

File Note

Case Name: Aluminium Extrusions – Review of Measures

File No: 229

FILE NOTE

The Commission has requested that Alnan provide further information in relation to sections redacted for the public record. Once further information has been received it will be placed on the public record.

Date: 10 February 2014

5 January 2014

Our ref: Aluglass VFR

E-mail: susan.danks@falconsulting.com.au

Dear Sir or Madam:

Customs Questionnaire for Australian Customs Variable Factors Review.

PUBLIC

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Outline of information submitted to Customs

- Section A** **General information relating to your company including financial reports.**
- Section B** **A complete list of your company's exports to Australia over the investigation period.**
- Section C** **A list of goods sold on the domestic market of the country of export (like goods) that may be compared to the goods under consideration (the goods).**
- Section D** **A detailed list of all of your company's sales of like goods in your domestic market.**
- Section E** **Information to allow a fair comparison between export and domestic prices.**
- Section F** **Information in relation to your company's exports of like goods to countries other than Australia.**
- Section G** **Costs to make and sell, for exports to Australia and for the domestic market.**
- Section H** **Market Situation**
- Section I** **Countervailing**
- Section J** **Your declaration.**

The goods subject to measures are described as:

Aluminium¹ extrusions produced via an extrusion process, of alloys having metallic elements falling within the alloy designations published by The Aluminium Association commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being as extruded (mill), mechanical, anodized or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm., with a maximum weight per metre of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm, originating in or exported from, the People’s Republic of China.

The following additional information assists in understanding the goods:

Extrusion is the process of shaping heated material by forcing it through a shaped opening in a die with the material emerging as an elongated piece with the same profile as the die cavity. For greater clarity, the goods do not include goods made by the process of impact extrusion or cold extrusion.

Alloys are metals composed of more than one metallic element. Alloys used in aluminium extrusions contain small amounts (usually less than five percent) of elements such as copper, manganese, silicon, magnesium, or zinc which enable characteristics such as corrosion resistance, increased strength or improved formability to be imparted to the major metallic element, aluminium.

Aluminium alloys are produced to specifications in “International Alloy Designations and Chemical Composition Limits for Wrought Aluminum and Wrought Aluminum Alloys” published by The Aluminum Association. It includes all alloy designations - these specifications are known in the industry as “Teal Sheets”). These specifications have equivalent designations issued by other certifying bodies such as the International Standards Organization.

Effects of Alloying Elements

The properties and characteristics of aluminium, such as density, conductivity, corrosion resistance, finish, mechanical properties, and thermal expansion, are modified by the addition of alloying elements. The resulting effect depends upon the principal alloying elements used, as detailed in the table below.

Wrought Alloy Designation	Major Alloying Elements and Typical Alloy Characteristics
1xxx Series	Minimum 99% aluminium High corrosion resistance. Excellent finishability. Easily joined by all methods. Low strength. Poor machinability. Excellent workability. High electrical and thermal conductivity.
2xxx Series	Copper High strength. Relatively low corrosion resistance. Excellent machinability. Heat treatable.

¹ The term “aluminium” is interchangeable with the North American spelling “Aluminum” and refers to the same product in every sense. Both words appear throughout this document.

3xxx Series	Manganese Low to medium strength. Good corrosion resistance. Poor machinability. Good workability.
4xxx Series	Silicon Not available as extruded products.
5xxx Series	Magnesium Low to moderate strength. Excellent marine corrosion resistance. Very good weldability.
6xxx Series	Magnesium & Silicon Most popular extrusion alloy class. Good extrudability. Good strength. Good corrosion resistance. Good machinability. Good weldability. Good formability. Heat treatable.
7xxx Series	Zinc Very high strength. Good machinability. Heat treatable.

Source: The Aluminum Association (US)

Profiles and shapes - All aluminium extrusions are produced as either hollow or solid profiles. Hollow profile extrusions generally cost more to produce and obtain higher prices than solid profile extrusions. Extrusions are often produced in standard shapes such as bars, rods, pipes and tubes, angles, channels and tees but they are also produced in customised profiles.

Finishes - In addition to 'as extruded' or mill finish, extrusions can be finished mechanically by polishing, buffing or tumbling. Extrusions can have anodized finishes applied by means of an electro-chemical process that forms a durable, porous oxide film on the surface of the aluminium. Also, they can be finished by painting with liquid or powder coatings utilising an electrostatic application process.

For the purposes of this application, aluminium extrusions are further classified into four "finish" types:

- Mill Finish - Plain metal finish, uncoated (i.e. "as extruded from the die");
- Anodised - Surface converted to aluminium oxide (by electrolysis) and may be coloured by electrolytic or chemical dye means;
- Powder Coated - Charged powder particles are sprayed and adhere to electrically grounded surfaces, heated and fused into a smooth coating in a curing oven; and
- Painted or Other Finish - Painted or finished in other surface applications.

Size range - The ability to produce the full range of profiles is determined by the extrusion and ancillary equipment.

"Working" extrusions includes any operation performed other than mechanical, anodized, painted or other finishing, prior to utilisation of the extrusion in a finished product.

Standards - Aluminium extrusions are manufactured to a variety of Australian and International standards. Products exported to Australia are often claimed to comply with one or more of the following standards:

- ASTM B221M-88 (USA);
- BS 1474:1987 (UK); and
- GB 5237.1-2000 (China).

The most common Australian / New Zealand standard is AS/NZ 1866:1997, which specifies requirements for aluminium and aluminium alloy extruded rod, bar, solid and hollow products for general engineering purposes.

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 business who can be contacted for the purposes of this assessment:

Head Office:

Name: Rob Wang

Position in the company: International Sales Manager

Address: 55 Ting Hong Road, Nanning, Guangxi, China

Telephone: 86-771-2193132

Facsimile number: 86-771-2193018

E-mail address of contact person: gyc@alnan.com

Factory:

Address: 55 Ting Hong Road, Nanning, Guangxi, China

Telephone: 86-771-2193132

Facsimile number: 86-771-2193018

E-mail address of contact person: market_amy@alnan.com

A-2 Representative of the company for the purpose of the assessment

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

Name: Susan Danks - FAL Consulting Pty Ltd

Address: Level 16, 356 Collins Street, Melbourne, Victoria 3000

Telephone: 61 407 128 378

Facsimile/Telex number: 61 2 9528 2229

E-mail address of contact person: susan.danks@falconsulting.com.au

Note that in nominating a representative, the Commission will assume that confidential material relating to your business in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business?

ALNAN ALUMINIUM CO., LTD

What kind of entity is your business? Is it a sole proprietorship, a partnership, a limited liability company, a joint venture, a state-owned enterprise (SOE) (refer to this questionnaire's glossary for a definition of an SOE) or some other type of enterprise?

ALNAN ALUMINIUM CO., LTD is a limited liability company.

Please provide details of any other business names that you use to export and/or sell goods.

ALNAN ALUMINIUM CO., LTD (export and sell domestically)

2. Who are the owners and/or principal shareholders of your business?

[Shareholder List - CONFIDENTIAL]

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

[Shareholder and Company Information - CONFIDENTIAL]

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

ALNAN ALUMINIUM CO., LTD is not a subsidiary of another company.

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

[Affiliated Companies - CONFIDENTIAL]

Are any management fees/corporate allocations charged to your business by your parent or related company. If so please explain details of the nature and amount of the charges.

[Affiliated Companies and corporate allocations - CONFIDENTIAL]

6. Describe the nature of your business and explain whether you are a producer or manufacturer, distributor, trading company, etc.

ALNAN ALUMINIUM CO., LTD is a manufacturer of aluminum products, located in Nanning, Guangxi province, in the PRC. It manufactures a wide range of extruded and cast aluminum products for a variety of purposes including architecture and construction, heat sinks, and white goods components. The business includes a domestic and an international sales department, which deal directly with clients and work with distributors or retailers where that sales channel is employed. Aluminum related research and development is carried out in house.

7. Does your business perform all of the following functions in relation to the goods under consideration:.,

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

Alnan Aluminium Co., Ltd performs all of the above functions.

If your business does not perform all of these functions, please provide names and addresses of the companies which perform each function:

Alnan Aluminium Co., Ltd performs all of the above functions.

8. Provide your business' internal organisation chart. Describe the functions performed by each group within the organisation. Include details of the senior management of your business, explaining the role of each member of your senior management team.

[Outline of different departments within the organisation and their respective functions. Outline of Senior management team and roles - CONFIDENTIAL]

9. Provide a list of your business' Board of Directors.

[Board of Directors list - CONFIDENTIAL]

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

[Annual Report - CONFIDENTIAL]

[Pamphlets and Engineering drawings – CONFIDENTIAL]

11. Are any of your company's operations in a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, the Western Regions, or any other similarly designated area?

[Areas of operation CONFIDENTIAL]

12. If your answer to question A-3.12 above is 'yes':

- advise if any benefits (e.g. grants, reduced liabilities on commercial interest rates, etc) from the Government of China (GOC) (including central, provincial, municipal, county or any other level of government) accrue to your company because of being located in such an area;

[Benefits – Confidential]

13. Provide details of all transactions between your company and all related parties. For example:

- Supplying/selling completed or partially completed products.
- Supplying/selling raw materials.
- Performing management functions (including any financial functions).
- Processing (including toll processing) of any raw materials, intermediary or completed products.
- Trading in products/materials supplied by related parties.

[List of Transactions provided – CONFIDENTIAL ‘]

A-4 General accounting/administration information

1. Indicate your accounting period.

2012 Calender year, 2013 Calender year.

2. Indicate the address where the financial records are held.

[Accounting Records Address CONFIDENTIAL]

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

[Confidential financial documents and related information CONFIDENTIAL]

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** GUC **shipped** to Australia during the Assessment 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 Assessment period.*

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

[Client Contact Details CONFIDENTIAL]

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.

[Process of sending goods to client outlined – CONFIDENTIAL]

- (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.

[Distribution Chain – CONFIDENTIAL]

- (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.

[Explanation of Good ownership through distribution chain]

- (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).

[Agreements Australian Market CONFIDENTIAL]

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

[Price Lists and order details – CONFIDENTIAL]

- (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).

[Details on Australian customers and market arrangements – CONFIDENTIAL]

- 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.

[Price Information – CONFIDENTIAL]

- B-4** Complete the attached named “**Australian sales**” listing all *shipments* (i.e. *transaction by transaction*) to Australia of the goods under consideration in the importation period. You must provide this list in electronic format. Include the following export related information:

[Spreadsheet outlining Australian Sales – CONFIDENTIAL]

- B-5** [Remainder of Section B – CONFIDENTIAL PRICING INFORMATION]

SECTION C – EXPORTED GOODS & LIKE GOODS

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

[Outline of models sold to Australia during the review period, and similar products sold domestically in China CONFIDENTIAL]

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 importation 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's requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your business.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the assessment 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 assessment 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;

[Domestic Sales Channel Information – CONFIDENTIAL]

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

[Functions performed by different parties in the Domestic Market and relevant documentation – CONFIDENTIAL]

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 Pricing Information – CONFIDENTIAL]

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

[The remainder of Section D is pricing information – CONFIDENTIAL]

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 (i.e. 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 investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. 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.*

[General ledger account and information surrounding how costs are quantified and allocated CONFIDENTIAL]

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.

[General ledger account and information surrounding what costs are included and how costs are quantified and allocated CONFIDENTIAL]

3. Credit

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 assessment period.

[Costs on Extending Credit and the Relevant Interest Rate Information CONFIDENTIAL]

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.

[Details on collection days CONFIDENTIAL]

4. Packing costs

List material and labour costs associated with packing the export product.

[Labour Costs and Packaging Cost details CONFIDENTIAL]

5. Commissions

[Commission details CONFIDENTIAL]

6. Warranties, guarantees, and after sales services

List the costs incurred associated with warranties, guarantees and after sales services.

[Listing of General Ledger Account where costs are located and explanation of Cost allocation CONFIDENTIAL]

7. Other factors

[Outline of other factors and costs which influence costs for export sales CONFIDENTIAL]

8. Currency conversions

[List of Currency conversion rates used during the investigative period
CONFIDENTIAL]

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.

[Outline of differences between products sold on the domestic market
CONFIDENTIAL]

2. Import charges and indirect taxes

If exports to Australia:

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

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

[Outline of taxes relevant to the export of the Goods Under Consideration
CONFIDENTIAL]

3. Level of trade

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

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

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.

[Client and Costing Information – CONFIDENTIAL]

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 provided is:

- the rate, or average of rates, applying on actual short term borrowing's by the company

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

[Confidential Credit and Interest rate information - CONFIDENTIAL]

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.

[Outline of Domestic Sales inland transportation costs and general ledger account information – CONFIDENTIAL]

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.

[Domestic freight details, expenses and relevant general ledger accounts – CONFIDENTIAL]

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**”.

[Outline of costs associated with packing of domestic product and how they are applied – includes General ledger account information – CONFIDENTIAL]

8. **Commissions**

[Commissions information from the investigation period – CONFIDENTIAL]

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.

[Outline of aftersales services costs, how they are allocated, and the relevant General Ledger Account – CONFIDENTIAL]

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:

[Outline of other factors – CONFIDENTIAL]

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

[Outlines the differences between the goods under consideration exported to Australia during the investigation period, and an export of like goods to another country. Includes an outline of the differences in product design and costs to those sent to Australia – CONFIDENTIAL]

SECTION G – COSTING INFORMATION AND CONSTRUCTED VALUE

G-1. Production process and capacity

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

Production Process

Aluminium extrusions sold on both the domestic and international markets undergo the same production process.

Raw material in for the form of aluminum ingot and billets are delivered to the Alnan Aluminium Co., Ltd factory.

Before they are heat treated, the ingots are melted down and cast into billet shaped rods. It is at this point that any reusable aluminum scrap from previous processing is then reused and also melted down into billets along with the ingots.

Both sets of billets, the ones originally delivered to the factory in ingot form which have been melted down and reformed, and the billets delivered which remain in their initial delivered form, then undergo a heat treatment process in large industrial ovens to prepare them for extrusion.

Upon the completion of heat treatment, the billets are then transferred to the extrusion warehouse, where they are fed into the extruder. Note that the ends of the billets are cut off and sent back as scrap to be reused. That part of the billet (the two ends) is unusable for this process.

Different extruders are capable of extruding different dimensions of aluminum product. The different products are manufactured by installing different sizes and types of mold into the extruder, which then determines the form of the extruded aluminum.

After exiting the extruder, the aluminum extrusion is cut using an electric saw into predetermined lengths. The first part of extruded product, and the last part of the extruded product, are cut off and sent back as scrap to be reused as the pressures and other factors usually result in this part of the extrusion being out of shape. Any products that have not have further additives or coatings which are damaged in the manufacturing and handling process are also sent back to be used as scrap.

From there, products which require further surface treatment (such as powder coating) are transferred to that facility, while products which have now finished their production process and require no further machining or other treatment are sent to be packaged and finally moved to the warehouse for dispatch.

For extrusions that will receive powder coating surface treatment, they are moved to the surface treatment facility. For powder-coated products, they are first hung on a hanging frame (materials handling machine) which then passes them through a spray booth at a predetermined speed. After they are coated with the powder coat, or other treatment solution, they are then hung until dry, then packed and sent to the warehouse for dispatch.

[The relevant cost accounting and allocations for the above process outlined - CONFIDENTIAL]

G-2. Cost accounting practices

[Outline of the company cost accounting system – CONFIDENTIAL]

G-3 Cost to make and sell on domestic market

[Attached spreadsheet has the unit cost to make and sell like good on the domestic market – CONFIDENTIAL]

**G-4 Cost to make and sell goods under consideration
(exported to Australia)**

[Attached spreadsheet has the unit cost to make and sell the goods exported to Australia – CONFIDENTIAL]

G-5 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.

[Response to this question – CONFIDENTIAL]

G-6 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.

[Response to this question – CONFIDENTIAL]

G-7 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 business.

[Response to this question – CONFIDENTIAL]

G-8 Major raw material costs

[Information relating to raw material costs, in this case aluminium. Also outlines related companies and further information regarding pricing – CONFIDENTIAL]

SECTION H – PARTICULAR MARKET SITUATION

For each review of the variable factors, the Commission seeks to confirm whether a 'market situation' exists in respect of aluminium extrusions from China due to government influence on both the prices of the goods and the major raw material inputs (aluminium) used in the manufacture of the goods.

The existence of a 'market situation' could affect the Commission's approach to calculating normal value within its dumping assessment.

In broad terms, it is generally the case that the normal value of the goods is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose provides that the domestic selling prices are not an appropriate basis for normal value if the Minister is satisfied that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values (i.e. a 'particular market situation' exists).

One of these situations may be where the domestic selling prices in the country of export have been materially affected by government influence rendering those prices unsuitable for use in establishing normal values.

Through this questionnaire, the Commission is providing producers/exporters of the subject goods in China the opportunity to supply evidence that the sector under investigation is operating under market conditions.

It may be necessary for the Commission to request additional information following receipt and review of your response.

PART H-1 GENERAL INFORMATION

1. Specific questions are asked throughout this questionnaire in relation to the GOC's interaction with your businesses.

[An general outline of Alnan Aluminium Co., Ltd's interaction with the GOC in terms of reporting requirements, taxations, licences and other commercial areas – CONFIDENTIAL]

2. **Business structure, ownership and management**

- a) Indicate whether your company is an SOE (refer to the Glossary of Terms for definition).

ALNAN ALUMINIUM CO., LTD is not an SOE.

[Outline of information surrounding Alnan Aluminium Co., Ltd and its interactions with the GOC - CONFIDENTIAL]

3. **Licensing** business activities

- a) Provide a copy of your business license(s).

[Alnan Aluminium Co., Ltd – Business Licence Copy – CONFIDENTIAL]

- b) Identify the GOC departments or offices responsible for issuing the license(s).

Nanning City Industry and Commerce Administration Department
(Chinese: 南宁市工商行政管理局)

- c) Describe the procedures involved in applying for the license(s).

Step 1: Convene a company establishment meeting

Call together all of the initiating investors/initiators for the first shareholders meeting. The main functions of this initial meeting include: reviewing the company's constitution, prepare the expenses and financial affairs report, elect the first director of the board, the shareholder supervisor, authorise the board of directors to arrange the registration of a company limited by shares, determine to form a resolution and have all initiators/investors prepare and sign the <Initiator Agreement>, the <Company Constitution>, the <Enterprise name advance examination and approval application>.

Step 2: Handle the advance company name examination and approval
According to 《Company Registration Management Regulations》 rules , the company registration organisation, from within 10 days of receiving a complete application will make a determination to either accept or reject the company name. If accepted, the registration organisation will send an advance name registration notification certificate.

Step 3: Open a company capital account

Step 4: The initiators/investors of the business transfer capital into the account.

Step 5: Capital account verification

Engage an accountancy or law firm to verify the capital, and obtain a 《Capital Check Report》。

Step 6: Organise registration with the Industrial and Commercial Department

Supporting documents and other materials to establish a company limited by shares should be submitted according to the standard requirements of the Industrial and Commercial company registration department. Once a company has been examined and approved, an 《Enterprise Operating Licence》 is issued。

Pay attention to: According to 《Company Law of the PRC》 regulations , the Industrial and Commercial department registration must be done within 30 days of the establishment meeting.

Step 7: Carve the Company stamp

Once the 《Enterprise Operating Licence》 has been successfully obtained, carve the company stamp, open a bank account, apply for taxation registration。

Step 8: Arrange taxation registration certificate (National Tax、Local Tax)

Step 9: Open a basic account (bank)

Step 10: Unfreeze funds

d) Describe any requirements or conditions that must be met in order to obtain the license(s).

Company establishment must accord to 《Company Law of the PRC》 as well as related laws and regulations, for example relating to: registered capital, shareholders, operating scope, etc.

- e) Describe and explain any restrictions imposed on your business by the business license(s).

The business license lists the approved operating scope of the company.

The list includes, but is not limited to the manufacture and sale of: Aluminum ingot, Aluminum extrusions, door and window frames, including screen windows, aluminum bars, radiator manufacture, aluminum die casting, appliance aluminum components, aluminum hardware, aluminum ceiling panels, aluminum indoor and outdoor decorative panels, Tungsten oxide, Tungsten carbide etc.

- f) Describe any sanctions imposed on your business if you act outside the scope of your business license(s).

Depending on the nature of the breach, sanctions can range from a monetary fine, suspension of the right to sell product or operate in areas listed in the business scope, to the revocation of the business licence itself. As an example, the National Quality Supervision Bureau (Chinese -国家质量监督局) has the authority to prevent a company from selling their products both domestically and internationally.

- g) Describe and explain any rights or benefits conferred to your business under the license(s).

The holder of this licence can legally operate a business within the operating scope listed on the licence itself.

- h) Describe the circumstances under which your business license(s) can be revoked, and who has the authority to revoke the license(s).

The responsible Government Authority, Nanning City Industry and Commerce Administration Department (Chinese: 南宁市工商行政管理局), has the authority to revoke the license.

If is possible a business licence can be revoked under the below circumstances:

- The business violates the Company Law of the People's Republic of China
- The company fails to comply with the yearly audit requirements of the Nanning City Industry and Commerce Administration Department (Chinese: 南宁市工商行政管理局).

4. Decision-making, planning and reporting

- a) Provide a description of your business' decision-making structure in general and in respect of aluminium products. This should identify the persons or bodies primarily responsible for deciding:
- (i) what goods are produced;
 - (ii) how the goods are produced;
 - (iii) how levels of inputs such as raw materials, labour and energy are set and secured;
 - (iv) how the use of your outputs, such as how your product mix is determined; and
 - (v) how your business' profit is distributed, etc., is determined.

[Decision making structure within the company for the above list of activities – CONFIDENTIAL]

[Further information provided in this section outlines company planning information and implementation, as well as Government planning information in applicable regions – CONFIDENTIAL]

PART H-2 GOC MEASURES IN THE ALUMINIUM SECTOR

[An outline of Chinese government measures in the aluminium sector and Alnan Aluminium Co., Ltd's understanding of them]

1. Other government approvals

The below questions address the approvals that are necessary from various GOC agencies, including the National Development and Reform Commission, in order to continue or initiate aluminium investments.

- a) Explain whether your company has undertaken an approval process through the GOC for any aluminium or aluminium related investments in the last 10 years.

[Information and outline of any aluminium or aluminium related investments in the last 10 years and details of the approval processes and relevant government departments - CONFIDENTIAL]

2. Accelerating the Restructure of Aluminium Industry

The Commission is aware of the GOC's *guidelines for the restructuring of the Aluminium Industry*. The following questions relate to these guidelines:

[[Response to the series of questions in relation to the above mentioned guidelines – CONFIDENTIAL]

PART H-3 THE ALUMINIUM EXTRUSIONS SECTOR

The information requested in this part will assist in providing a better understanding of the GOC measures and your business' sales and production of Aluminium extrusions.

In addition to your narrative response to each of the questions, all necessary supporting documentation is requested.

[Aluminium Industry specific Export Quotas and Licencing, Quotas, Taxation and Raw materials question responses – CONFIDENTIAL]

3. Sales terms

[Outline of the responsibility to set sales terms for clients within the business and responses to questions regarding government involvement – CONFIDENTIAL]

- a) Explain whether your business provides Aluminium extrusions price information/data to the GOC, other government officials or commercial/industry organisations, including those outside of China, which report on the aluminium sector.

[Taxation and other GOC department submission details – CONFIDENTIAL]

5. Industry associations

- a) Is your business a member of any industry associations? If so, explain your business' relationship with the association and the involvement of the GOC with the association.

[Association list and details – CONFIDENTIAL]

[Details on the nature of company membership of these associations – CONFIDENTIAL]

6. Statistics submission/recording

[Details on statistics department submissions – CONFIDENTIAL]

7. Manufacturing inputs

[Responses to questions regarding preferential manufacturing input prices – CONFIDENTIAL]

9. Aluminium extrusions production/output during the investigation period

[Responses to questions regards direction of price or manufacturing levels by GOC or other external parties – CONFIDENTIAL]

SECTION I – COUNTERVAILING

ORIGINAL INVESTIGATED PROGRAMS

Please answer the questions within parts I-1 to I-3 in relation to these programs.

- **Program 1:** Preferential tax policies for enterprises with foreign investment established in the coastal economic open areas and economic and technological development zones
- **Program 2:** One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’;
- **Program 3:** Provincial Scientific Development Plan Fund
- **Program 4:** Export Brand Development Fund;
- **Program 5:** Matching Funds for International Market Development for SMEs;
- **Program 6:** Superstar Enterprise Grant;
- **Program 7:** Research & Development (R&D) Assistance Grant
- **Program 8:** Patent Award of Guangdong Province;
- **Program 9:** Training Program for Rural Surplus Labour Force Transfer Employment
- **Program 10:** Preferential Tax Policies for Foreign Invested Enterprises – Reduced Tax Rate for Productive FIEs scheduled to operate for a period of not less than 10 years.
- **Program 13:** Tariff and VAT Exemptions on Imported Materials and Equipments
- **Program 15:** Goods provided at less than adequate remuneration
- **Program 16: Preferential tax policies for enterprises with foreign investment established in Special Economic Zones (excluding Shanghai Pudong area);**
- **Program 17:** Preferential tax policies for enterprises with foreign investment established in Pudong area of Shanghai
- **Program 18 -** Preferential tax policies in the Western Regions
- **Program 26:** Innovative Experimental Enterprise Grant;
- **Program 29:** Special Support Fund for Non-State-Owned Enterprises
- **Program 32:** Venture Investment Fund of Hi-Tech Industry, and
- **Program 35:** Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment

[Outline of grants received from GOC from the above list including amounts received during the investigation period – CONFIDENTIAL]

**PART I-1 PREFERENTIAL INCOME TAX PROGRAMS
(PROGRAMS 10, 16, 17, 18)**

[Outlined preferential tax programs and the calculated the benefit received – CONFIDENTIAL]

1. Describe the application and approval procedures for obtaining a benefit under the program.

[An outline of the application process, when the grants will expire or be renewed, as well as conditions applicants must meet to be eligible – CONFIDENTIAL]

[Provided an Income Tax Table for the investigation period – CONFIDENTIAL]

**PART I-2 GRANTS AND PREFERENTIAL POLICIES (PROGRAMS 2,
3, 4, 5, 6, 7, 8, 9, 26, 29, 32, 35)**

It is the Commission's understanding that the GOC may be providing grants to enterprises in China including the following identified programs:

- **Program 2:** One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China';
- **Program 3:** Provincial Scientific Development Plan Fund
- **Program 4:** Export Brand Development Fund
- **Program 5:** Matching Funds for International Market Development for SMEs;
- **Program 6:** Superstar Enterprise Grant;
- **Program 7:** Research & Development (R&D) Assistance Grant
- **Program 8:** Patent Award of Guangdong Province;
- **Program 9:** Training Program for Rural Surplus Labour Force Transfer Employment
- **Program 26:** Innovative Experimental Enterprise Grant;
- **Program 29:** Special Support Fund for Non-State-Owned Enterprises
- **Program 32:** Venture Investment Fund of Hi-Tech Industry
- **Program 35:** Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period **1 January 2010 to 27 April 2012?**

[Indicated the programs and relevant benefit received for the investigation period – CONFIDENTIAL]

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period **1 January 2010 to 27 April 2012**?

[Indicated the programs and relevant benefit received for the investigation period, including obligations and any impacts on exports – CONFIDENTIAL]

PART I-3 TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENTS (PROGRAMS 13)

It is our understanding that certain enterprises in China are eligible for exemption from the payment of import duty and import VAT on imported inputs, technologies and equipments including the following identified programs

Program 13: Exemption of tariff and import VAT for imported technologies and equipments

If your business or any company/entity related to your business received benefits under any such program during the period **1 April 2011 to 27 April 2012**, please answer the following questions.

[Outlined Alnan Aluminium Co., Ltd relationship with this program and provided relevant information – CONFIDENTIAL]

PART I-4 ALUMINIUM PROVIDED BY GOVERNMENT AT LESS THAN FAIR MARKET VALUE (PROGRAM 15)

The applicant claims that public bodies (in the form of state-owned enterprises (SOEs)) are supplying aluminium, directly or indirectly, to manufacturers of aluminium extrusions at less than fair value. Aluminium is defined as all forms of aluminium, whether in pure form or alloyed.

The term SOE defined in the glossary of this questionnaire.

In relation to this program, provide the following information.

1. Did your business or any company/entity related to your business receive any benefit under the above program during the period **1 April 2011 to 27 April 2012**?

[Addressed the above and related questions. Outlined list of suppliers and Aluminium raw material, prices, and supporting documentation – CONFIDENTIAL]

PART I-5 ANY OTHER PROGRAMS

If the GOC, any of its agencies or any other authorised body has provided any other benefit² under any other assistance programs to your entity not previously addressed, identify the program(s).

[A Complete list of additional programs, including the total benefit received, terms, conditions and obligations, has been supplied as part of this submission
– CONFIDENTIAL]

² Refer to the Glossary of Terms for a definition of benefit in this context.

SECTION J – EXPORTER/PRODUCER’S DECLARATION

[Signed Declaration by Alnan Aluminium Co., Ltd authorised officer
CONFIDENTIAL]

SECTION K - CHECKLIST

APPENDIX – GLOSSARY OF TERMS

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

Adjustments

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

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

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

Arms length

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

Review period

A period defined by the Commission over which exportations of the goods are examined.

Associated Companies

Persons shall be deemed to be associates of each other if, and only if:

(a) both being natural persons:

- (i) they are connected by a blood relationship or by marriage or by adoption; or
- (ii) one of them is an officer or director of a body corporate controlled, directly or indirectly, by the other;

(b) both being bodies corporate:

- (i) both of them are controlled, directly or indirectly, by a third person (whether or not a body corporate); or
- (ii) both of them together control, directly or indirectly, a third body corporate; or
- (iii) the same person (whether or not a body corporate) is in a position to cast, or control the casting of, 5% or more of the maximum number of votes that might be cast at a general meeting of each of them; or

(c) one of them, being a body corporate, is, directly or indirectly, controlled by the other (whether or not a body corporate); or

(d) one of them, being a natural person, is an employee, officer or director of the other (whether or not a body corporate); or

(e) they are members of the same partnership.

Constructed value

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

Cost of production/manufacturing

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

Cost to make and sell

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

Country of origin

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

Date of sale

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

Direct labour cost

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

Dumping

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

Dumping margin

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

Export price

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

Exporting country

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

Factory overheads

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

Financial Contribution

There is a "financial contribution" by a government where:

- (a) a government practice involves a direct transfer of funds (grants, loans, and equity infusion), potential direct transfer of funds or liabilities (e.g. loan guarantees);
- (b) government revenue that is otherwise foregone or not collected (e.g. fiscal incentives such as tax credits);

- (c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- (d) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (a) to (c) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by the government.

Government of China (GOC)

Any level of Chinese government, including central, provincial, municipal, county or any other level of government.

Goods subject to measures

The goods that are the subject of a dumping duty notice and a countervailing duty notice.

Incoterms

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

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

DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc incurred upon importation)

Like goods

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

Normal value

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

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

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

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

Ordinary course of trade

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

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

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

Primary Aluminium

Raw material inputs of aluminium (including billets and ingots).

Related Parties

See "Associated Companies" above.

Selling, general and administration expenses (SG&A)

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

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

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

State Owned Enterprises (SOE)

For the purposes of this questionnaire, SOE refers to any company or enterprise that is operating under the direct or indirect control or influence of the GOC (as defined above). This includes any company which is effectively controlled by the GOC through laws, orders, regulations, directives or other similar mechanisms; or is operating in a partnership or joint venture capacity with the GOC; or whose shares, whether or not they are publicly traded, are wholly or majority owned by the GOC.

Subsidy

In relation to goods that are exported to Australia, means:

- (a) a financial contribution:
- (1) by a government of the country or export or country of origin of those goods; or
 - (2) by a public body of that country or of which government is a member; or
 - (3) by a private body entrusted or directed by that government or public body to carry out a governmental function;

that is made in connection with the production, manufacture or export of those goods and that involves:

- (4) a direct transfer of funds from that government or body to the enterprise by whom the goods are produced, manufactured or exported; or
 - (5) a direct transfer of funds from that government or body to that enterprise contingent upon particular circumstances occurring; or
 - (6) the acceptance of liabilities, whether actual or potential, of that enterprise by that government body; or
 - (7) the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) due to that government or body by that enterprise; or
 - (8) the provision by that government or body of goods or services to that enterprise otherwise than in the course of providing normal infrastructure; or
 - (9) the purchase by that government or body of goods provided by that enterprise; or
- (b) any form of income or price support as referred to in Article XVI of the General Agreement Tariffs and Trade 1994, that is received from such a government or body;

if that financial contribution or income or price support confers a benefit in relation to those goods.