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## Trade Measures Branch

### Exporter Questionnaire

**Product:** Structural Timber

**From:** Austria, Canada, the Czech Republic, Estonia, Germany, Lithuania, Sweden and the USA

**Period of Investigation:** 1 July 2010 to 30 June 2011

**Response due by:** 19 October 2011

**Investigation case manager:** Mick Kenna

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**Australian Customs and Border Protection website:**

[www.customs.gov.au](http://www.customs.gov.au)

**Return completed  
questionnaire to:**

Trade Measures Branch  
Australian Customs and Border  
Protection Service  
5 Constitution Avenue  
Canberra ACT 2601  
AUSTRALIA

Attention: Director Operations 3

## SECTION A COMPANY STRUCTURE AND OPERATIONS

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

### A-1 Identity and communication

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

*Head Office:*

**Name:** Theresia Reff  
**Position in the company:** Logistics Manager  
**Address:** Franz-Kollmann-Str. 5, 86899 Landsberg am Lech  
**Telephone:** +49 8191 9471 318  
**Facsimile number:** +49 8191 9471 169  
**E-mail address of contact person:** Theresia.reff@ilimtimber.eu

*Factory: HWN Holz Werke Nord GmbH*

**Address:** Am Haffeld 2, 86899 Landsberg am Lech  
**Telephone:** +49 8191 9471 318  
**Facsimile number:** +49 8191 8471 318  
**E-mail address of contact person:** Theresia.reff@ilimtimber.eu

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

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

**Name:** Theresia Reff  
**Address:** as above  
**Telephone:**  
**Facsimile/Telex number:**  
**E-mail address of contact person:**

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

### A-3 Company information

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

**HWN Holz Werke Nord GmbH**  
**GmbH is equal to a Limited Liability Company**

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).  
**HWN Holz Werke Nord GmbH is owned by Ilim Timber Europe GmbH.  
Further info provided in the confidential questionnaire.**
3. If your company is a subsidiary of another company, list the principal shareholders of that company.  
**Info provided in the confidential questionnaire.**
4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.  
**Info provided in the confidential questionnaire.**
5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.  
**Info provided in the confidential questionnaire.**
6. Are any management fees/corporate allocations charged to your company by your parent or related company?  
**No.**
7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.  
**HWN Holz Werke Nord is a kiln drying and planer mill that produces sawn and planed timber in spruce or pine. HWN is exclusively supplied with sawn timber by Ilim Nordic Timber GmbH & Co. KG which is then dried and planed.**
8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:
  - produce or manufacture
  - sell in the domestic market
  - export to Australia, and
  - export to countries other than Australia.**We do all of that ourselves.**
9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.  
**Info provided in the confidential questionnaire.**
10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.  
**Please note that Ilim Timber acquired the German business end of August 2010 so much of the information can only be provided from that date forward. Previously the company was part of the Klausner Group.**

**Accounts provided as of the confidential submission.**

**Please also see [www.ilimtimber.com](http://www.ilimtimber.com) for company information.**

**A-4 General accounting/administration information**

1. Indicate your accounting period.
2. Indicate the address where the company's financial records are held.

**HWN Holz Werke Nord GmbH  
Am Haffeld 2  
23970 Wismar**

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:
  - chart of accounts;
  - audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
  - internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

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

**Accounts provided as of the confidential submission.**

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.
5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

**No!**

6. Describe: **we follow standard German accounting practice.**

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out -LIFO, first in first out- FIFO, weighted average);
- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

- valuation methods for damaged or sub-standard goods generated at the various stages of production;
  - valuation methods for scrap, by products, or joint products;
  - valuation and revaluation methods for fixed assets;
  - average useful life for each class of production equipment and depreciation method and rate used for each;
  - treatment of foreign exchange gains and losses arising from transactions;
  - treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
  - inclusion of general expenses and/or interest;
  - provisions for bad or doubtful debts;
  - expenses for idle equipment and/or plant shut-downs;
  - costs of plant closure;
  - restructuring costs;
  - by-products and scrap materials resulting from your company's production process; and
  - effects of inflation on financial statement information.
7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

#### A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('goods under consideration' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Investigation period	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				

Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
<b>Total cost to make</b> (9=4+5+6+7+8)				
<b>OPERATING INCOME</b> (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
<b>SG&amp;A expenses</b> (14)=(11+12+13)				
<b>INCOME FROM NORMAL ACTIVITIES (15)=(10-14)</b>				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
<b>PROFIT BEFORE TAX (20)=(15+16+17+18+19)</b>				
Tax (21)				
<b>NET PROFIT (22)=(20-21)</b>				

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

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

**Information provided as part of the confidential submission.**

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

**A-6 Sales**

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

Information provided as part of the confidential submission.

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

Prepare this information in a spreadsheet named "TURNOVER".

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

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

## SECTION B SALES TO AUSTRALIA (EXPORT PRICE)

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

*You should report prices of **all** Goods Under Consideration (the goods) **shipped** to Australia during the investigation period.*

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

*the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;*

*an alternative date should be used when comparing export and domestic prices*

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

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

Tilling Timber Pty Ltd.  
Post Office Box 189  
Kilsyth 3137  
Australia

contact name : Don McLean - CFO

phone/fax number where known; and trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

**Tilling is our only customer in Australia**

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

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

**Per container**

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

**No special agreements. Tilling buy the product on a CFR basis and we ship to the Australian ports named by them in the order.**

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



Goods are sold on a CFR basis and ownership passes per the Incoterms. In this case the risk for the goods passes to the importer (Tilling) once the container passes the ships rail.

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

**We have an exclusive contract with Tilling Timber. Contract details provided as part of the confidential submission.**

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

**Price list and payment terms provided as part of the confidential submission.**

Orders are received on a monthly basis and we manufacture product within approximately 2 months following the order (i.e. we are still finished off remaining quantities for July and August). Goods are manufacture and put into stock and are then called off by the customer each week.

Specific "call-off orders" are received on a weekly basis (port specific). Customer receives a stock list each Friday, places orders from Monday - Wednesday and we prepare goods and load containers on Fridays/Mondays. Goods are then shipped on board 2-3 days later.

Invoices are sent each week together with the other shipping documents.

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

**No!**

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

**Current production plan submitted as part of the official questionnaire. This shows which orders are currently still open. We update this list on a weekly basis. Goods are always manufactured subject to availability of log.**

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**We only have one customer and one distribution channel.**

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

**Information provided as part of the confidential questionnaire**

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity	Quantity in units shown on the invoice. Show basis eg kg.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee	warranty & guarantee expenses

expenses*	
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

\*\* FOB export price and Ocean Freight:

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

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

Freight allocations must be checked for consistency.

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

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

Not relevant to our business.

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

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

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

**We don't discount.**

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

**Info provided as part of the official questionnaire.**

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

We sell on a CFR basis. We ship to a nominated port and no further.

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

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

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

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

## SECTION C EXPORTED GOODS & LIKE GOODS

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

**We sell sawn timber, there are no technical documents or specs.**

**We sell 6 different dimensions to Australia**

**35x70, 35x90, 35x120, 35x190, 45x70, 45x90**

**In lengths 2,335m to 5,10m**

**In 2010 we sold very small quantities of spruce (maybe 10% of total volume), in 2011 we only sold pine. Product is MGP graded. We sell grades MGP12, MGP10 and F5**

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

**See question C1**

**C-3** If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically;

**We do not sell Pine in Europe, we only sell pine in export markets. We sell Pine to the middle east (Egypt, Tunisia, Lebanon, Jordan) and in China so can only compare to these markets.**

**We only sell spruce in Europe which has a completely different pricing structure.**

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

**Information provided as part of the confidential questionnaire.**

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

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			which outline differences
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**C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

**We sell sawn timber, no technical specification available.**

## SECTION D DOMESTIC SALES

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

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

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

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

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

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

### D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

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

**We sell to a large variety of customers in Germany. We only sell directly we do not have any agents or distributors representing us.**

**Goods are delivered via truck. Most customers pay us to deliver the goods, some customers send their own trucks to collect.**

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

**We only have one distribution channel, prices vary according to product, species and quality.**

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

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

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

We have a sales team that is responsible for the German market, both external sales as well as internal sales. We sell to customers both on a contract basis i.e. monthly or possibly quarterly contracts (that's an exception) as well as ad hoc on a daily basis.

Prices are agreed amongst the sales people according to the current market situation. The sales director and his team agree a minimum price that has to be achieved and the sales guys try and get as high above that minimum as possible.

We do not work with price lists.

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

There are no like goods in the domestic market as we only sell spruce in Germany. Pine is only sold for export.

Further information on sales provided in the confidential questionnaire.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/grade/type	commercial model/grade or type of the goods
Product code	code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Order number	show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	eg ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer eg. 60 days=60 etc
Quantity	quantity in units shown on the invoice eg kg.
Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.



Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

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

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

**Our sales team receive a fixed salary and benefits package. No commission or bonus is paid.**

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

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

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

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

**We do not operate a discount structure (i.e. volume discounts for example). The only discounts we offer is an early payment discount.**

**D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

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

**Domestic sales are not relevant as we sell different products in Germany than Australia. Can provide details of two transactions though if you insist. Please advise.**

## SECTION E FAIR COMPARISON

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

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

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

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

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

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

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

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

## E-1 Costs associated with export sales

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

### 1. Transportation

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

**We always send containers from our plant in Wismar, Germany to the port of Hamburg. We know that the cost of pre-carriage however, in the case of Australia we have an all-in price for shipment to several ports (Sydney, Melbourne, Fremantle, Brisbane or Adelaide). Cost information provided as part of the confidential questionnaire.**

### 2. Handling, loading and ancillary expenses

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

**We do not charge for this.**

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

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

### 3. Credit

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

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

**Payment terms disclosed in the confidential questionnaire.**

**4. Packing costs**

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

We sell sawn timber in packs, so each pile of planks is banded together with 3 bands, there is no additional packing required. We have to package our timber anyway in order to be able to handle it, we could not work with loose planks so there is no separate cost for this.

**5. Commissions**

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

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

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

We do not pay commission.

**6. Warranties, guarantees, and after sales services**

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

Not applicable, we sell planks of wood.

**7. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "Other factors". For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

No other factors.

**8. Currency conversions**

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

Info provided in the confidential questionnaire.

## E-2 Costs associated with domestic sales

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

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

### 1. Physical characteristics

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

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

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

**As already explained in many other questions we sell spruce in Germany not pine. As you can see from the production costs, spruce logs are more expensive to buy.**

### 2. Import charges and indirect taxes

If exports to Australia:

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

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

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

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

In substantiating the drawback claim the following information is required:

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

**We are not aware of the import duty and tax arrangements in Australia. What exactly are you asking from us?**

**In terms of the logs we import, we procure the bulk of these within the EU, a small percentage is bought in Norway and Russia. For the non-EU product we pay all applicable import duties and taxes, there is no drawback system.**

#### Substitution drawback systems

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

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

### 3. **Level of trade**

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

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

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

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

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

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

This requires the following information:

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

or

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

#### 4. **Credit**

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

**Payment terms are part of the negotiation with our customers. We have payment terms that range from advance payment up to 60 or 90 days net, depending on the usual practices in that country. We do not offer "credit" beyond the agreed terms of payment.**

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

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

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



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

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system<sup>1</sup>, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

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

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

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

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

2. *Calculate the average credit period*

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

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

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

5. **Transportation**

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

**We have a contractual agreement for transportation costs with our partner Schenker. Price list provided in the confidential submission.**

6. **Handling, loading and ancillary expenses**

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<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

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

**No costs included just like for the export business.**

**7. Packing**

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

**No packing materials. Handling and packaging of packs are the same everywhere.**

**8. Commissions**

For any commissions paid in relation to the domestic sales:

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

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

**No commissions**

**9. Warranties, guarantees, and after sales services**

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

**Not applicable**

**10. Other factors**

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

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

No other factors, export business is the same as domestic.

### **E-3 Duplication**

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

For example:

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

Separate adjustment items must avoid duplication.

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

**There are no adjustments to be made, domestic and export is handled the same.**

## SECTION F

### EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

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

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

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

**Information provided in the confidential submission**

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

Supply this information in spreadsheet file named "Third country"

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

For some customer specific 3<sup>rd</sup> country sales we have "agents" involved but on a small scale. Commission paid are a percentage of the EXW price. Further information provided in the confidential questionnaire.

## SECTION G COSTING INFORMATION AND CONSTRUCTED VALUE

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

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

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

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

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

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

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

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

### G-1. Production process and capacity

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

We are a saw mill and operate a link line. Logs of a certain diameter are collected until a production run is viable. Logs are cut and out of the production process come main board, side board (in some instances), wood chip and saw dust. Boards are then either sold green or are kiln dried. Once dried product is sold either rough or planed. Planed product is sent through the planer mill. Across the group in Germany we are capable of cutting diameter from 10-50cm. Capacities are shown in the spread sheet.

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

Information provided in the confidential questionnaire.

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

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

Provide this information on a spreadsheet named "Production".

**G-3. Cost accounting practices**

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.
2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.
3. Provide details of any significant or unusual cost variances that occurred during the investigation period.
4. Describe the profit/cost centres in your company's cost accounting system.
5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.
6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.
- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.
- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**G-4 Cost to make and sell on domestic market**

*This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>*

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

\* You should provide separate costs for at least untreated and treated structural timber. Costs should be provided for lower levels of product type if these are normally calculated by your company.

**Our only method of treatment is kiln drying. We do not have the capability of chemically treating timber.**

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

**Information provided in the confidential questionnaire.**

	Quarter X	Quarter X	Quarter X	Quarter X
<b>Like Domestic Model/Type – from spreadsheet LIKEGOOD</b>				
Material Costs <sup>1</sup>				
Direct Labour				
Manufacturing Overheads				
Other Costs <sup>2</sup>				
<b>Total Cost to Make</b>				
Selling Costs				
Administration Costs				
Financial Costs				

<sup>2</sup> Customs applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

Delivery Expenses <sup>3</sup>				
Other Costs <sup>3</sup>				
Unit Cost to Make and Sell				

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

<sup>1</sup> Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

<sup>2</sup> Relating to costs of production only; identify each cost separately.

<sup>3</sup> Identify each cost separately. Please ensure non-operating expenses that relate to the goods under consideration are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

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

*Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.*

*If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.*

*Please specify unit of currency.*



### G-5 Cost to make and sell goods under consideration (goods exported to Australia)

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

Please note that cost to make and sell for Australia is the same for all other countries. The difference is the species of log use.

Information provided in the confidential questionnaire.

	Quarter X	Quarter X	Quarter X	Quarter X
<b>Model/Type exported to Australia – from spreadsheet LIKEGOOD</b>				
Material Costs <sup>1</sup>				
Direct Labour				
Manufacturing Overheads				
Other Costs <sup>2</sup>				
<b>Total Cost to Make</b>				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses <sup>3</sup>				
Other Costs <sup>3</sup>				
<b>Unit Cost to Make and Sell</b>				

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

<sup>1</sup> Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

<sup>2</sup> Relating to costs of production only; identify each cost separately.

<sup>3</sup> Identify each cost separately. Please ensure non-operating expenses that relate to the goods are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

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

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.  
**Domestically we sell spruce, to Australia and other export markets we sell pine. Spruce is a more expensive log to buy.**
- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.
- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.  
**No difference.**

## **G-6 Major raw material costs**

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

**Raw material costs have been shown in the income statement as well as in the production costs. Information provided in the confidential questionnaire.**

For these major inputs:

- identify materials sourced in-house and from associated entities;  
**no associated companies, we only deal with 3<sup>rd</sup> party suppliers.**
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

**We buy log at a price per cubic meter. The log prices vary with each deal made. Some contracts run over a longer period of time and some deals are made on a spot basis. The valuation is done on an average basis. Information provided in the confidential questionnaire.**

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

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

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

**Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.**

**SECTION H  
EXPORTER'S DECLARATION**

I hereby declare that..HWN Holz Werke Nord GmbH did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete **(as far as possible)** and correct to the best of my knowledge and belief.

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

**Name** :..Theresia Reff

**Signature** :.....

**Position in Company** :.Logistics Manager, Ilim Group

**Date** :

## SECTION I CHECKLIST

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

Section	Please tick if you have responded to all questions
Section A – general information	<input type="checkbox"/>
Section B – export price	<input type="checkbox"/>
Section C – like goods	<input type="checkbox"/>
Section D – domestic price	<input type="checkbox"/>
Section E – fair comparison	<input type="checkbox"/>
Section F – exports to third countries	<input type="checkbox"/>
Section G – costing information	<input type="checkbox"/>
Section H – declaration	<input type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
<b>INCOME STATEMENT</b>	<input type="checkbox"/>
<b>TURNOVER</b> – sales summary	<input type="checkbox"/>
<b>AUSTRALIAN SALES</b> – list of sales to Australia	<input type="checkbox"/>
<b>DOMESTIC SALES</b> – list of all domestic sales of like goods	<input type="checkbox"/>
<b>THIRD COUNTRY</b> – third country sales	<input type="checkbox"/>
<b>PRODUCTION</b> – production figures	<input type="checkbox"/>
<b>DOMESTIC COSTS</b> – costs of goods sold domestically	<input type="checkbox"/>
<b>AUSTRALIAN COSTS</b> – costs of goods sold to Australia	<input type="checkbox"/>

## APPENDIX

### GLOSSARY OF TERMS

This glossary is intended to provide you with a basic understanding of technical terms that appear in the questionnaire.

#### Adjustments

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: *sales occurring at different times* (it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); *specification differences*; *packaging*; *taxes*; *level of trade*; *advertising*; *servicing/warranty*; *inland freight*; *warehousing*; *export charges*; *credit terms*; *duty drawback*; *commissions*.

Adjustments may also be required where the normal value is based upon costs to make and sell.

#### Arms length

Sales are not considered to be at "arms length" on your domestic market if there is any consideration payable for the goods other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

#### Constructed value

In cases where domestic prices paid for the goods under consideration in the country of export cannot be used for the determination of normal value, ie. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the goods under consideration plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

#### Cost of production/manufacturing

The cost of production or manufacture consists of all manufacturing costs associated with the goods. It is the sum of direct materials, direct labour and factory overheads.

## **Cost to make and sell**

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

## **Country of origin**

The country in which the last significant process in the manufacture or production of the goods was performed.

## **Date of sale**

Customs and Border Protection will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

## **Direct labour cost**

Direct labour is categorised as a variable cost, ie. the value varies with the level of production.

## **Dumping**

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

## **Dumping margin**

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

## **Export price**

The export price of the goods is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

## **Exporting country**

The country of export is normally the country of origin from which the goods are shipped. The country of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

## **Factory overheads**

Factory overheads consist of variable costs eg. power, supplies, indirect labour and fixed costs eg. factory rent, factory insurance, factory depreciation etc.

## Goods under consideration (the goods)

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

## Incoterms

The following abbreviations are commonly used (comment is provided concerning costs that are normally borne by the seller):

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the seller's premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance) the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CPT	carriage paid to
CIP	carriage and insurance paid to the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc
DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customer's disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc incurred upon importation)

## Investigation period



A period defined by Customs and Border Protection over which importations of the goods are examined.

## **Like goods**

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the goods under consideration or that, although not alike in all respects have characteristics closely resembling those of the goods under consideration. The term 'like goods' also refers to the goods produced by the Australian industry allegedly being injured by dumped imports.

## **Normal value**

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based upon all costs to make and sell the goods. Profit may also be included if the sales on the domestic market are profitable. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, Customs and Border Protection will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by Customs and Border Protection and the normal value is determined as if the surrogate country were the export source.

## **Ordinary course of trade**

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

### **Selling, general and administration expenses (SG&A)**

The selling, general and administration expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the goods were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- . domestic sales of like goods;
- . sale of goods of the same general category by the exporter; or
- . sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.