

## PUBLIC RECORD VERSION



**Australian Government**  
 Department of Industry,  
 Innovation and Science

**Anti-Dumping  
 Commission**

## Exporter Questionnaire – Section A



**Product:** Hot Rolled Structural Steel Sections (HRS)  
**From:** The Republic of Korea (Korea)  
**Period of Review:** 1 January 2017 to 31 December 2017  
**Response due by:** 25 April 2018<sup>1</sup>

<b>Section A</b>	<b>26 April 2018</b>
<b>Sections B to H</b>	<b>Extended to 10 May</b>

**Important note:** The timeliness of your response is important. Please refer below for more information.

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**Return completed questionnaire to:** [investigations3@adcommission.gov.au](mailto:investigations3@adcommission.gov.au)  
 OR  
 Anti-Dumping Commission  
 GPO Box 2013  
 Canberra  
 Australian Capital Territory 2601  
 Australia  
 Attention: Director Investigations 3

<sup>1</sup> As this date falls on a public holiday, the effective due date is the next business day, being 26 April 2018.

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### GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods subject to anti-dumping measures, in the form of a dumping duty notice, are:

The 'description of goods' subject to measures, whether or not containing alloys, are:

- universal beams (I sections), of a height greater than 130mm and less than 650mm;
- universal columns and universal bearing piles (H sections), of a height greater than 130mm and less than 650mm;
- channels (U sections and C sections) of a height greater than 130mm and less than 400mm; and
- equal and unequal angles (L sections), with a combined leg length of greater than 200mm.
- Minimal processing, such as cutting, drilling or painting does not exclude the goods from measures.

The goods are currently classified to the tariff subheadings 7216.31.00 (statistical code 30), 7216.32.00 (statistical code 31), 7216.33.00 (statistical code 32), 7216.40.00 (statistical code 33) and 7228.70.00 (statistical codes 11, 12) in Schedule 3 to the *Customs Tariff Act 1995*.

The following descriptions are excluded from measures, exemption type "GOODS" applies:

- hot rolled 'T' shaped sections, sheet pile sections and hot rolled merchant bar shaped sections, such as rounds, squares, flats, hexagons, sleepers and rails; and
- sections manufactured from welded plate (e.g. welded beams and welded columns).

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**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 review:

**Head office:**

Name	<b>Byongchul Kim</b>
Position	<b>Deputy General Manager</b>
Address	<b>231 Yangjae-Dong Secho-Gu Seoul Republic of Korea</b>
Telephone	<b>[CONFIDENTIAL TEXT DELETED]</b>
Facsimile number	<b>[CONFIDENTIAL TEXT DELETED]</b>
Email address of contact person	<b>[CONFIDENTIAL TEXT DELETED]</b>

**Factory:**

<b>Incheon Plant</b>	
Address	<b>1st Songhyun Dong Dong Gu Incheon Si Republic of Korea</b>
Telephone	<b>[CONFIDENTIAL TEXT DELETED]</b>
Facsimile number	<b>[CONFIDENTIAL TEXT DELETED]</b>
Email address of contact person	<b>[CONFIDENTIAL TEXT DELETED]</b>
<b>Pohang Plant</b>	
Address	<b>444st Songnae Dong Pohang Si Kyungsangbuk Do Republic of Korea</b>

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Telephone	[CONFIDENTIAL TEXT DELETED]
Facsimile number	[CONFIDENTIAL TEXT DELETED]
Email address of contact person	[CONFIDENTIAL TEXT DELETED]

**A-2 Representative of the company for the purpose of review**

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

Name	<b>Charles Zhan Senior Associate Moulis Legal</b>
Address	<b>6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport Australian Capital Territory Australia 2609</b>
Telephone	<b>+61 2 6163 1000</b>
Facsimile number	<b>+61 2 6162 0606</b>
Email address of contact person	<b><a href="mailto:charles.zhan@moulislegal.com">charles.zhan@moulislegal.com</a></b>
<b>All communications in relation to this matter should be directed to Moulis Legal in the first instance.</b>	

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this review 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 (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

<p><b>Hyundai Steel Company (“Hyundai Steel”) was established in September 1964 in accordance with the Commercial Laws of the Republic of Korea. Hyundai Steel was listed on the Korean Stock Exchange in May 1987.</b></p> <p><b>Hyundai Steel manages five manufacturing facilities. They are in Dangjin, Incheon, Ulsan, Suncheon and Pohang. Various kinds of steel products are produced in these factories.</b></p> <p><b>The goods under consideration (hereinafter “the goods”), are produced at the [CONFIDENTIAL TEXT DELETED – facilities].</b></p> <p><b>Hyundai Steel uses the name and style “Hyundai Steel Company” when it exports and/or sells the goods.</b></p>
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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).

**As of 31 December 2017 the principal shareholders of Hyundai Steel (those having 5% or more of the maximum amount of votes) were as follows:**

Name	Percentage	Activity
[CONFIDENTIAL TEXT DELETED]		

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

**As mentioned above, the largest shareholder of Hyundai Steel is Kia Motors. The principal shareholders of Kia Motors (those having 5% or more of the maximum amount of votes) as of 31 December 2017 were as follows:**

Name	Percentage	Activity
[CONFIDENTIAL TEXT DELETED]		

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

**As mentioned above, the largest shareholder of Kia Motors is Hyundai Motors. The principal shareholders of Hyundai Motors (those having 5% or more of the maximum amount of votes) as of 31 December 2017 were as follows:**

Name	Percentage	Activity
[CONFIDENTIAL TEXT DELETED]		

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

**Hyundai Steel is a member company of the Hyundai Motor Group through cross-ownership. Pursuant to Korean law, Hyundai Motor Group is composed of [CONFIDENTIAL TEXT DELETED – number] listed companies and [CONFIDENTIAL TEXT DELETED – number] unlisted companies.**

**A diagram of ownership amongst the companies of Hyundai Motor Group is provided in Attachment A-3.1. [CONFIDENTIAL ATTACHMENT]**

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

[CONFIDENTIAL TEXT DELETED – management fee].

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

**Hyundai Steel is a producer of a wide variety of steel products. It produces its own steel for the manufacture of other steel products.**

**Hyundai steel produces a wide variety of products such as [CONFIDENTIAL TEXT DELETED – products which are not the goods], H section, angle, channel, [CONFIDENTIAL TEXT DELETED – products which are not the goods] and other steel products. It sells the products on the domestic market in Korea, and into export markets.**

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.

**Hyundai Steel performs all these functions.**

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

**An internal organization chart of Hyundai Steel as at 31 December 2017 is provided in Attachment A-3.2. [CONFIDENTIAL ATTACHMENT]**

**The GUC, together with other structural steel sections such as rails are produced at the [CONFIDENTIAL TEXT DELETED – division name] at [CONFIDENTIAL TEXT DELETED – facilities].**

**Sales of the goods are performed by the Sales Department which is located in Seoul, Korea. Within the Sales Department, the Export Sales team is responsible for export sales of the goods, while the Domestic Sales team manages the sales of the goods on the domestic market.**

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

**Hyundai Steel's 2017-2016 Annual Report (English version) is provided in Attachment A-3.3. [CONFIDENTIAL ATTACHMENT]**

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

1. Indicate your accounting period.

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**Hyundai Steel's accounting period is calendar year basis. That is, the accounting period of Hyundai Steel starts on January 1 and ends on December 31.**

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

**The accounting records of Hyundai Steel are primarily held at its Seoul office, at address referred to above at A-1.**

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.

**Hyundai Steel's Chart of Accounts is provided in Attachment A-4.1. [CONFIDENTIAL ATTACHMENT]**

**Hyundai Steel's Consolidated and Unconsolidated Audit Report including audited financial statements for the two most recently completed financial years are provided in the attachments, as follows**

- **Attachment A-4.2: Consolidated Audit Report 2016 – English [CONFIDENTIAL ATTACHMENT]**
- **Attachment A-4.3: Consolidated Audit Report 2017 – Korean [CONFIDENTIAL ATTACHMENT]**
- **Attachment A-4.4: Consolidated Audit Report 2017 – English translation [CONFIDENTIAL ATTACHMENT]**
- **Attachment A-4.5: Unconsolidated Audit Report 2016 – English [CONFIDENTIAL ATTACHMENT]**
- **Attachment A-4.6: Unconsolidated Audit Report – 2017 English [CONFIDENTIAL ATTACHMENT]**

**Please note, the Consolidated Audit Report of FY 2017 has been issued in Korean version. The official English version of the report is not available yet. For the Commission's reference, Hyundai Steel has translated the key parts of the financial statements into English, at Attachment A-4.4. [CONFIDENTIAL ATTACHMENT] The official English version can be provided to the Commission when it becomes available.**



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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.

**Hyundai Steel is required to have its financial statements audited based on Korean auditing law.**

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

**The accounting practices adopted by Hyundai Steel are in accordance with generally accepted accounting principles in Korea.**

6. Describe:

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

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

**The methods of valuation used are as follows:**

- **Finished goods and work-in-progress:** [CONFIDENTIAL TEXT DELETED – accounting policy];
- **Raw materials and supplies:** [CONFIDENTIAL TEXT DELETED – accounting policy].

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

**[CONFIDENTIAL TEXT DELETED – cost accounting policy]**

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

**[CONFIDENTIAL TEXT DELETED – accounting policy]**

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

**[CONFIDENTIAL TEXT DELETED – comments regarding production of by products and steel scrap].**

**Hyundai Steel calculates [CONFIDENTIAL TEXT DELETED – accounting policy]**

- valuation and revaluation methods for fixed assets;

**Fixed assets are valued at cost, less subsequent accumulated depreciation and**

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accumulated impairment losses.

Subsequent costs are [CONFIDENTIAL TEXT DELETED – accounting policy] can be measured reliably.

Hyundai Steel reviews [CONFIDENTIAL TEXT DELETED – accounting policy].

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

Depreciation is computed using [CONFIDENTIAL TEXT DELETED – cost accounting policy] method based on the estimated useful lives for each class of production equipment as follows:

Class of asset	Useful life
Buildings	[CONFIDENTIAL TEXT DELETED]
Structures	
Machinery	
Vehicles	
Tools and equipment	

Hyundai Steel reviews the depreciation method, estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for.

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

Any transaction occurring in a currency other than its functional currency will be recorded in translated amount using the exchange rate of the transaction.

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

At the end of the reporting period, all monetary assets and liabilities [CONFIDENTIAL TEXT DELETED – accounting policy]. Meanwhile, non-monetary assets and liabilities measured at fair value [CONFIDENTIAL TEXT DELETED – accounting policy]. Non-monetary assets and liabilities [CONFIDENTIAL TEXT DELETED – accounting policy].

- inclusion of general expenses and/or interest;

General expenses and/or interest are recognized [CONFIDENTIAL TEXT DELETED – accounting policy].

Interest is measured [CONFIDENTIAL TEXT DELETED – accounting policy].

- provisions for bad or doubtful debts;

Allowance for doubtful accounts is [CONFIDENTIAL TEXT DELETED – accounting

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policy].

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

Hyundai Steel did not have any idle equipment or plant shutdowns during the review period ("the POI").

- costs of plant closure;

Hyundai Steel did not have any plant closures during the POI.

- restructuring costs;

Hyundai Steel did not have any restructuring costs during the POI.

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

The scrap generated during the production process in the current year is evaluated based on [CONFIDENTIAL TEXT DELETED – accounting policy].

- effects of inflation on financial statement information.

Hyundai Steel has not had to account for effects of inflation during the POI.

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.

The only changes in the accounting methods used by Hyundai Steel over the last two years were those in line with the amendments to K-IFRS and new interpretations mandatorily effective from 1 January 2017. This required a change of the measurement method for [CONFIDENTIAL TEXT DELETED – accounting item description] [CONFIDENTIAL TEXT DELETED – accounting policy change]. Accounting policies have been applied consistently to all periods presented in the separate financial statements

### 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.

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**".

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*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.*

**Hyundai Steel provides its Income Statement in the format requested in Attachment A-5 – Income Statement. [CONFIDENTIAL ATTACHMENT]**

### **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:

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.*

**Hyundai Steel provides its "Turnover" table in the format requested in Attachment A-6. [CONFIDENTIAL ATTACHMENT]**

**The figures for the turnover of the goods on the domestic and Australian market in the "Turnover" spreadsheet are reported based [CONFIDENTIAL TEXT DELETED – accounting policy]. [CONFIDENTIAL TEXT DELETED – explanation of confidential spreadsheet]**

## 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 the Commission 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 review 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 review period.*

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

name;

address;

contact name and phone/fax number where known; and

trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

**Hyundai Steel provides its list of Australian customers in sales of the GUC during the review period in Attachment B-1. [CONFIDENTIAL ATTACHMENT]**

**As shown in that Attachment, the customers [CONFIDENTIAL TEXT DELETED – customer information].**

**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.

**During the review period, the export sales to Australia were made [CONFIDENTIAL TEXT DELETED – shipping terms] for [CONFIDENTIAL TEXT DELETED – customer detail]. Accordingly, Hyundai Steel [CONFIDENTIAL TEXT DELETED – responsibility under shipping term]. The customers are responsible for [CONFIDENTIAL TEXT DELETED – responsibility under shipping term].**

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.

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During the review period, export sales of the GUC to Australia took place  
[CONFIDENTIAL TEXT DELETED – trade levels]

[CONFIDENTIAL TEXT DELETED – sales process information].

- 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.

Ownership of the GUC is determined by the negotiated delivery terms.

[CONFIDENTIAL TEXT DELETED – export sales shipping term].

- 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).

[CONFIDENTIAL TEXT DELETED – comment regarding commercial arrangements].

- 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.

The sales process for export sales generally proceeds as follows:

- (a) When Hyundai Steel get an offer from customer, the salesperson negotiates the price on a transaction-by-transaction basis, in consideration of market circumstances, supply-demand conditions, etc.
- (b) Hyundai Steel negotiates with [CONFIDENTIAL TEXT DELETED – customer information] with whom Hyundai Steel is in contact. Sales terms [CONFIDENTIAL TEXT DELETED – sales terms information] are negotiated.
- (c) Once terms are agreed, the customer [CONFIDENTIAL TEXT DELETED – purchase process information] Hyundai Steel's sales team will then [CONFIDENTIAL TEXT DELETED – internal sales process].
- (d) The sales team [CONFIDENTIAL TEXT DELETED – internal sales process].
- (e) When production is completed, [CONFIDENTIAL TEXT DELETED – delivery information].
- (f) [CONFIDENTIAL TEXT DELETED – comment regarding payment terms]
- (g) [CONFIDENTIAL TEXT DELETED – comment regarding payment collection].
- (h) The sales process to the Australian market [CONFIDENTIAL TEXT DELETED – customer information] is [CONFIDENTIAL TEXT DELETED – internal sales process].

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

[CONFIDENTIAL TEXT DELETED – relationship with Australian customers]

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

Please see Attachment B-2 – Forward orders [CONFIDENTIAL ATTACHMENT]

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

[CONFIDENTIAL TEXT DELETED – pricing information]

- 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 review period. You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Shape	Specify the shape of the produce, for example channel, universal beam.
Grade	steel grade e.g. 300, 350
Height	Specify the height of the good, provide units (mm, cm, etc)
Length	Specify the length of the good, provide units (mm, cm, etc)
Depth	Specify the depth of the good, provide units (mm, cm, etc)
Thickness	Specify the depth of the thickness, provide units (mm, cm, etc)
Alloy	If the product is made from 'alloy steel', specify the alloy
Finish	If the product has any finish (black, painted, anodised, etc)
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Imperial or Metric(added)	the unit of size related to the exported sales to Australia
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.
Quarter	The quarter that the date of sale occurred
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms e.g. 60 days=60 etc.
Quantity	Quantity in units shown on the invoice. Show basis e.g. 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

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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 expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	<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 review period.

Freight allocations must be checked for consistency.

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

**Hyundai Steel provides its “Australian Sales” listing in accordance with the abovementioned instructions in Attachment B-4.1. [CONFIDENTIAL ATTACHMENT]**

**Hyundai Steel provides the following additional explanations and clarifications in respect of the information in the columns in the “Australian Sales” listing:**

**[CONFIDENTIAL TEXT DELETED – explanation regarding confidential spreadsheet]**



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

[CONFIDENTIAL TEXT DELETED – costs, charges and expense information] Hyundai Steel reported [CONFIDENTIAL TEXT DELETED – quantity] export expenses listed columns.

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

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

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

[CONFIDENTIAL TEXT DELETED – sales practice information]]

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

[CONFIDENTIAL TEXT DELETED – sales practice information]

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

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

[CONFIDENTIAL TEXT DELETED – comment regarding shipping term]. Sales to Australia were made on [CONFIDENTIAL TEXT DELETED – shipping term] basis, accordingly the sales terms [CONFIDENTIAL TEXT DELETED – responsibility under shipping term].

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

## **PUBLIC RECORD VERSION**

- 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.

The Commission will select additional shipments for payment verification at the time of the visit.

**Hyundai Steel provides documentation related to the export sales of the GUC to Australia for two samples in different quarters of the review period in Attachment B-9.1 and B-9.2. [CONFIDENTIAL ATTACHMENTS]**

## SECTION C EXPORTED GOODS & LIKE GOODS

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

**Details of physical characteristics (model, grade, shape, and dimension) of the goods exported to Australia during the review period are provided in Attachment C-1. [CONFIDENTIAL ATTACHMENT]**

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

**The description of product code is provided as Attachment C-2.1. [CONFIDENTIAL ATTACHMENT] The product coding for the goods exported to Australia during the review period is provided in Attachment C-2.2. [CONFIDENTIAL ATTACHMENT]**

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

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

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

**Hyundai Steel provides a “Like Goods” spreadsheet in Attachment C-3. [CONFIDENTIAL ATTACHMENT]. The “Product Codes” reported in the “Exported Model” and “Domestic Model” columns are as reported in the “Australian Sales” and “Domestic Sales” listings.**

- 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.

**Hyundai Steel provides relevant extracts from its product catalogue - describing specification details, applications, technical characteristics, and chemical**

**PUBLIC RECORD VERSION**

components – in Attachment C-4. [CONFIDENTIAL ATTACHMENT]

## **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 review 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 the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

*The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the review 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 review period.*

*If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission 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;

**During the review period, [CONFIDENTIAL TEXT DELETED – trade levels] for domestic sales of the goods.**

**[CONFIDENTIAL TEXT DELETED – customer information and sales process information]**

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

**Hyundai Steel undertakes fairly similar selling activities [CONFIDENTIAL TEXT DELETED – selling practices]**

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

**[CONFIDENTIAL TEXT DELETED – comment regarding agency / distributor agreements]**

- 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.

## PUBLIC RECORD VERSION

During the review period, Hyundai Steel made sales of the goods on the domestic market [CONFIDENTIAL TEXT DELETED – customer information][CONFIDENTIAL TEXT DELETED – sales process]

- 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.

Domestic selling prices are [CONFIDENTIAL TEXT DELETED – pricing information]

- 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.

As stated above, the [CONFIDENTIAL TEXT DELETED – customer information] of Hyundai Steel’s customers on the domestic market are [CONFIDENTIAL TEXT DELETED – trade levels]. There are [CONFIDENTIAL TEXT DELETED – Internal sales process].

[CONFIDENTIAL TEXT DELETED – payment term and delivery]

- D-4** Prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the review period. The listing must be provided electronically. Include all of the following information.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Shape	Specify the shape of the produce, for example channel, universal beam.
Grade	Specify the grade of the product. E.g. G300
Height	Specify the height of the good, provide units (mm, cm, etc)
Length	Specify the length of the good, provide units (mm, cm, etc)
Depth	Specify the depth of the good, provide units (mm, cm, etc)
Thickness	Specify the depth of the thickness, provide units (mm, cm, etc)
Alloy	If the product is made from 'alloy steel', specify the alloy
Finish	If the product has any finish (black, painted, anodised, etc)
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.
Quarter	The quarter that the date of sale occurred
Order number	show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	e.g. ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer e.g. 60 days=60 etc.

**PUBLIC RECORD VERSION**

Quantity	quantity in units shown on the invoice e.g. 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.

**Hyundai Steel provides its “Domestic Sales” listing in accordance with these instructions is in Attachment D-4. [CONFIDENTIAL ATTACHMENT]**

**With respect to explanations of the information contained in the columns in the “Domestic Sales” listing, please refer to the explanations described in Section B with the following adjustments in the case of the domestic sales:**

**[CONFIDENTIAL TEXT DELETED – explanation regarding confidential spreadsheet]**

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

**In addition to the expenses identified in the table in question D-4, the following column is newly added in the “Domestic Sales” listing, for the purpose of a fair comparison:**

**[CONFIDENTIAL TEXT DELETED – explanation regarding confidential spreadsheet]**

- 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.

## PUBLIC RECORD VERSION

- 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 D-4.
- 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.

[CONFIDENTIAL TEXT DELETED – comment on commercial arrangement regarding discount and credit notes]

- D-7** Select two domestic sales, in different quarters of the review 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.)
- The Commission will select additional sales for verification at the time of our visit.

Documentation for two sample domestic sales of the goods on the domestic markets in different quarters of the review period is provided in Attachment D-7.1 and Attachment D-7.2. [CONFIDENTIAL ATTACHMENTS]



## **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. The Commission 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 the Commission 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 review 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. The Commission 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.

**Actual export inland freight cost is reported in the "Inland Transportation Costs" column in the "Australian Sales" listing. We provide sample calculation worksheet, contract and the transaction detail which is provided in the Australian sales sample documents in Attachment B-9.1 and Attachment B-9.2. [CONFIDENTIAL ATTACHMENTS]**

**In addition, the following is the [CONFIDENTIAL TEXT DELETED – accounting system]**

### **2. Handling, loading and ancillary expenses**

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

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

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

**The sum of wharfage; loading and unloading charge, open-storage yard expense, port security expense and bank charge are reported in this column. In bank charge, credit expense charged by the bank is included, along with postage fee and negotiation charge. Supporting documentation for these expenses has been provided in the Australian sales sample documents in Attachment B-9.1 and Attachment B-9.2. [CONFIDENTIAL ATTACHMENTS]**

**[CONFIDENTIAL TEXT DELETED – accounting policy]**

### **3. Credit**

## PUBLIC RECORD VERSION

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the review period. Explain the nature of the interest rates most applicable to these export sales e.g., 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.

As mentioned above, all Australian sales are based on “[CONFIDENTIAL TEXT DELETED – payment terms detail] payment terms. [CONFIDENTIAL TEXT DELETED – payment terms information]. Accordingly, Hyundai Steel [CONFIDENTIAL TEXT DELETED – payment information].

Bank charges incurred have been reported in the Handling, loading & ancillary expenses column in the “Australian Sales” listing covered such interest expense. Supporting documentation for this has been provided in the Australian sales sample documents in Attachment B-9.1 and Attachment B-9.2. [CONFIDENTIAL ATTACHMENTS]

#### 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’.

[CONFIDENTIAL TEXT DELETED – comment regarding packing costs]

#### 5. Commissions

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

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

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

[CONFIDENTIAL TEXT DELETED – comment regarding commissions]

#### 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.

[CONFIDENTIAL TEXT DELETED – comment regarding warranty and guarantees]

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.

[CONFIDENTIAL TEXT DELETED – foreign exchange gain and loss expense related information]

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 review (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 review period.

[CONFIDENTIAL TEXT DELETED – observation regarding sustained movement in exchange rate during the review period]

**E-2 Costs associated with domestic sales**

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

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

1. **Physical characteristics**

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

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

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

[CONFIDENTIAL TEXT DELETED – explanation regarding model matching].

2. **Import charges and indirect taxes**

## PUBLIC RECORD VERSION

If exports to Australia:

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

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

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

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

In substantiating the drawback claim the following information is required:

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

### Substitution drawback systems

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

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

**The invoice value reported in the “Domestic Sales” listing is reported net of Value Added Tax.**

**There are no import duties on the major raw material for the GUC, which is steel scrap.**

### 3. Level of trade

## PUBLIC RECORD VERSION

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

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

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

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

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

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

This requires the following information:

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

**or**

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

[CONFIDENTIAL TEXT DELETED – comments regarding trade levels]

## PUBLIC RECORD VERSION

### 4. Credit

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

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

- the rate, or average of rates, applying on actual short term borrowing's 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 review 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>2</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.

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<sup>2</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.

## PUBLIC RECORD VERSION

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

In reporting credit costs in the “Domestic Sales” listing, [CONFIDENTIAL TEXT DELETED – credit cost information] The [CONFIDENTIAL TEXT DELETED – interest rate information] during the review period is used to calculate the credit cost. Please refer to Hyundai Steel’s response to question D-5 for more details. A worksheet showing the calculation of the short-term interest rate is provided in Attachment E-2.4. [CONFIDENTIAL ATTACHMENT]

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.

Inland freight based on the actual transportation fee is reported in the “Inland Transportation Costs” column in the “Domestic Sales” listing.  
Hyundai steel provides sample calculation worksheet, contract and the transaction detail which is provided in the Australian sales sample documents in Attachment B-9.1 and Attachment B-9.2. [CONFIDENTIAL ATTACHMENTS]

### 6. Handling, loading and ancillary expenses

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

[CONFIDENTIAL TEXT DELETED – comment regarding handling, loading and ancillary expenses]

### 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**”.

[CONFIDENTIAL TEXT DELETED – comment regarding packing costs]

### 8. Commissions

For any commissions paid in relation to the domestic sales:

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



## PUBLIC RECORD VERSION

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

[CONFIDENTIAL TEXT DELETED – comment regarding commissions on commercial arrangements]

### 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.

[CONFIDENTIAL TEXT DELETED – comment regarding warranties and guaranties]

### 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*.

[CONFIDENTIAL TEXT DELETED – selling and marketing expenses incurred in relation to domestic market]

## 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.

**PUBLIC RECORD VERSION**

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.

**No duplication is apparent.**

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

*Your response to this part of the questionnaire may be used by the Commission 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. The Commission 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.**

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

Supply this information in spreadsheet file named "Third country"

**Hyundai Steel has provided a "Third Country" spread sheet in Attachment F-1. [CONFIDENTIAL ATTACHMENT]**

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

**[CONFIDENTIAL TEXT DELETED – differences regarding sales to third countries and sales to Australia]**

**In any case Hyundai Steel is fully cooperative with this review, and trusts that the Commission will be able to undertake normal value determination for comparison with export prices to Australia without reference to third country export sales.**

## **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) – i.e. 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 (e.g. 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 review 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.

**Hyundai Steel produces the goods in [CONFIDENTIAL TEXT DELETED – facilities]. The production process in each plant is the same.**

**The production process is as follows.**

- (a) Steel making process - the primary raw materials used for manufacturing the goods are [CONFIDENTIAL TEXT DELETED – raw materials]. [CONFIDENTIAL TEXT DELETED – production arrangements]**
- (b) [CONFIDENTIAL TEXT DELETED – production arrangements]**

**A detailed product flow chart is provided in Attachment G-1. [CONFIDENTIAL ATTACHMENT] [CONFIDENTIAL TEXT DELETED – by product information] results from the production processes for the goods. [CONFIDENTIAL TEXT DELETED –**

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production arrangements regarding scrap and/or by products]

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

	<b>PREVIOUS FINANCIAL YEAR</b>	<b>MOST RECENT FINANCIAL YEAR</b>	<b>Review Period</b>
A – Production capacity (e.g. kg, tonnes)*			
B – Actual production in volume (e.g. 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**".

Hyundai Steel provides its "Production" spread sheet in Attachment G-2. [CONFIDENTIAL ATTACHMENT]

**G-3. Cost accounting practices**

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

A flowchart of Hyundai Steel's cost accounting system is provided in Attachment G-3. [CONFIDENTIAL ATTACHMENT]

All costs of material, labour and overheads are gathered together from the cost centres in its accounts. The costs incurred for manufacturing processes are [CONFIDENTIAL TEXT DELETED – cost accounting policy]. All costs in indirect cost centres are allocated to direct cost centres on [CONFIDENTIAL TEXT DELETED – cost allocation basis]. Hyundai Steel then calculates direct costs and indirect costs [CONFIDENTIAL TEXT DELETED – cost accounting policy] for the manufactured products (including finished and semi-finished goods) so that [CONFIDENTIAL TEXT DELETED – cost accounting policy].

Costs of finished goods are [CONFIDENTIAL TEXT DELETED – cost accounting policy]

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 (i.e. differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Hyundai Steel's cost accounting system is based on [CONFIDENTIAL TEXT]

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**DELETED – cost accounting policy]**

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

**No significant or unusual cost variances occurred during the review period.**

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

**[CONFIDENTIAL TEXT DELETED – cost centre information]**

- 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.

**All costs including material, labour and overhead costs for indirect cost centres [CONFIDENTIAL TEXT DELETED – cost accounting policy]. Hyundai Steel then calculates direct costs and indirect costs (as allocated from the indirect cost centres) for the manufactured products [CONFIDENTIAL TEXT DELETED – cost accounting policy].**

**Hyundai Steel calculates the cost of manufacturing [CONFIDENTIAL TEXT DELETED – cost accounting policy].**

**All capital expenses are [CONFIDENTIAL TEXT DELETED – cost accounting policy]. Capitalized development costs are [CONFIDENTIAL TEXT DELETED – cost accounting policy].**

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

**Hyundai Steel maintains specific item codes in order to calculate the cost of manufacturing for each product. The item codes include [CONFIDENTIAL TEXT DELETED – details of item codes in cost accounting system].**

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

**Hyundai Steel's production costs are [CONFIDENTIAL TEXT DELETED – cost accounting policy]. There is no difference between production costs in the cost accounting system and the financial accounting system.**

- 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.

**Both plants are long established, and start-up operation costs were not incurred during the review period.**

- 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.

Not applicable, please refer to G-2.8 above.

#### 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>3</sup>*

- 1 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) and over the period of the review.*

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

*Please specify unit of currency.*

Hyundai Steel provides "Domestic CTMS" for each quarter in respect of each "Product Code" (identified in Section C) of the like goods sold on the domestic market in Attachment G-4.1. [CONFIDENTIAL ATTACHMENT]

Hyundai Steel provides a sample cost calculation worksheet in Attachment G-4.2. [CONFIDENTIAL ATTACHMENT]

Hyundai Steel also provides a calculation worksheet for the selling, general, administration, financial, delivery and other costs rates in Attachment G-4.3. [CONFIDENTIAL ATTACHMENT]

- 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.

Hyundai Steel provides a sample cost calculation worksheet in Attachment G-4.2. [CONFIDENTIAL ATTACHMENT]

Hyundai Steel also provides a calculation worksheet for the selling, general, administration, financial, delivery and other costs rates in Attachment G-4.3. [CONFIDENTIAL ATTACHMENT]

#### 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.*

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<sup>3</sup> The Commission 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.

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1 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) and over the period of the review.*

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

*Please specify unit of currency.*

**Hyundai Steel provides "Australian CTMS" for each quarter in respect of each "Product Code" (identified in Section C) of the like goods sold to the Australian market at Attachment G-5. [CONFIDENTIAL ATTACHMENT]**

**Hyundai Steel provides a sample product code cost calculation worksheet in Attachment G-4.2. [CONFIDENTIAL ATTACHMENT]**

**Hyundai Steel also provides a calculation worksheet for the selling, general, administration, financial, delivery and other costs rates in Attachment G-4.3. [CONFIDENTIAL ATTACHMENT]**

**Foreign exchange gain and loss incurred and allocated to Australian sales are reported in B-4. The calculation is provided as part of the B-9 sample sales document.**

2 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.

**Products sharing the same product code have the same costs regardless of destination. On the other hand, variances in cost of production may arise for products within the same product code, depending on [CONFIDENTIAL TEXT DELETED – production information].**

3 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.

**There are no significant differences between the costs shown and the costs determined in accordance with Hyundai Steel's general accounting system. All costs reported in Hyundai Steel's cost database are generated from the [CONFIDENTIAL TEXT DELETED – cost accounting system] of Hyundai Steel. There is no difference arising from movements in inventory level. Hyundai Steel's cost accounting system is based on [CONFIDENTIAL TEXT DELETED – cost accounting policy].**

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



Hyundai Steel provides sample cost calculation in Attachments G-4.2 and Attachments G-4.3. [CONFIDENTIAL ATTACHMENTS]

## G-6 Major raw material costs

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

For these major inputs:

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

Where the major input is produced by an associate of your company the Commission 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.**

The only major raw material purchased by Hyundai for production of the goods [CONFIDENTIAL TEXT DELETED – raw materials]. Hyundai Steel purchases [CONFIDENTIAL TEXT DELETED – raw materials] used for production of the GUC based on market price.

During the review period, Hyundai Steel purchased [CONFIDENTIAL TEXT DELETED – amount] of [CONFIDENTIAL TEXT DELETED – raw material] from associated entities. This was [CONFIDENTIAL TEXT DELETED – purchase information]. Hyundai Steel and the Related Suppliers are member companies of the Hyundai Motors Group through cross-ownership.

The [CONFIDENTIAL TEXT DELETED – raw materials] purchased from Related Suppliers was approximately [CONFIDENTIAL TEXT DELETED – number]% of total [CONFIDENTIAL TEXT DELETED – raw material] costs of Hyundai Steel.

**SECTION H  
EXPORTER'S DECLARATION**

I hereby declare that **Hyundai Steel Company** have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

**Name:** Byong chul Kim

**Signature:** 

**Position in company:** Deputy General Manager

**Date:** 10 May, 2018

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**SECTION I  
CHECKLIST**

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

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

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