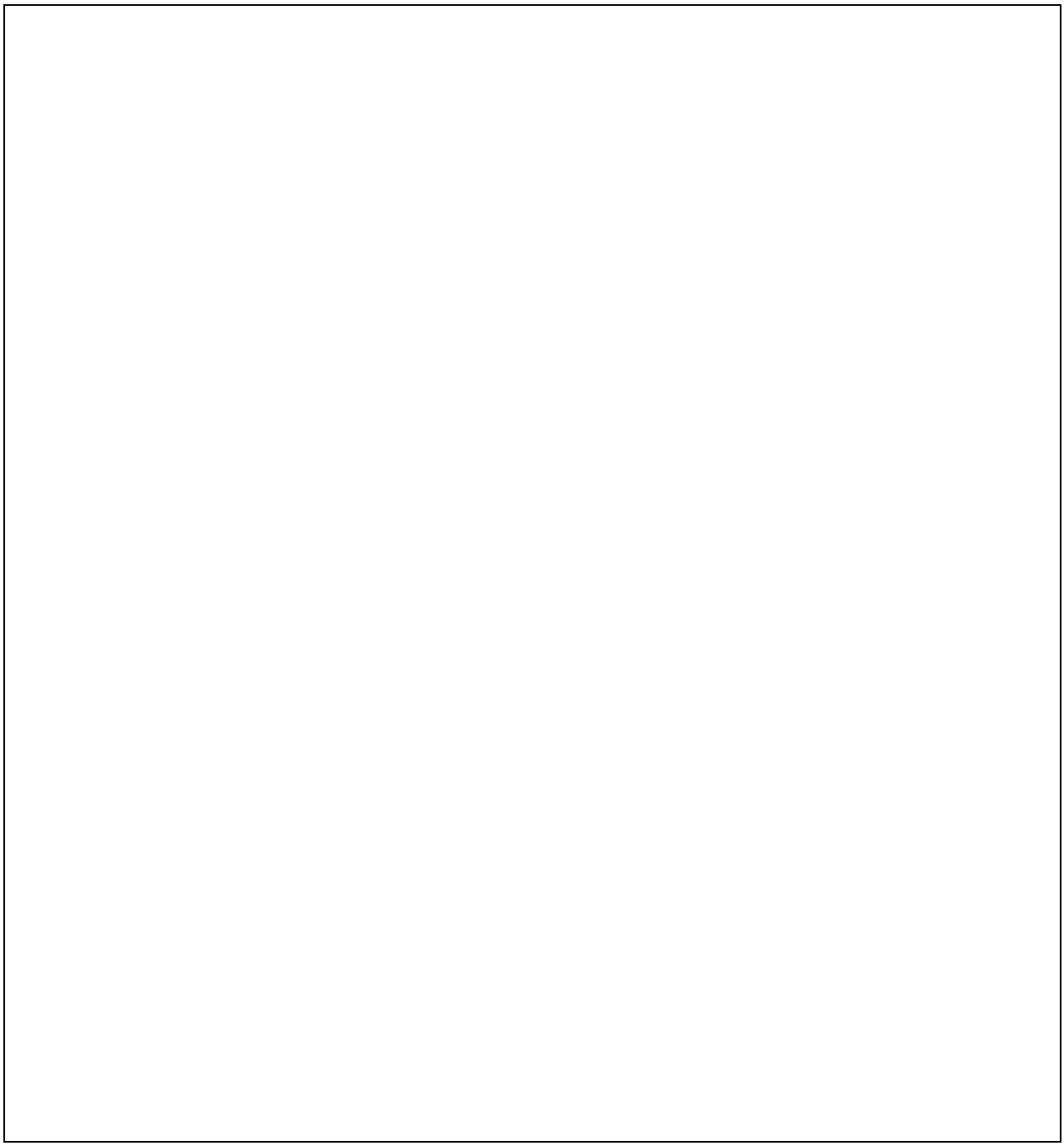


Figure 5: Sufficiency of sales in OCOT – aluminium zinc coated steel

Model	Export quantity (T)	Domestic sales in OCOT (T)	% Domestic OCOT/ Export	Sufficient sales in OCOT?
[CONFIDENTIAL TEXT DELETED - numbers]				

Figure 6: Sufficiency of sales in OCOT - galvanised steel

For aluminium zinc coated steel, we found that there were domestic sales of models that were identical to exports for **[CONFIDENTIAL TEXT DELETED - number]** of the **[CONFIDENTIAL TEXT DELETED - number]** models exported. In these cases, we calculated whether the domestic sales volume of each model that was sold domestically in sales that were in OCOT were more than 5% of the export volume. This was the case for all of those identical models.

For the remaining **[CONFIDENTIAL TEXT DELETED - number]** export models (marked in grey in Figure 5), we found that Union made domestic sales of models that were closely resembling the exported models (with only variations in one or two product characteristics). In considering the suitability of these sales for s.269TAC(1), we calculated whether the domestic sales volume of each model that was sold domestically in sales that were in OCOT were more than 5% of the export volume. This was the case for all of those **[CONFIDENTIAL TEXT DELETED - number]** models.

For galvanised steel, we found that there were domestic sales of models that were identical to exports for all of the models exported. We calculated whether the domestic sales volume of each model that was sold domestically in sales that were in OCOT were more than 5% of the export volume. This was the case for all of those models.

Our profitability, OCOT and sufficiency of sales assessments are at **Confidential Appendix 3** (separately for galvanised steel and aluminium zinc coated steel).

8 THIRD COUNTRY SALES

In its exporter questionnaire response, Union provided a summary its galvanised steel and aluminium zinc coated steel export sales to third countries.

As we considered that we were in possession of enough verified information from the submission and our visit to calculate normal values for coated steel using domestic sales or a construction method, we did not undertake detailed verification of the third country data.

9 ADJUSTMENTS

To ensure that the normal value was comparable to the Australian export price, the following adjustments were made:

9.1 Inland freight and export handling charges

We consider that **[CONFIDENTIAL TEXT DELETED – adjustment in relation to sales terms]** We consider this is necessary to ensure fair comparison to export price (calculated on **[CONFIDENTIAL TEXT DELETED – sales terms)**.

In the domestic sales spreadsheet, where applicable, the cost of freight was identified for each transaction (see section 7.6.1 above).

Where sales were delivered, **[CONFIDENTIAL TEXT DELETED – adjustment in relation to sales terms]**

Similarly for export sales made on **[CONFIDENTIAL TEXT DELETED – sales terms]**, we **[CONFIDENTIAL TEXT DELETED – adjustment in relation to sales terms]**

9.2 Bank charges

As outlined at 5.4.4 above, Union incurred bank charges for export sales. The actual costs were applied and allocated to each individual transaction.

We have made an upward adjustment to normal value using the yearly average actual bank charges for each export sale incurred over the investigation period.

9.3 Credit terms

We consider a downward adjustment for domestic credit terms in the normal value calculation is required to ensure fair comparison to export price.

In its questionnaire response, Union provided the credit expense incurred for each domestic sale. As domestic customers paid on an account basis, the credit period was determined by dividing the total sales to the customer for the investigation period by the average of the monthly balance of accounts receivables and note receivables for the investigation period. The average short term interest rate was then applied.

Union provide a package outlining how the average short term interest rate of **[CONFIDENTIAL TEXT DELETED - number]** % was calculated, at **Confidential Attachment ADJ 1**.

During verification, we were unable to reconcile the average short terms borrowing and total short-term interest expense to the audited financial statements. Union rectified the error and provided updated calculation worksheets, forming **Confidential Attachment ADJ 2**.

The updated worksheet reconciled directly to audited financial statements. The amended average short term interest rate applied was **[CONFIDENTIAL TEXT DELETED - number]**%.

Union provided updated Domestic Sales spreadsheets with the credit expense amount amended to apply the new average short term interest rate (see Confidential Attachment DOM 1).

Union did not offer credit terms to its Australian customers. Union provided a credit expense amount in the Australian Sales spreadsheets, which represented the actual cost of credit incurred between invoice date and payment date of the letter of credit (i.e. when payment was actually realised by Union)..

However, Union did not demonstrate that this expense was a factor in determining the price for export sales to Australia (noting all exports to Australia were L/C at sight).

We therefore consider an upward adjustment for credit should not apply.

9.4 Physical adjustments

9.4.1 Not exact model matches – aluminium zinc coated steel

As discussed in Section 7.8, Union made sufficient volumes of domestic sales in OCOT for exact model matches of **[CONFIDENTIAL TEXT DELETED – number]** models of aluminium zinc coated steel exported to Australia during the investigation period.

For the remaining **[CONFIDENTIAL TEXT DELETED – number]** models exported to Australia Union made sufficient volumes of domestic sales in OCOT for **[CONFIDENTIAL TEXT DELETED – number]** models that closely resembled those models exported to Australia (small physical differences – see Section 4.2).

We consider it reasonable to use the domestic selling prices of these substitute models, and adjust them for physical differences between the substitute and export models, based on the pricing differences between each **[CONFIDENTIAL TEXT DELETED – pricing policy]**

For some models, this arrived at a downwards adjustment to normal value. For others, there was no price difference recorded in the **[CONFIDENTIAL TEXT DELETED – pricing policy]** between the actual and substitute model, and hence no adjustment was necessary.

9.4.2 Sub-grades

As discussed at Section 4.1.4, we observed that Union's product codes (models) did not identify the grade (quality) of the product beyond the general categories of structural, forming, pressing and drawing or general and commercial (i.e. down to the structural sub-grade). Conversely, Union's domestic and export **[CONFIDENTIAL**

TEXT DELETED – pricing policy] identified sub-grades of the '**[CONFIDENTIAL TEXT DELETED]** grade with pricing differences between each.

We observed that all export sales of galvanised steel and aluminium zinc coated steel were of **[CONFIDENTIAL TEXT DELETED – details of grades sold]** .

We raised with Union that an issue may arise when comparing an export model of **[CONFIDENTIAL TEXT DELETED – details of grades sold]**grade with a domestic model of **[CONFIDENTIAL TEXT DELETED – details of grades sold]**grade as there was no way to determine which specific sub-grade was sold based on the current product code composition in the data provided by Union.

Union confirmed that the product code had been determined on the basis of cost considerations rather than price considerations and that Union, **[CONFIDENTIAL TEXT DELETED – details of cost accounting and pricing policy]** .

We advised Union that we would need to arrive at some method for comparing like **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grades of exported product with their equivalent domestic **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grades.

In order to determine specific sub-grades of goods, Union provided us with the purchase orders for all export sales to Australia (**Confidential Attachment GOODS 3**). We were able to amend the Australian Sales spread sheet to reflect specific sub-grading.

However, due to the large volume of domestic sales of each product, this was not considered possible/practicable for domestic sales.

Union instead made a submission during verification that recommended methods for adjusting the normal value to ensure fair comparison with export sales at the sub-grade level. This submission forms **Confidential Attachment ADJ 3**.

In this submission, Union selected one month for galvanised steel and one month for aluminium zinc coated steel (choosing the month for each with the greatest export volume of that product). Union then listed all domestic sales of exact model matches to those sold to Australia, and provided details as to the **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grade of each. Union explained it obtained this information by manually locating the purchase orders of each of those sales.

Union then calculated an adjustment for galvanised steel and aluminium zinc coated steel separately, arriving at an upwards adjustment for each, based on the assumption that the mix of **[CONFIDENTIAL TEXT DELETED – details of grades sold]**sub-grades for the domestic sales observed in the months selected was the same throughout the investigation period, and the pricing differences between the sub-grades as reported in the **[CONFIDENTIAL TEXT DELETED – pricing policy]** for each product (Confidential Attachment DOM 2).

We tested Union's submission by viewing the purchase orders for three galvanised steel and three aluminium zinc coated steel transactions that we selected in the months detailed in the submission. We noted that Union's submission correctly reported these **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grades.

We consider this to be a reasonable method of calculating this adjustment, and are satisfied with the use of the grade mix for each month to make assumption about the investigation period domestic product grade mix.

We have therefore accepted and applied Union's calculation of this **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grade physical adjustment, which results in an upwards adjustment to normal value for both galvanised and aluminium zinc coated steel.

9.5 Adjustments – Conclusion

We are satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with s. 269TAC(8) or (9) of the Act (as appropriate), and we consider these adjustments are necessary to ensure a fair comparison of normal values and export prices:

Domestic inland freight	**Deduct** the actual cost of inland freight where applicable **[CONFIDENTIAL TEXT DELETED – adjustment in relation to sales terms]**
Bank charges	**Add** the actual cost of export bank charges where applicable.
Credit terms	**Deduct** the actual cost of domestic credit where applicable.
Physical differences	**Deduct** the pricing difference between substitute domestic models where exact model matches between export and domestic sales have not occurred in the investigation period. **Add** the pricing difference between domestic **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grades and export **[CONFIDENTIAL TEXT DELETED – details of grades sold]** sub-grades.

10 NORMAL VALUE

10.1 Domestic sales - aluminium zinc coated steel

As discussed in Section 7.8, we found sufficient volumes of domestic sales of aluminium zinc coated steel by Union that were arms' length transactions and at prices that were in OCOT for an exact model match for the following export models:

[CONFIDENTIAL TEXT DELETED – product model designation]

For the remaining export models, we found sufficient volumes of domestic sales in OCOT for a reasonably similar product code/thickness combination and made reasonable adjustments to the normal values for physical differences (based on the domestic price extras sheet – Confidential Attachment DOM 2). These product codes are listed blow (substitute produce code is indicated in parentheses).

[CONFIDENTIAL TEXT DELETED – product model designation]

10.2 Domestic sales – galvanised steel

As discussed in Section 7.8, we found sufficient volumes of domestic sales of aluminium zinc coated steel by Union that were arms' length transactions and at prices that were in OCOT for an exact model match for all export models of galvanised steel.

10.3 Normal value assessment – both products

Based on the information provided by Union and the verification conducted on site we are satisfied that prices paid in respect of these domestic sales are suitable for assessing normal values under s. 269TAC(1) of the Act for all export sales of galvanised steel and aluminium zinc coated steel to Australia during the investigation period, as adjusted in accordance with s. 269TAC(8) of the Act.

Using the data verified we consider adjustments are warranted for the items discussed in Chapter 9 of this report.

We calculated quarterly weighted average normal values separately by model. These were calculated on an **[CONFIDENTIAL TEXT DELETED – sales term]** basis for comparability with export sales.

Detailed normal value calculations, and summary normal values, are contained in **confidential Appendix 4** (separately for galvanised steel and aluminium zinc coated steel).

11 DUMPING MARGIN – PRELIMINARY ASSESSMENT

We compared the weighted average of export prices (at **[CONFIDENTIAL TEXT DELETED – sales term]**) over the whole of the investigation period with the weighted average of corresponding normal values (also at **[CONFIDENTIAL TEXT DELETED – sales term]**) over the whole of that period, in accordance with s. 269TACB(2)(a) of the Act.

In some cases, Union did not make domestic sales of the requisite model of galvanised steel or aluminium zinc coated steel in the quarter in which export sales were made. In these cases we performed a timing adjustment based on the difference in CTMS for the relevant model between the quarters and Union's gross margin for the investigation period.

The weighted average product dumping margin, for galvanised steel exported to Australia by Union is negative 2.01%.

The weighted average dumping margin for aluminium zinc coated steel exported to Australia by Union is negative 2.43%.

Details of the dumping margin calculations are at **Confidential Appendix 5**.

12 LIST OF APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Domestic sales and OCOT
Confidential Appendix 3	Cost to make and sell
Confidential Appendix 4	Normal values and sufficiency
Confidential Appendix 5	Dumping margin
Attachment GEN1	Company profile brochure
Confidential Attachment GEN2	2011 audited reports and financial statements
Confidential Attachment GEN3	First half 2012 auditor's review report and financial statements
Confidential Attachment GEN4	Chart of accounts
Confidential Attachment GEN5	Accounting system breakdown
Confidential Attachment GEN6	Product group codes and a description
Confidential Attachment GEN7	Diagram showing all affiliated companies
Confidential Attachment GEN8	Summary of transactions between Union and its related suppliers
Confidential Attachment GEN9	Contract for service between Union and Integris
Confidential Attachment GEN10	Contract of for logistic services between Union and an unrelated transporter
Confidential Attachment GOODS1	Detailed composition of product codes
Confidential Attachment EXP1	Australian sales spreadsheet
Confidential Attachment EXP2	**[CONFIDENTIAL TEXT DELETED – identification of sales policy]**
Confidential Attachment EXP3	ECHO screen shots showing the total volume and value of export sales to Australia, total export sales and total domestic sales for the investigation period

Confidential Attachment EXP4	Sales of goods details report
Confidential Attachment EXP5	April 2012 sales report sub ledger
Confidential Attachment EXP6	Negative sales list
Confidential Attachment EXP7	Report of negative sales data from ECHO
Confidential Attachment EXP8	Diagram of the verification of sales to audited financial
Confidential Attachment EXP9	Source documents for the selected sales of galvanised steel
Confidential Attachment EXP10	Source documents for the selected sales of aluminium zinc coated steel
Confidential Attachment CTMS1	CTMS calculations as provided in Union's response to the exporter questionnaire
Confidential Attachment CTMS2	Model-by-model CTMS calculations
Confidential Attachment CTMS3	C*ost Reconciliation* package and COM statements
Confidential Attachment CTMS4	*Cost build-up* packages and sub-packages – galvanised steel
Confidential Attachment CTMS5	*Cost build-up* packages and sub-packages – aluminium zinc coated steel
Confidential Attachment CTMS6	*Raw material cost (Substrate: hot rolled coil)* package
Confidential Attachment CTMS7	*Raw material cost (zinc material)* package
Confidential Attachment CTMS8	*Scrap deduction* package
Confidential Attachment CTMS9	*Packing expense (packing material and labour)* package
Confidential Attachment CTMS10	HRC purchases listing and related/unrelated analysis
Confidential Attachment CTMS11	Scrap sales listing and selected invoices

Confidential Attachment CTMS12	HRC purchase invoices
Confidential Attachment CTMS13	Zinc purchase invoices
Confidential Attachment CTMS 14	Busan costs download extract demonstrating monthly fuel costs
Confidential Attachment CTMS15	Fuel cost invoices
Confidential Attachment CTMS16	SG&A calculations spreadsheet
Confidential Attachment DOM1	Domestic Sales spreadsheets
Confidential Attachment DOM2	**[CONFIDENTIAL TEXT DELETED – identification of sales policy]**
Confidential Attachment DOM3	Source documents – galvanised steel
Confidential Attachment DOM4	Source documents – aluminium zinc coated steel
Confidential Attachment ADJ1	Short term interest rate package
Confidential Attachment ADJ2	Short term interest rate package (updated)
Confidential Attachment ADJ3	Submission on structural sub-grade adjustment