



Australian Government
Australian Customs and
Border Protection Service

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**INVESTIGATION INTO THE ALLEGED DUMPING OF
ELECTRICAL CABLE**

EXPORTED FROM

THE PEOPLES REPUBLIC OF CHINA

EXPORTER VISIT REPORT

GUILIN GROUP COMPANIES

**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**

November 2011

1 CONTENTS

1	CONTENTS	2
2	BACKGROUND	4
2.1	Background to the current investigation	4
2.2	Purpose of visit	4
2.3	Meeting dates and attendees	5
2.4	Preliminary issues	6
3	COMPANY INFORMATION	7
3.1	Company information	7
3.2	Accounting	8
3.3	Production process	8
3.4	Treatment of the Guilin Group as a single exporter	8
4	GOODS UNDER CONSIDERATION AND LIKE GOODS	10
4.1	The goods the subject of the application	10
4.2	Tariff classification	10
4.3	Like goods	10
4.4	Electric cable used domestically	10
5	SALES TO AUSTRALIA	12
5.1	General	12
5.2	Export sales process	12
5.3	Pricing	12
5.3.1	Pricing and terms	12
5.3.2	Discounts, rebates and allowances	13
5.3.3	Date of sale	13
5.4	Export sales verification - reconciliation to financial statements	13
5.5	Export sales verification - verification to source documents	14
5.5.1	Export sales spreadsheets	14
5.5.2	Source documents	14
5.5.3	Sales volume and value	15
5.5.4	Sales through trading companies	15
5.5.5	Ocean freight	15
5.5.6	Inland freight	16
5.6	The exporter	16
5.7	The importer	16
5.8	Arms length	17
5.9	Export price - preliminary assessment	17
6	COST TO MAKE & SELL	19
6.1	Introduction	19
6.2	Production volumes	20
6.3	Cost to make	20
6.4	Selling, general and administration (SG&A) expenses	23
6.5	Cost to make and sell - summary	24
7	DOMESTIC SALES	25
7.1	General	25
7.2	Domestic sales process	25

PUBLIC FILE VERSION

**PUBLIC
FILE 35**

7.3 Pricing..... 25

7.3.1 Pricing and terms..... 25

7.3.2 Discounts, rebates and allowances..... 26

7.3.3 Date of sale..... 26

7.4 Domestic sales verification - reconciliation to financial statements..... 26

7.5 Domestic sales verification – verification to source documents..... 27

7.5.1 Domestic sales spreadsheets..... 27

7.5.2 Source documents..... 27

7.5.3 Sales volume and value..... 27

7.5.4 Inland freight..... 28

7.6 Arms length transactions..... 28

7.7 Volume and suitability of sales..... 28

7.8 Ordinary course of trade..... 28

7.9 Sales by other sellers..... 29

7.10 Domestic sales – summary..... 29

8 *THIRD COUNTRY SALES*..... 30

9 *ADJUSTMENTS*..... 31

9.1 Adjustments in respect of domestic sales..... 31

9.1.1 Credit terms..... 31

9.1.2 Domestic freight..... 31

9.1.3 Inventory carrying costs..... 31

9.1.4 Domestic selling expenses..... 32

9.2 Adjustments in respect of export sales..... 32

9.2.1 Credit terms..... 32

9.2.2 Inland freight and FOB charges..... 32

9.2.3 Inventory carrying costs..... 33

9.2.4 Domestic selling expenses..... 33

9.3 Other adjustments..... 33

9.3.1 Level of trade..... 33

9.3.2 Packing costs..... 33

9.3.3 Trader margin..... 33

10 *NORMAL VALUE*..... 34

10.1 Profit for constructed normal values..... 34

10.2 Conclusion..... 34

11 *DUMPING MARGINS*..... 35

12 *LIST OF APPENDICES AND ATTACHMENTS*..... 36

2 BACKGROUND**2.1 Background to the current investigation**

On 11 August 2011, Advance Cables Pty Ltd (Advance), Olex Cables Pty Ltd (Olex) and Prysmian Power Cables & Systems Australia Pty Ltd (Prysmian) lodged an application requesting that the Minister for Home Affairs publish a dumping duty notice in respect of certain electric cables¹ exported to Australia from the People's Republic of China.

The investigation was initiated on 9 September 2011. Public notification of initiation of the investigation was made in *The Australian* newspaper on 9 September 2011. Australian Customs Dumping Notice (ACDN) No. 2011/40 provides further details of this investigation and is available at www.customs.gov.au.

Following initiation of the investigation, a search of Customs and Border Protection's import database indicated that Guilin International Wire & Cable Group Co., Ltd (Guilin International), Guilin Feilong Wire & Cable Co., Ltd (Feilong), Guilin Xianglong Wire & Cable Co., Ltd (Xianglong) and Guangxi Aoning Electric Cables Co., Ltd (Aoning) exported electric cables from China to Australia during the investigation period (1 July 2010 to 30 June 2011). These companies are related and are referred to the Guilin Group in this report. Customs and Border Protection wrote to the Guilin Group advising them of the initiation of the investigation, requesting co-operation with the investigation and providing copies of the exporter questionnaire for them to complete.

Each of the Guilin Group companies completed the exporter questionnaire, providing details regarding the company, exports, domestic sales and cost to make and sell expenses.

2.2 Purpose of visit

The purpose of the visit was to verify information submitted by the Guilin Group companies in their exporter questionnaire responses. The exporter questionnaire responses were supported by confidential appendices and attachments, including confidential spreadsheets containing sales and costs data requested in the exporter questionnaires.

Non-confidential versions of the exporter questionnaire responses were placed on the public record.

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

- like goods;
- who is the exporter and who is the importer;
- export prices;

¹ Refer to the full description of the goods in section 4 of this report.

PUBLIC FILE VERSION

PUBLIC
FILE 33

- normal values; and
- dumping margins.

2.3 Meeting dates and attendees

Verification meetings were held at Guilin International's office on Monday 21st to Wednesday 23rd November 2011. A follow up translation meeting was also held on Saturday 26th November 2011.

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

Guilin International	
Mr Zhou, Ben Fei Ms Duan, Lan Fang Mr Zhao, Fu Lin Mr Tan, Zhong Ms Ding, Zhong Ying Ms Liang, Gui Lan Mr Zhou, Quan Mr Zhang, Biao Mr Shen, Zhi Wen Mr Nong, Li	Chairman, Board of Directors Vice General-Manager Head of Foreign Trade Department Head of Finance and Accounting Department Head of Domestic Market and Customer Service Head of Engineering and Technology Department Assistant Manager, Foreign Trade Department Export staff Export staff Accounting and Costing Branch
Electra Cables Pty Ltd	
Mr Adam Chen	Director, National and International Sales
Xianglong	
Ms Li, Kai Feng	Accounting and Costing Branch
Feilong	
Ms Yang, Run Zhen	Accounting and Costing Branch
Aoning	
Ms Wu Zhi Qing	Accounting and Costing Branch
Consultants	
Mr Daniel Moulis Mr Charles Zhan Mr Lan, Xiong Mr Wang, Peng Ms Mao, Zhi Hui	Principal, Moulis Legal Graduate Lawyer, Moulis Legal Partner, Boheng Associates Associate, Boheng Associates Associate, Boheng Associates
Australian Customs and Border Protection	
Mr Chris Vincent Mr Carl Halpin	Manager, Operations 1 Supervisor, Operations 2

2.4 Preliminary issues

Prior to the meeting, we forwarded the Guilin Group an exporter visit agenda that included the sales transactions selected for detailed verification.

At the commencement of the meeting, we outlined the investigation timeframes:

- A preliminary affirmative determination may now be made at any time. Provisional measures may be imposed at the time of the preliminary affirmative determination or at any time after the preliminary affirmative determination has been made. Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice.
- A statement of essential facts is due to be placed on the public record by 28 December 2011. The statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister. The statement of essential facts will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister.
- Customs and Border Protection's report to the Minister is due no later than 13 February 2012.

We informed the Guilin Group that anti-dumping measures may only be imposed where the Minister is satisfied that the goods were dumped and the dumped goods had caused or were threatening to cause material injury to the Australian industry.

The Guilin Group cooperated with the verification of the exporter questionnaire responses and provided further information when requested.

We explained to the Guilin Group that we would prepare a report following our visit and that we would provide the company with a draft of the report to review its factual accuracy and to identify those parts of the report it considered confidential. We further advised that, following consultation about confidentiality, we would prepare a non-confidential version of the report for the public record.

Customs and Border Protection considers that the dumping margin is not itself confidential information, but rather an aggregate figure derived from confidential data. The dumping margin will be published in the public record version of the visit report.

Prior to the verification the Guilin Group explained it had found some minor errors in the exporter questionnaire responses. Details of these errors and revised pages to the responses are at **confidential attachment GEN 1**.

3 COMPANY INFORMATION**3.1 Company information**

Guilin International was established in 1956 by a group of individuals (collective enterprise). In 1967 it started to manufacture electric cables and in 1986 it started to export electric cables to Australia.

The Guilin Group provided details of its corporate structure in its exporter questionnaire responses.

Guilin International is 60% owned by Guilin Xin Ao Wire & Cable Co., Ltd (Guilin Xin Ao) and 40% owned by Elite Cables (Aust) Pty Ltd (Elite). Guilin Xin Ao is owned by 36 individual shareholders. It also owns an Australian company, Meltglow (Aust) Pty Ltd (Meltglow) which owns 60% of the Guilin Group's largest Australian customer, Electra Cables (Aust) Pty Ltd (Electra). Elite is owned by **[CONFIDENTIAL TEXT DELETED]**. It also owns 40% of Electra.

Guilin International and Electra own three other electric cable manufacturers (Xianglong, Feilong and Aoning), all of which exported electric cables to Electra during the investigation period. Guilin International and Electra own a fourth company, Guilin Guiao Wire & Cable Co., Ltd. Guilin International advised that this company used to import machinery, but is currently not operating. Guilin International owns or has interests in a number of other companies.

Guilin International provided a summary of its long term investments which it linked to its corporate structure. It also provided its balance sheet at 30 June 2011 which identified total long term investments. These documents are at **confidential attachment GEN 2**.

The financial statements identify main operating income and other operating income and there is a similar classification of costs. Guilin International stated that this was mainly attributed to transfers of raw materials and work in progress within the Guilin Group. It stated that transfers were at cost plus a margin for profit and that the main suppliers were external. Guilin International provided a copy of its other business income ledger summary for the first six months of 2011 (see **confidential attachment GEN 3**). The ledger summary identified the products that made up other operating income; the largest was copper (representing about **[CONFIDENTIAL TEXT DELETED]**% of other operating income) with insulation and packaging material accounting for the majority of the balance. We requested and Guilin International provided a download of the other operating income for copper; over **[CONFIDENTIAL TEXT DELETED]**% of transactions were within the Guilin Group.

The financial statements also identified small amounts for subsidies. A copy of the subsidy income ledger for Guilin International is at **confidential attachment GEN 4**. We verified the total from the ledger to the income statement for 2010. Subsidy income was about 0.2% of total operating income. Most of the income was for technology upgrades.

3.2 Accounting

Each company in the group has its own accounting system, although they are subject to central control. The Guilin Group stated that each company uses generally accepted accounting principles in China and they use a Chinese accounting software package, Yong You. The calendar year is their financial year.

Each company prepares monthly management accounts and their financial accounts are audited by Guangxi Lixin Certified Public Accountants Co., Ltd. The audit reports for Feilong and Xianglong provided the following audit opinion.

We considered that the financial statements of your Company conform to the stipulations of "Accounting Principle of Enterprises", and reasonably reflect the financial status on 2010 December 31, and the operational results and cash flow of your Company in 2010.

The audit opinions for Guilin International and Aoning were expressed in similar terms.

Copies of audited financial statements for 2009 and 2010 and quarterly management accounts for each company were provided in the exporter questionnaire responses.

3.3 Production process

The Guilin Group stated that it mainly purchased its copper requirements from refineries. It mostly purchases [CONFIDENTIAL TEXT DELETED]mm copper rod, although it does also purchase copper cathode which it extrudes into rod (this accounts for [CONFIDENTIAL TEXT DELETED]% of purchases).

The production process involves drawing the wire, stranding and bunching, extruding the insulation, extruding the sheath and packing. Printing is also performed during the extrusion process. Scrap copper and aluminium is recovered and re-melted and scrap polymeric material is sold.

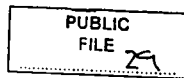
3.4 Treatment of the Guilin Group as a single exporter

Each member of the Guilin Group submitted a response to the exporter questionnaire and provided the cost, export and domestic sales data specific to each company. While each company is a separate legal entity, due to the close structural and commercial relationships between the companies, we have considered the companies as a single exporter for the purpose of determining a dumping margin. We considered the following in making this decision:

- the ownership links between the companies;
- orders from the Australian customers may be filled by any of the companies;
- the export price is the same for all companies; and
- inter-company transfers occur to allow one company to fulfil any order.

As any company has the capacity to export electric cable to Australia that has been manufactured by one of the others, the determination of different margins for the

PUBLIC FILE VERSION



companies would be ineffective. Consequently, this report includes the verification for each company and considers their data separately when necessary, while amalgamating the data to produce a combined normal value, export price and dumping margin.

This issue was considered by a World Trade Organisation dispute settlement panel dealing with ***Korea – Anti-Dumping Duties on Imports of Certain Paper from Indonesia.***

Article 6.10 of the WTO Anti-Dumping Agreement states that

The authorities shall, as a rule, determine an individual margin of dumping for each known exporter or producer concerned of the product under investigation.

The Panel found that the treatment of related parties as a single exporter was consistent with Article 6.10.

4 GOODS UNDER CONSIDERATION AND LIKE GOODS**4.1 The goods the subject of the application**

The goods the subject of the application are described as follows.

The goods under consideration are single and multi-core cables insulated with polymeric materials intended for use in electric installations at working voltages up to and including 1 kV with the following characteristics:

- *suitable for connection to mains power supply; and*
- *comply with Australian Standards AS/NZS 5000.1 or AS/NZS 5000.2.*

The goods under consideration fall into the following categories:

- *flat cables, insulated and sheathed, with two cores and earth and with conductor area up to three square millimetres;*
- *building wire, insulated, unsheathed, single core and with conductor area from two to three square millimetres; and*
- *single core double insulated cable, insulated and sheathed and with conductor area from 12 to 60 square millimetres.*

Further detailed information on the goods is contained in ACDN 2011/40.

4.2 Tariff classification

Electric cables are classified to the tariff subheading 8544.49.20 (statistical codes 40 and 41) of Schedule 3 to the *Customs Tariff Act 1995*. The general rate of duty is currently 5%. Imports from China are subject to the DCS duty rate of 4%.

4.3 Like goods

The Guilin Group provided a model concordance chart identifying all models exported to Australia that fell within the definition of the goods and comparable models sold domestically (**confidential attachment GEN 5**). This chart identified **[CONFIDENTIAL TEXT DELETED]** models that were exported that fell within the definition of the goods and appropriate matches in technical and performance terms. Domestic sales of most comparable models were very small.

4.4 Electric cable used domestically

We asked the Guilin Group what was the difference between electric cable used domestically and electric cable exported to Australia. It explained that different standards apply and that China used a 220 volt power supply compared to 240 volts in Australia.

The Guilin Group also stated that practices differed in the two countries. In Australia buildings are wired using flat electric cables with two conductors and an earth, but in China buildings are wired using single strands of building wire. The majority of the

PUBLIC FILE VERSION



Guilin Group's domestic sales were building wire with conductor areas of 2.5 square millimetres and 1.5 square millimetres (the smaller wire does not fit within the definition of the goods). The Guilin Group stated that it does have a small volume of domestic sales of the models exported to Australia, but these electric cables are generally sold to companies that use them in equipment that is exported.

The Guilin Group explained that in Australia power distribution into factories used single core double insulated electric cables, but in China multiple core electric cables are typically used.

5 SALES TO AUSTRALIA**5.1 General**

The Guilin Group exported the goods under consideration to Australian customers during the investigation period, either directly or indirectly via trading companies. In addition to the goods under consideration, it exported other models of electric cables to Australia.

5.2 Export sales process

The Guilin Group described its export sales process as follows.

- All orders are placed with Guilin International, who then either fulfils the order itself or sends it to one of the other companies in the group.
- If the goods are in stock the goods are shipped to the customer, otherwise the goods are produced and shipped to the customer.
- Goods may be transferred between companies within the Guilin Group to fulfil particular orders (in the exporter questionnaire responses, these transactions have been included as exports by the exporting company and separately identified as inter company sales by the producing company to ensure that they have not been double counted).
- Once the goods are prepared for shipment the accounting department from the relevant company issues an invoice to the customer. Generally orders are invoiced by the company that shipped the goods.
- Guilin International and Aoning exported some goods through trading companies. These exports accounted for about [CONFIDENTIAL TEXT DELETED]% of the total value of exports of the goods under consideration. In these instances, the goods are invoiced by the trading company, but shipped directly from the Guilin Group.
- Ocean freight costs are paid for by the Guilin Group which is then reimbursed by the customer on invoice.

5.3 Pricing**5.3.1 Pricing and terms**

The Guilin Group exported electric cables to [CONFIDENTIAL TEXT DELETED]. All exports through trading companies were to Electra. [CONFIDENTIAL TEXT DELETED] operate at the distributor level of trade.

Sales to Electra

Electra and the Guilin Group negotiate prices based on the current copper price. A price list is issued and electric cables are sold at those prices until the price list is renegotiated. Prices are in US dollars on free on board (FOB) terms. The Guilin Group advised that the price list is renegotiated [CONFIDENTIAL TEXT DELETED]. A summary of prices for the goods under consideration during the investigation period is at confidential attachment EXP 1. Eleven price lists applied during the

investigation period with prices increasing by about [CONFIDENTIAL TEXT DELETED]%. For selected models we verified invoice prices to the price lists and verified that each member of the group invoiced the negotiated list price.

The Guilin Group claimed that all goods were sold on FOB terms. During the verification we found that invoices listed the FOB price for each model, but that they also included ocean freight. The total value of the invoices was expressed in both FOB and cost and freight terms. The Guilin Group explained that FOB prices were negotiated, [CONFIDENTIAL TEXT DELETED]

Sales via trading companies

The Guilin Group advised that it uses trading [CONFIDENTIAL TEXT DELETED]. The Guilin Group sets the price at which the trading company must sell to Electra, and in turn offers the trading company a price at which it is prepared to sell. If the offer is accepted by the trading company, the goods are sold.

Sales to [CONFIDENTIAL TEXT DELETED]

Prices to [CONFIDENTIAL TEXT DELETED] are negotiated at the time of order and once agreed to the order follows the same process as that of orders to Electra. Trading companies are not used for sales [CONFIDENTIAL TEXT DELETED].

5.3.2 Discounts, rebates and allowances

The Guilin Group stated that it does not provide any of its Australian customers with discounts, rebates or allowances and that the price on the invoice is the price paid. We did not find any evidence of rebates or discounts when examining the various accounts and ledgers of the Guilin Group. We are satisfied that there are no rebates or discounts paid.

5.3.3 Date of sale

The Guilin Group advised that the invoice date should be used as the date of sale. Customs and Border Protection usually regards the invoice date as the date of sale (that is, the date that best represents when the material terms of the sale have been established) unless there is clear evidence to indicate that another date is appropriate.

5.4 Export sales verification - reconciliation to financial statements

To check the completeness and relevance of export sales to Australia, we sought to verify the information contained in the exporter spreadsheets upwards through management reports to audited financial statements. Each company provided a 2010 audited income statement, income statements from the management accounts for June 2010, December 2010 and June 2011, an income statement for the investigation period and a turnover spreadsheet reconciling sales in the domestic and export sales spreadsheets to the income statement. These documents are at confidential attachment EXP 2. We verified the management accounts for December 2010 to the audited financial statements.

We requested and Guilin International provided a line by line download of its sales ledger during the investigation period. A reconciliation of the sales ledger to the turnover spreadsheet and the income statement is at confidential attachment EXP 3. The download identified customer, product code, invoice number, invoice quantity and invoice value. We verified total domestic and export sales for all electric cables and the goods under consideration. We also verified the total quantity and values for selected models and selected transactions between the sales ledger and the export sales spreadsheet.

We are satisfied that the Guilin Group export sales spreadsheets are complete listings of exports of the goods under consideration to Australia during the investigation period. We are also satisfied that no other irrelevant sales are included in the spreadsheets.

5.5 Export sales verification – verification to source documents

5.5.1 Export sales spreadsheets

The export sales spreadsheets provided by the Guilin Group included line-by-line information relating to:

- customer;
- level of trade;
- model;
- sales type, either direct export or export via trader;
- invoice and purchase order number;
- invoice date;
- order date;
- sales quantity (kilometres);
- revenue (gross and net invoice value);
- currency;
- exchange rate;
- shipping terms;
- payment terms; and
- inland transport.

We combined the data into a single export sales spreadsheet for the Guilin Group.

5.5.2 Source documents

Prior to the visit, we requested that the Guilin Group provide supporting documents for 20 selected direct shipments to Australia and four shipments that were sold through trading companies. The Guilin Group provided the following documents for each of these shipments during the verification visit:

- commercial invoice;
- sales confirmation / purchase order;
- packing list;
- bill of lading;

PUBLIC FILE VERSION

PUBLIC
FILE 23

- credit advice showing proof of payment to the Guilin companies by their Australian customer.

These documents are at confidential attachment EXP 4.

5.5.3 Sales volume and value

We were able to reconcile sales volume and values using the commercial invoices and packing lists provided during the verification visit to the export sales spreadsheets. There were no discrepancies identified in the sample of documents in relation to sales volume or value, however there were some minor discrepancies when comparing the invoice date on some invoices in the sample. These discrepancies were in the magnitude of a few days and we did not pursue this issue.

Guilin had converted its sales value (which was invoiced in US dollars to the local currency (RMB) in the Australian Sales spreadsheets using the Bank of China exchange rate on the first day of the month. Guilin provided a print out of the Bank of China exchange rates used as well as monthly summaries of the exchange rate from the Bank of China at the first of each month in the investigation period (at confidential attachment EXP 5).

We noted that the proof of payment for each selected transaction indicated that the Australian customers paid the Guilin Group on account. During the verification visit the Guilin Group were able to reconcile the larger payments to account for each invoice using the accounts receivables ledgers, accounting vouchers, bank vouchers and bank statements. We are satisfied that the invoice prices shown in the Australian sales spreadsheets were the price paid by the Australian customers

5.5.4 Sales through trading companies

For sales through trading companies, we verified that the price invoiced to Electra was in accordance with the export price list at confidential attachment EXP 1. The prices in the export sales spreadsheets were in RMB. We converted these prices to US dollars using the exchange rate used for direct sales at that time. We compared these prices to calculate an average trader margin of [CONFIDENTIAL TEXT DELETED]%. These documents are at confidential attachment EXP 6.

5.5.5 Ocean freight

We observed that the commercial invoices for all selected shipments showed both FOB and CFR shipping terms, but that all transactions were reported as FOB in the export sales spreadsheets. The freight component was added to the FOB price to obtain the CFR price on each commercial invoice. Guilin presented that as the ownership and risk of the goods passed to the Australian customer at the port of loading they considered that the goods were shipped FOB despite the exporter paying for the cost of freight, which was then later reimbursed by the Australian customer.

We requested and the Guilin Group provided evidence of freight paid for four selected shipments. These documents are at confidential attachment EXP 7. We

verified that the freight cost paid was the amount included on the commercial invoices to the Australian customers.

5.5.6 Inland freight

The Guilin Group utilises Guilin International's fleet of trucks, supplemented by third party providers, to transport the goods from the manufacturing plants to the port. Freight costs are not separately captured for each shipment. The Guilin Group calculated a single freight cost for the group because costs in respect of the fleet are recorded in the accounts of Guilin International, even when the trucks are used to transport goods for one of the other members of the group.

The Guilin Group calculated the freight cost by dividing the total freight cost of each company by the total export quantity for all goods. We verified freight costs to the income statement for each company and the total export quantity to the turnover spreadsheets.

5.6 The exporter

For direct exports to Australia, we consider the Guilin Group was the exporter. The Guilin Group:

- manufactured the goods to the specific order of the Australian customer;
- is listed as the supplier on the bill of lading;
- invoices the Australian customer for the goods;
- arranges and pays the inland freight;
- arranges ocean freight;
- 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 purchaser of the goods.

For exports to Australia through trading companies, we also consider that the Guilin Group was the exporter. While the trading companies invoice the Australian customer and are listed as the supplier on the bill of lading, the Guilin Group negotiates the price, ships the goods directly to the Australian customer and was aware of the identity of the purchaser of the goods.

5.7 The importer

We noted that the Guilin Group's Australian customers:

- negotiate directly with the Guilin Group for the purchase of electric cables;
- are named as the consignee on the bills of lading; and
- arrange customs clearance, logistics, and storage of the goods after they have been delivered to the Australian port.

We consider that the Australian customers are the importers of the electric cables exported by the Guilin Group and the trading companies utilised by the Guilin Group and consider these customers to be the beneficial owner of the electric cables at the time of importation.

5.8 Arms length

In respect of the Guilin Group's sales of electric cable to its Australian customers during the investigation period, we found no evidence that:

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

We therefore consider all of the Guilin Group's export sales to Australia during the investigation period were arms length transactions.

5.9 Export price – preliminary assessment

For direct exports to Australia by the Guilin Group, we consider:

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

Therefore, we are satisfied that export prices for direct export sales can be established under s. 269TAB(1)(a) of the *Customs Act 1901*², being the price paid or payable by the importer less any part of the price that represents a charge in respect of transport of the goods or in respect of any other matter arising after exportation.

For exports to Australia by the Guilin Group through trading companies, we consider:

- that the goods have been exported to Australia otherwise than by the importer;
- that the goods have not been purchased by the importer from the exporter; and
- the purchases of the goods were arms length transactions.

² A reference to a section or subsection in this report is a reference to a provision of the Act, unless otherwise specified.

PUBLIC FILE VERSION

PUBLIC
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20

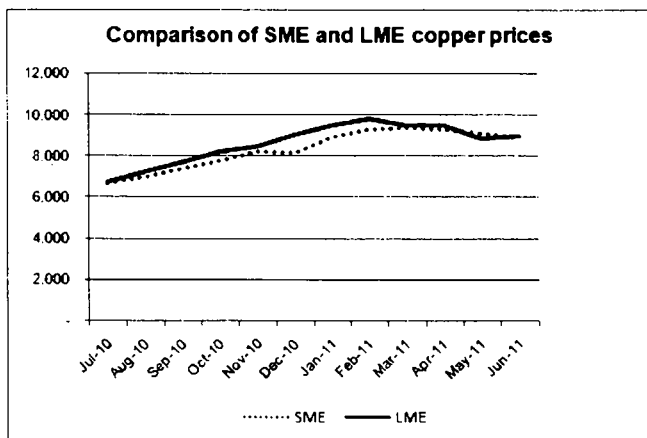
We are satisfied that export prices for export sales through trading companies can be established under s. 269TAB(1)(c), having regard to all relevant information.

A summary of export prices is at confidential appendix 1.

6 COST TO MAKE & SELL**6.1 Introduction**

The Guilin Group provided cost to make and sell (CTMS) spreadsheets for each company and for each model for each month of the investigation period. It advised that copper is the major raw material and that the price it pays reflects the copper price listed on the SME. The Guilin Group stated that it has a team monitoring the price of copper and that it purchases copper when the price is favourable. It advised that it mainly buys based on prices quoted on the futures market. **Confidential attachment CTMS 1** is a contract with an exchange broker for purchases in January 2012. The Guilin Group stated that more typically it would observe a price for a particular time and contact the manufacturer to negotiate a price for drawn product at that time.

We compared SME monthly prices (excluding VAT) for the investigation period with prices from the London Metal Exchange (LME) estimated from monthly price graphs (cash buyer). The comparison is illustrated in the following chart.



The LME price during the investigation period was, on average, about 3% higher than the SME price. We do not consider this difference is sufficient to warrant substituting the LME price for the SME price used by the Guilin Group in its accounts.

The Guilin Group pays 17% VAT on its copper purchases. However, it claims a refund of 17% when electric cable is exported. A copy of a VAT refund application is at **confidential attachment CTMS 2**. The Guilin Group advised that it does not record VAT in its accounts as either income or expense and it is neutral to the company.

6.2 Production volumes

Production volumes are captured when goods are moved into the warehouse and volumes are entered into the finished goods ledger.

6.3 Cost to make

Prior to the visit we advised the Guilin Group that we wanted to verify costs for four products in September 2010 and May 2011. The models selected were **[CONFIDENTIAL TEXT DELETED]**. The following points illustrate the flow of costs:

- raw material suppliers invoice the company;
- the material is received in the warehouse and recorded in the raw materials ledger;
- material is withdrawn and put into production, being recorded in the cost of production ledger, along with other materials, labour and overheads;
- data from the cost of production ledger is used to calculate the cost of production of each model in a cost of production worksheet (this sits outside the accounting system);
- costs from the cost of production worksheet is entered into the finished goods ledger;
- when the goods are sold it is recorded in the cost of goods sold ledger; and
- total costs from the cost of goods sold ledger are recorded in the income statement in the monthly management accounts.

The Guilin Group supplied packages supporting the cost to make for each company for September 2010 and May 2011. We worked through the documents supplied for Guilin International for May 2011. This package is at **confidential attachment CTMS 3**. We also prepared a spreadsheet showing the flow of costs through the various ledgers and worksheets (**confidential attachment CTMS 4**).

Material purchases. The package includes an invoice from the copper supplier for **[CONFIDENTIAL TEXT DELETED]**mm copper rod, a summary of all invoices for the month and an accounting voucher debiting the raw material ledger and crediting accounts payable. The total amount invoiced (including VAT) was credited to accounts payable, but only the invoice value of the copper rod was debited to the raw material ledger; the VAT was debited to a VAT account. We noted that the quantity in the invoice summary differed from the quantity posted to the raw materials ledger. Guilin International explained that the invoice summary was prepared for this verification and that the amounts in the accounting records were correct.

Copper rod raw materials ledger. This copper rod raw materials ledger identifies the entry from the accounting voucher described above, other purchase during the month and the quantity and value of opening inventory. The average unit price of all these entries was used to calculate the value of copper rod issued during the month. During May 2011 a small quantity of copper rod was issued for processing by a third party, but the bulk was issued into production. The raw material ledger was credited with these amounts.

Warehouse out summary. This warehouse out summary identifies issues of copper cathode, aluminium rod, copper wire, copper rod and tinned copper wire. The package included an accounting voucher debiting some of these costs to R&D expenditure, but most to cost of production.

Cost of production ledger. The cost of production ledger records all materials, labour, overheads and energy used in production. The cost of production ledger is credited for materials, labour, overheads and energy used in the plant during the month. Guilin International operates two plants, one that makes the goods under consideration and one that makes electric cable insulated with rubber that is not the goods under consideration.

Cost of production worksheet. Materials, labour, overheads and energy costs from the cost of production ledger were allocated to each model using production volumes. The cost of production worksheet sits outside the accounting system and is used to calculate the cost of production for each model each month. Guilin International has cost of production worksheets for each plant.

Material costs are allocated using standard consumption. The standard material consumption for copper, insulation and sheath for models including the selected products is at **confidential attachment CTMS 5**. The Guilin Group's standard consumption for copper for the selected model [CONFIDENTIAL TEXT DELETED]. The standard price for copper was based on the actual monthly price. Calculation of the standard price for copper for Guilin International is at **confidential attachment CTMS 6** and calculation of the total standard material cost, including an allowance for yield loss, for the selected models for Guilin International is at **confidential attachment CTMS 7**. The material cost of each model in each month was calculated by multiplying the production volume by the standard material cost by the ratio of total actual material costs to total standard material costs. We verified that the total actual material cost for the two selected months for the four companies was within about 2% of the total standard material costs (see **confidential attachment CTMS 8**).

Labour, overheads and energy costs were allocated to each model using unit standard labour. The unit standard labour for models including the selected models is at **confidential attachment CTMS 9**. The total unit standard labour for each model is calculated by summing the amounts for each production process, including middle drawing, fine drawing, extrusion, testing, sheathing, reeling, inspection and packing. Labour, overheads and energy costs were allocated to each model in each month by multiplying the production volume by the standard unit labour by the ratio of total actual labour, overheads and energy costs to total unit standard labour (the sum of production volume and unit standard labour for each model).

Finished goods ledger. The Guilin Group maintains a finished goods ledger for each model. The cost of each model from the cost of production ledger is entered into the finished goods ledger. We noted additional debit entries in the finished goods ledger. These were goods manufactured by Feilong and Xianglong and transferred to Guilin International.

Cost of goods sold ledger. After goods have been sold the finished goods ledger is credited and the cost of goods sold ledger is credited. The total is main operating costs in the May management accounts for Guilin International. We have previously verified that the management accounts are reflected in the audited financial statements.

We identified the cost for PVC in the cost of production ledger. We requested and Guilin International provided invoices and ledger accounts to support this figure. In this case the PVC cost included costs from two raw material ledgers, insulation and sheath material. These documents are at **confidential attachment CTMS 10.**

We requested and Guilin International provided documents to support the material cost transferred to the cost of production worksheet. This comprised a number of vouchers identified in the cost of production ledger and movements in work in progress. Guilin International also provided document verifying work in progress for both plants and reflected in opening and closing balances in the cost of production ledger. These documents are at **confidential attachment CTMS 11.**

Guilin International provided a copy of the copper wire material ledger at **confidential attachment CTMS 12.** We verified the amount issued for production to the cost of production ledger (this material was for use in the rubber cable plant).

We requested and Guilin International provided documents to support the labour cost in the cost of production worksheet. A copy of the wages ledger is at **confidential attachment CTMS 13.** This identified wages for the cable plant, the rubber cable plant and administration. We sighted the wages records supporting this wages cost.

Guilin International provided a summary of its copper purchases during the investigation period at **confidential attachment CTMS 14.** We verified the costs for September 2010 and May 2011. The Guilin Group's average purchase price during the investigation period was slightly higher than the average LME price.

We examined the packages provided for Guilin International for September 2010 and those provided for other members of the group. These packages are at **confidential attachment CTMS 15.** We verified that these packages supported the cost to make in the CTMS spreadsheets. All production costs for the other members of the Guilin Group could be traced through to the income statement. As Guilin International operated two plants, we also verified that there were no significant variations in the cost to make the different models between Guilin International and the other members of the group.

Calculation of the total standard material cost for Feilong and Xianglong, including an allowance for yield loss, for the selected models is at **confidential attachment CTMS 16.**

We are satisfied that the costs verified during the verification are the actual costs incurred by the Guilin Group and recorded in its accounts. We have combined the cost to make for each company and calculated a monthly cost to make for each model for the Guilin Group.

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

The Guilin Group calculated SG&A expenses from selling administration and financial costs recorded in the income statements for each member of the group. For each company it provided a printout of these costs from their financial systems and a summary of costs for the investigation period. These documents are at **confidential attachment CTMS 17.**

Guilin International and Aoning separately record domestic and export selling expenses. Xianglong **[CONFIDENTIAL TEXT DELETED]**. Feilong **[CONFIDENTIAL TEXT DELETED]**. We have treated all Feilong's and Xianglong's selling expenses as export selling expenses.

Selling expenses include freight. This has been deducted from selling expenses as it is treated separately. Wages are recorded in administration expenses. The Guilin Group provided a breakdown of domestic sales, export sales and administration wages for Guilin International at **confidential attachment CTMS 18.** Domestic and export sales wages were added to selling expenses. We noted a difference between administration wages for Guilin International in May 2011 previously verified at **confidential attachment CTMS 13.** Guilin International explained that this was due to an incorrect entry and provided a copy of the ledger where the entry was corrected (**confidential attachment CTMS 19.**) Guilin International also included some promotion costs related to domestic sales in administration expenses and these were added to domestic selling expenses.

Administration and financial expenses were calculated after making the above adjustments. We checked total SG&A expenses to the income statement for each company. We found that a small item referred to as operation tax had not been included. For completeness we added this to administration and financial expenses.

We calculated domestic selling expenses, export selling expenses and administration and financial expenses for the Guilin Group. We found that the cost of goods sold for the Guilin Group was **[CONFIDENTIAL TEXT DELETED]**% of sales revenue and used this percentage to estimate the cost of goods sold for domestic and export sales. Export selling expenses were **[CONFIDENTIAL TEXT DELETED]**% of the cost of goods sold, domestic selling expenses were **[CONFIDENTIAL TEXT DELETED]**% and administration and financial expenses were **[CONFIDENTIAL TEXT DELETED]**%. Our calculation of SG&A expenses is at **confidential attachment CTMS 20.**

The Guilin Group calculated domestic freight for Guilin International and Aoning by dividing total domestic freight by total domestic sales quantity for each company. Xianglong does not have any domestic sales. Feilong and Guilin International are located next to each other and there is no freight cost for domestic sales from Feilong to Guilin International. The weight average domestic freight cost is **[CONFIDENTIAL TEXT DELETED]**RMB/km.

We calculated the monthly CTMS for each model for the Guilin Group by adding **[CONFIDENTIAL TEXT DELETED]**% of the cost to make for domestic selling

PUBLIC FILE VERSION

PUBLIC
FILE

14

expenses, [CONFIDENTIAL TEXT DELETED]% for administration and financial expenses and [CONFIDENTIAL TEXT DELETED]RMB/km for domestic freight.

6.5 Cost to make and sell – summary

We are satisfied that sufficient information was available and verified to substantiate the CTMS electric cables by the Guilin Group. We consider these CTMS are suitable for:

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

The CTMS the various models is summarised at confidential appendix 2.

7 DOMESTIC SALES**7.1 General**

In the investigation period, the Guilin Group produced like goods for sale on the domestic market. All production by Feilong for domestic consumption was [CONFIDENTIAL TEXT DELETED]. Xianglong [CONFIDENTIAL TEXT DELETED]. The Guilin Group sold other cable products on the domestic market.

7.2 Domestic sales process

The Guilin Group described its domestic sales process in general as follows.

- Sales personnel across China will negotiate with the customer to finalise an order after which the customer will place an order to the sales department by fax or phone.
- The sales team will produce a delivery docket and invoice.
- If the goods are in stock the goods are shipped to the customer or alternatively if the goods are not in stock the goods are produced and shipped to the customer.
- Additionally some sales are made to branch offices who then on-sell the cable to other customers.

7.3 Pricing**7.3.1 Pricing and terms**

The Guilin Group provided in their exporter questionnaire responses a listing of all domestic sales which identified all customers and the level of trade for each customer. [CONFIDENTIAL TEXT DELETED] domestic customers operate at the distributor level of trade, [CONFIDENTIAL TEXT DELETED] to end users. Some sales are made to unrelated parties whereas others are made through branches.

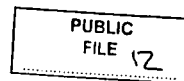
The Guilin Group advised that there were price differences between sales to distributors and end users, as the higher sales volume of the distributors permitted them to negotiate a lower price. It did not maintain a separate internal price list dependant on the level of trade and did not seek any level of trade adjustment.

Sales to unrelated customers

Guilin identified that most sales were to external customers where there was no relationship between the Guilin Group and the customer other than a normal commercial buyer-seller relationship. For these customers, sales personnel use an internal price list to negotiate prices with external customers and once a price is agreed upon a sale is made.

During the verification visit the Guilin Group advised that price lists are updated [CONFIDENTIAL TEXT DELETED]. The price list is an internal document and is not given to customers. The price includes transport of the goods which is

PUBLIC FILE VERSION



conducted using Guilin International's fleet of vehicles, supplemented by third party transport carriers.

Sales to branch "companies"

During the verification visit the Guilin Group advised that some sales to domestic customers were to branch "companies" of the Guilin Group. The Guilin Group advised that although these branch "companies" were not legal separate entities, under Chinese law they operated in a similar manner as a company in so far as maintaining their own accounts.

Sales to these customers followed a similar process to the unrelated customer, however the pricing was slightly lower to allow the branch to add a profit when it on sold the cable to external unrelated parties.

7.3.2 Discounts, rebates and allowances

The Guilin Group submitted that it does not provide any of its domestic customers with discounts, rebates or allowances and that the invoice price is the price paid. We did not find any evidence of rebates or discounts when examining the accounts and ledgers of the Guilin Group. We are satisfied that there are no rebates or discounts paid.

7.3.3 Date of sale

The Guilin Group advised that the invoice date should be used as the date of sale. Customs and Border Protection usually regards the invoice date as the date of sale (that is, the date that best represents when the material terms of the sale have been established) unless there is clear evidence to indicate that another date is appropriate.

7.4 Domestic sales verification - reconciliation to financial statements

We requested and Guilin International provided a line by line download of its sales ledger during the investigation period. A reconciliation of the sales ledger to the turnover spreadsheet and the income statement is at [confidential attachment EXP 3](#). The download identified customer, product code, invoice number, invoice quantity and invoice value. We verified total domestic and export sales for all electric cables and the goods under consideration. We also verified the total quantity and values for selected models and selected transactions between the sales ledger and the export sales spreadsheet.

We are satisfied that the Guilin Group domestic sales spreadsheets are complete listings of domestic sales of like goods during the investigation period. We are also satisfied that no other irrelevant sales are included in the spreadsheets.

7.5 Domestic sales verification – verification to source documents

7.5.1 Domestic sales spreadsheets

The domestic sales spreadsheets provided by the Guilin Group included line-by-line information relating to:

- customer;
- level of trade;
- model;
- sales type, either direct export or export via trader;
- invoice and purchase order number;
- invoice date;
- order date;
- sales quantity (kilometres);
- revenue (gross and net invoice value);
- currency;
- exchange rate;
- shipping terms;
- payment terms; and
- inland transport;

We combined the data into a single domestic sales spreadsheet for the Guilin Group. We added a column to identify the comparable export model.

7.5.2 Source documents

Prior to the visit, we requested that the Guilin Group provide supporting documents for 12 selected domestic sales. The Guilin Group provided the following documents for each of these shipments during the verification visit:

- commercial invoice;
- credit advice showing proof of payment.

These documents are at confidential attachment DOM 1. The combined domestic sales spreadsheet [CONFIDENTIAL TEXT DELETED] Documents supporting Feilong's domestic sales are at confidential attachment DOM 2.

7.5.3 Sales volume and value

We were able to reconcile sales volumes and values using the commercial invoices provided during the verification visit. There were no discrepancies identified in the sample of documents provided. All domestic sales were invoiced in local currency (RMB).

We noted that the proof of payment for each selected transaction indicated that most domestic customers paid the Guilin Group on account. During the verification visit the Guilin Group were able to reconcile the larger payments to account for each

invoice using the accounts receivables ledgers, accounting vouchers, bank vouchers and bank statements.

7.5.4 Inland freight

The Guilin Group utilises Guilin International's own fleet of **[CONFIDENTIAL TEXT DELETED]** trucks, supplemented by third party providers to transport the goods from the manufacturing plants to domestic customers. Freight costs are not separately captured for each shipment.

The Guilin Group calculated the freight cost by dividing the total freight cost of each company by the total domestic sales quantity for all goods. We verified freight costs to the income statement for each company and the total domestic sales quantity to the turnover spreadsheets.

7.6 Arms length transactions

In respect of the Guilin Group's domestic sales of electric cables, 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 all of the Guilin Group's domestic sales during the investigation period were arms length transactions.

7.7 Volume and suitability of sales

Domestic sales cannot be used to establish normal values if the volume of domestic sales is less than 5% of the volume of comparable goods exported to Australia. We compared the volume of the Guilin Group's export sales of each model with domestic sales of comparable models. The volume of domestic sales of only two models exceeded 5% of the volume of comparable models exported to Australia **[CONFIDENTIAL TEXT DELETED]**. These models accounted for about 5% of the total export volume of the goods under consideration.

7.8 Ordinary course of trade

We compared the unit invoice price paid for each domestic sale of models **[CONFIDENTIAL TEXT DELETED]** (comparable to **[CONFIDENTIAL TEXT DELETED]**) with the fully absorbed cost to make and sell those models for the corresponding month. We then compared the selling prices of the loss making sales with the weighted average cost to make and sell for the investigation period to test whether some of those sales may be taken to be recoverable within a reasonable period of time. The **[CONFIDENTIAL TEXT DELETED]** was profitable (there were only two low volume export sales of this model). We have used the domestic sale of

this model to calculate normal values. For models [CONFIDENTIAL TEXT DELETED]% of domestic sales were at a loss and not recoverable. As more than 20% of sales of this model were not recoverable, non-recoverable sales were not taken into account when calculating normal values.

7.9 Sales by other sellers

There are other sellers of electric cables in China. No other seller complete an exporter questionnaire response by the due date.

7.10 Domestic sales – summary

In relation to models [CONFIDENTIAL TEXT DELETED], we found a sufficient volume of sales in the domestic market that were arms length and sold at prices that were in the ordinary course of trade. The price paid for the goods in those domestic sales was established satisfactorily. Based on the information provided by the Guilin Group, and the verification processes conducted on site, we consider that prices paid in respect of domestic sales of these models are suitable for assessing normal value under s. 269TAC(1).

In relation to all other models exported to Australia, we found insufficient volume of sales in the domestic market that were arms length and sold in the ordinary course of trade. Based on the information provided by the Guilin Group, and the verification processes conducted on site, we consider that the normal value for these models should be established under s. 269TAC(2)(c), using the cost of manufacture of the goods plus amounts for the SG&A costs on the assumption that the goods, instead of being exported, had been sold for home consumption.

A summary of domestic sales suitable for establishing normal values is at confidential appendix 3.

PUBLIC FILE VERSION

PUBLIC
FILE 8

8 THIRD COUNTRY SALES

[CONFIDENTIAL TEXT DELETED]

9 ADJUSTMENTS

We made adjustments to the normal value for the following items.

9.1 Adjustments in respect of domestic sales

We made negative adjustments for the following items.

9.1.1 Credit terms

The Guilin Group stated that credit terms are taken into account during price negotiations. The Guilin Group provided a summary of average payment collection days for domestic customers at confidential attachment ADJ 1. We calculated the average collection days by dividing each company's accounts receivable balance by total sales and multiplying by 365. We used the average short term borrowing rate for the investigation period (**[CONFIDENTIAL TEXT DELETED]**%).

Company	Average collection days
Guilin International	[CONFIDENTIAL TEXT DELETED]
Aoning	[CONFIDENTIAL TEXT DELETED]
Weighted average	[CONFIDENTIAL TEXT DELETED]

9.1.2 Domestic freight

The Guilin Group calculated the freight cost by dividing the total freight cost of each company by the total domestic sales quantity for all goods. We verified freight costs to the income statement for each company and the total domestic sales quantity to the turnover spreadsheets (see confidential attachment ADJ 2). We calculated a weighted average freight cost for domestic sales. Freight costs are summarised in the following table.

Company	Average freight cost (RMB/km)
Guilin International	[CONFIDENTIAL TEXT DELETED]
Aoning	[CONFIDENTIAL TEXT DELETED]
Weighted average	[CONFIDENTIAL TEXT DELETED]

9.1.3 Inventory carrying costs

The Guilin Group incurs a higher cost for storing the goods for domestic sales because domestic sales are typically made from inventory, whereas export sales are typically made to order. During the tour of the plant we observed larger quantities of inventory for domestic sales than inventory for exports. We calculated average inventory days and multiplied this by the short term borrowing rate to calculate a weighted average domestic inventory carrying cost of **[CONFIDENTIAL TEXT DELETED]**%. We applied this to the cost to make each model (see confidential attachment ADJ 3).

9.1.4 Domestic selling expenses

The Guilin Group incurs higher selling expenses in respect of domestic sales. The calculation of selling expenses was discussed in section 6.4 dealing with SG&A expenses). We have made an adjustment for domestic selling expenses of [CONFIDENTIAL TEXT DELETED]% of sales value.

9.2 Adjustments in respect of export sales

We made positive adjustments for the following items.

9.2.1 Credit terms

The Guilin Group stated that credit terms are taken into account during price negotiations. The Guilin Group provided a summary of average payment collection days for export customers at confidential attachment ADJ 4. We calculated the average collection days by dividing its accounts receivable balance by total sales and multiplying by 365. We used the average short term borrowing rate for the investigation period ([CONFIDENTIAL TEXT DELETED]%).

Company	Average collection days
Guilin International [CONFIDENTIAL TEXT DELETED]	[CONFIDENTIAL TEXT DELETED]
Guilin International [CONFIDENTIAL TEXT DELETED]	[CONFIDENTIAL TEXT DELETED]
Guilin International [CONFIDENTIAL TEXT DELETED]	[CONFIDENTIAL TEXT DELETED]
Aoning [CONFIDENTIAL TEXT DELETED]	[CONFIDENTIAL TEXT DELETED]
Aoning [CONFIDENTIAL TEXT DELETED]	[CONFIDENTIAL TEXT DELETED]

9.2.2 Inland freight and FOB charges

The Guilin Group calculated a single freight cost for the group because costs in respect of the fleet are recorded in the accounts of Guilin International, even when the trucks are used to transport goods for one of the other members of the group. The Guilin Group calculated the freight cost by dividing the total freight cost of each company by the total export quantity for all goods. We verified freight costs to the income statement for each company and the total export quantity to the turnover spreadsheets. spreadsheets (see confidential attachment ADJ 2). We calculated a weighted average freight cost for export sales of [CONFIDENTIAL TEXT DELETED]RMB/km.

9.2.3 Inventory carrying costs

The Guilin Group incurs a higher cost for storing the goods for domestic sales because domestic sales are typically made from inventory, whereas export sales are typically made to order. During the tour of the plant we observed larger quantities of inventory for domestic sales than inventory for exports. We calculated average inventory days and multiplied this by the short term borrowing rate to calculate a weighted average export inventory carrying cost of [CONFIDENTIAL TEXT DELETED]%. We applied this to the cost to make each model (see confidential attachment ADJ 3).

9.2.4 Domestic selling expenses

The Guilin Group incurs higher selling expenses in respect of domestic sales. The calculation of selling expenses was discussed in section 6.4 dealing with SG&A expenses). We have made an adjustment for export selling expenses of [CONFIDENTIAL TEXT DELETED]% of sales value.

9.3 Other adjustments

9.3.1 Level of trade

The Guilin Group's domestic sales include sales to distributors/wholesalers, as well as to end users. Its export sales are at the importer/ distributor level. The Guilin Group has been unable to quantify an adjustment for level of trade.

9.3.2 Packing costs

The Guilin Group stated that packaging for domestic products is different to export products. Domestic products are packed individually (reel) in a fabric bag. The lengths are much shorter on average, meaning that there are more reels. The bags must then be manually tied. Further, some domestic customers also request the bags to be painted. The Guilin Group stated that the cost of packing for the domestic market is slightly higher than packing for the export market. However, it has been unable to quantify the packing costs and has not made a claim for an adjustment.

9.3.3 Trader margin

For goods exported through trading companies, Customs and Border Protection has not made an adjustment for the traders' margin as the price used was the price from the Guilin Group to the trader, not the price from the trader to the Australian customer.

10 NORMAL VALUE**10.1 Profit for constructed normal values**

The Guilin Group submits that we use zero profitability, on either of the following bases:

- there are no sales of the directly like goods on the domestic market for domestic consumption in the investigation period, either in acceptable volumes or at all; or
- the profitability for its domestic sales of comparable models, excluding extraordinary and abnormal items, in the investigation period was zero.

We consider that a margin for profit should be included. We recognise that flat cables and building wire are high volume low margin products, but consider that a margin for profit should be included. Further, the single core double insulated cables typically generate higher margins.

We found that the combined margin for profit of the Guilin Group from the income statements for each of the members was [CONFIDENTIAL TEXT DELETED]% (expressed as a percentage of total operating costs). The margin for profit for export sales was [CONFIDENTIAL TEXT DELETED]% and for domestic sales was [CONFIDENTIAL TEXT DELETED]%. The constructed normal value should reflect a cost on the assumption that the goods were sold on the domestic market. We therefore consider that a margin for profit of [CONFIDENTIAL TEXT DELETED]% should be used when constructing normal values.

10.2 Conclusion

We consider that information gathered from all sources and detailed in this report and its attachments, can be relied upon to establish normal values under s. 269TAC(1) and s. 269TAC(2)(c). We have made adjustments to the normal value under s. 269TAC(8) and s. 269TAC(9), as applicable, for credit terms, inland freight, handling, loading and auxiliary costs, inventory carrying costs and selling costs.

We calculated normal values using:

- for models [CONFIDENTIAL TEXT DELETED], sales in the domestic market that were arms length transactions and sold at prices that were in the ordinary course of trade; and
- for all other models, the cost of manufacture plus amounts for SG&A expenses and profit.

In constructing normal values we added a margin for profit of [CONFIDENTIAL TEXT DELETED]%

Normal value calculations are at confidential appendix 4.

11 DUMPING MARGINS

We calculated a weight average product dumping margin of minus 4.8%. Calculation of dumping margins is at confidential appendix 5. We noted that:

- the weighted average product dumping margin without adjustments was minus [CONFIDENTIAL TEXT DELETED]%;
- the weighted average product dumping margin was negative in each month of the investigation period; and
- the weighted average dumping margin for only one model was positive during the investigation period (there was only one small volume shipment of this model).

12 LIST OF APPENDICES AND ATTACHMENTS

Confidential appendix 1	Export price summary
Confidential appendix 2	Cost to make and sell
Confidential appendix 3	Domestic sales summary
Confidential appendix 4	Normal values summary
Confidential appendix 5	Dumping margin summary
Confidential attachment GEN 1	Minor errors in exporter questionnaire responses
Confidential attachment GEN 2	Guilin International's long term investments
Confidential attachment GEN 3	Guilin International's other business income ledger
Confidential attachment GEN 4	Guilin International's subsidy income ledger
Confidential attachment GEN 5	Model concordance chart
Confidential attachment EXP 1	Summary of prices for the goods under consideration
Confidential attachment EXP 2	Audited incomes statements and turnover spreadsheets
Confidential attachment EXP 3	Reconciliation of Guilin International's sales ledger to the turnover spreadsheet and the income statement
Confidential attachment EXP 4	Documents supporting selected shipments
Confidential attachment EXP 5	Bank of China exchange rates
Confidential attachment EXP 6	Trader margin
Confidential attachment EXP 7	Evidence of freight paid
Confidential attachment CTMS 1	Contract with an exchange broker for copper purchases
Confidential attachment CTMS 2	VAT refund application
Confidential attachment CTMS 3	Documents supporting Guilin International product costs for May 2011
Confidential attachment CTMS 4	Spreadsheets illustrating flow of costs
Confidential attachment CTMS 5	Standard material consumption for copper, insulation and sheath
Confidential attachment CTMS 6	Calculation of the standard price for copper in May 2011
Confidential attachment CTMS 7	Calculation of the total standard material cost for Guilin International, including an allowance for yield loss in May 2011
Confidential attachment CTMS 8	Total standard and actual material costs in May 2011
Confidential attachment CTMS 9	The unit standard labour
Confidential attachment CTMS 10	Documents supporting PVC cost in May 2011
Confidential attachment CTMS 11	Calculation of material costs transferred to production in May 2011
Confidential attachment CTMS 12	Copper wire material ledger in May 2011
Confidential attachment CTMS 13	Wages ledger in may 2011
Confidential attachment CTMS 14	Summary of its copper purchases during the investigation period
Confidential attachment CTMS 15	Other cost packages

PUBLIC FILE VERSION

PUBLIC
FILE 1

Confidential attachment CTMS 16	Calculation of the total standard material cost for Feilong and Xianglong, including an allowance for yield loss in May 2011
Confidential attachment CTMS 17	Summary of SG&A expenses
Confidential attachment CTMS 18	Domestic sales, export sales and administration wages for Guilin International in May 2011
Confidential attachment CTMS 19	Wages ledger correcting incorrect entry
Confidential attachment CTMS 20	Export and domestic selling expenses
Confidential attachment DOM 1	Documents supporting selected sales
Confidential attachment DOM 2	Documents supporting selected sales for Feilong
Confidential attachment ADJ 1	Payment collection days for domestic customers
Confidential attachment ADJ 2	Domestic and inland freight
Confidential attachment ADJ 3	Inventory carrying costs
Confidential attachment ADJ 4	Payment collection days for export customers