



EXPORTER QUESTIONNAIRE

CERTAIN HOLLOW STRUCTURAL SECTIONS EXPORTED FROM THE REPUBLIC OF KOREA, TAIWAN and MALAYSIA

Period of Investigation: 1 JULY 2016 – 30 JUNE 2017

Response due by: 21 August 2017. **Extended: 28 August 2017**

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

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Commission website:** www.adcommission.gov.au

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OR

Anti-Dumping Commission
GPO Box 1632
Melbourne
Victoria 3000
Australia
Attention: Director Investigations 4

GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices and/or in receipt of subsidies, are:

“Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm. CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.”

The applicants provide the following additional information:

The goods covered by this application include all electric resistance welded pipe and tube made of steel meeting the above description of the goods (and exclusions), regardless of whether or not the pipe or tube meets a specific structural standard or is used in structural applications.

Goods excluded from this application include:

- *conveyor tube made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1mm on outer surface and 0.25mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6mm in order to maintain vibration free rotation and minimum wind noise during operation);*
- *precision RHS with a nominal thickness of less than 1.6 mm (i.e. not used in structural applications); and*
- *stainless steel CHS and RHS sections.*

Tariff classification

The application stated that the GUC are classified to the following tariff subheadings under Schedule 3 of the *Customs Tariff Act 1995*:

| Tariff code | Statistical code(s) | Unit | Description | Duty rate |
|--------------------|-----------------------------|-------------|---|--|
| 7306.30.00 | 31, 32, 33, 34, 35, 36, 37. | Tonnes | Other welded, of circular cross-section, of iron of non-alloy steel | 5% DCS: 4% ¹ DCT: 5% ² |
| 7306.50.00 | 45 | Tonnes | Other welded, of circular cross-section, of other alloy steel | 5% DCS: 4% DCT: 5% |
| 7306.61.00 | 21, 22, 25, 90. | Tonnes | Square or rectangular cross-section of iron or non-alloy steel | 5% DCS: 4% DCT: 5% |
| 7306.69.00 | 10 | Tonnes | Other non-circular cross-section | 5% DCS: 4% DCT: 5% |
| 7306.90.00 | 12 | Tonnes | Other | 5% DCS: 4% DCT: 5% |

There are numerous Tariff Concession Orders applicable to the relevant tariff subheadings.

The goods are subject to the Customs duty indicated below:

| |
|---------------------------|
| Korea |
| From 12 December 2014: 4% |
| From 1 January 2015: 3% |
| From 1 January 2016: 2% |
| From 1 January 2017: 1% |
| From 1 January 2018: Free |

¹ 'DCS' denotes the rate for countries and places listed in Part 4 of Schedule 1 of the *Customs Tariff Act 1995*.

² 'DCT' denotes the rate for Hong Kong, the Republic of Korea, Singapore and Taiwan.

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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 investigation:

Head Office:

Name: *Nan Hsiung, Chen /Administration Vice President*
Address: *No. 36, Bengong W. Rd. Gangshan Dist., Kaohsiung City 82059 Taiwan (R.O.C)*
Telephone: *+886 7 624 1288 EXT201*
Facsimile number: *+886 7 624 1299*
E-mail address of contact person: *1002@Ursine.com.tw*

Factory:

Address: *No. 36, Bengong W. Rd. Gangshan Dist., Kaohsiung City 82059 Taiwan (R.O.C)*
Telephone: *+886 7 624 1288*
Facsimile number: *+886 7 624 1299*
E-mail address of contact person: *Nan Hsiung, Chen/Administration Vice President*
1002@Ursine.com.tw

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

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

Name: *John Bracic*
Address: *PO Box 3026, Manuka ACT 2603*
Telephone: *+61 (0)499 056 729*
Facsimile/Telex number:
E-mail address of contact person: *john@jbracic.com.au*

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

A-3 Company information

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

Ursine’s legal name of the business is URSINE STEEL CO., LTD, which is a company limited by shares. Ursine does not have any other business names.

- 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).

Ursine’s principal shareholders are as below:

| <i>Shareholders</i> | <i>Share Holding</i> | <i>Percentage</i> |
|-----------------------|-----------------------|-----------------------|
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |
| <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> | <i>xxxxxxxxxxxxxx</i> |

Total: xxx%

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

Not applicable. Ursine is not a subsidiary of any other companies.

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

This question is not applicable because Ursine does not have a parent company.

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

This question is not applicable because Ursine does not have associated or affiliated companies.

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

Not applicable, because Ursine was charged any such management fees/ corporate allocation, nor does it have any parent or related company.

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

No.36, Bengong W. Rd. Gangshan Dist., Kaohsiung City 82059 Taiwan (R.O.C)

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;

Please refer to Exhibit A- 4.3.a for the chart of accounts of Ursine.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Please refer to:

- *Exhibit A-4.3.b(1) for Ursine's audited financial statements for 2016 and 2015, with English translation;*
- *Exhibit A-4.3.b(2) for Ursine's audited financial statements for 2015 and 2014, with English translation.*

- 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.

Ursine does not prepare any divisional or product specific financial reports in the normal course of business.

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.

Ursine does not prepare any internal financial statements or management in the normal course of business for the goods under consideration.

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.

Ursine has audited financial statements and submitted the same in Exhibit A-4.3.b (1), so this question is not applicable.

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

Ursine's financial accounting practices is in compliance with the generally accepted accounting principles ("GAAP") of Taiwan.

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 (eg last in first out –LIFO, first in first out- FIFO, weighted average);

*Ursine value its raw material, work-in-process, and finished goods inventories by xxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxx.*

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

*Ursine tracks and collects cost data on an aggregate, company-wide basis on its books,
xx
xx.*

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

*Ursine xxx
xxxxxxxxxxxxxxxxxxxx.*

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

The valuation method for scrap is xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx.

- valuation and revaluation methods for fixed assets;

Ursine values its fixed assets by the actual acquisition cost. It does not revalue fixed assets.

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

Depreciation method is the straight-line method. The useful life of production equipment is as follows:

| <i>Equipment Name</i> | <i>Useful life</i> | <i>Depreciation rate</i> |
|------------------------------|--------------------|--------------------------|
| <i>Slitting Equipment</i> | <i>x years</i> | <i>x%</i> |
| <i>Pipe Making Equipment</i> | <i>x years</i> | <i>x%</i> |

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

Ursine books its purchases and sales denominated in foreign currency based on the official exchange rate on the date of invoice. The difference in foreign exchange between the invoice date and payment date is booked under “exchange gains and losses” as non-operating gains and losses.

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

The gains and losses arising from the translation of balance sheet items are booked under “exchange gains and losses” as non-operating gains and losses.

- inclusion of general expenses and/or interest;

General expenses are regarded as operating expenses. Interest revenues and expenses are regarded as non-operating expenses.

- provisions for bad or doubtful debts;

Ursine does not have provisions for bad or doubtful debts.

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

Ursine does not have expenses for idle equipment or plant shut downs

- costs of plant closure;

Ursine does not have cost of plant closure incurred.

- restructuring costs;

Ursine does not have restructuring costs incurred.

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

Ursine xxxxxxxxxxxxxxxxxxxxxxxxxxx

- effects of inflation on financial statement information.

Not applicable..

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 accounting methods used by Ursine have not changed over the last two years.

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 between the goods and other products produced.

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**".

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.

Please see Exhibit A-5 for Ursine’s income statement spreadsheet.

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.

Please see Exhibit A-6 for Turnover spreadsheet.

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- 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.

Please see Exhibits B-9.a and B-9.b for the documentation relating to the following two selected shipments to Australia.

- *Invoice number xxxxxxxxxxxxxxxxxx, dated xxxxxxxx; and*
- *Invoice number xxxxxxxxxxxxxxxxxx, dated /xxxxxxx.*

SECTION C EXPORTED GOODS & LIKE GOODS

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

Ursine exports xxxxxxxx categories of pipes/tubes to Australia during the review period, which are identified as xxxxxxxxxxxxxxxxxxxxxx in our system. xxxxxxxx stands for xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx; xxx is xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx; and xxx is xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx.

These codes are the same as the codes used in domestic sales, and there is no significant difference between the pipes sold in Australia and those sold in domestic market in each of the three categories.

Products exported to Australia were all of xxxxxxx specifications, and the products sold in Domestic were often of either xxx or xxx standards.

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).

xxx: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

xxx: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

xxx: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the inquiry 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 and provide documents which outline differences |

Ursine has identified similar models which use same specification of coil, i.e., xxxxxxxxx and reported those sales in its domestic sales spreadsheet at Exhibit D-4.

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 inquiry 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 Manager **before** completing the questionnaire. If the Case Manager 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 inquiry 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 inquiry period.*

If you do not have any domestic sales of like goods you must contact the Case Manager 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;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

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

Ursine sell the GUC to the xxxxxxxxxxxxxxxx and xxxxxxxxxxxx in its domestic market at xxxxxxxxxxxxxxxx during the review: xxxxxxxxxxxxxxxx and xxxxxxxxxxxxxxxx. Ursine does not sign agreement or contract with such customers; all sales are done by telephone or email purchase.

Please see Exhibit D-1 Flowchart of Sale Terms and Pricing (Domestic Market).

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.

Ursine's domestic selling prices do not vary by the distribution channels.

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

Please see Exhibit D-3 for the chronological flowchart of sales process.

Customers place purchase orders via email, telephone or fax.

Once order confirmed, Ursine enters the quantity/specifications ordered by the customers into its system.

Once the order goods is ready for delivery, Ursine will notify the customers to make payments and a delivery note will be issued for shipment record. Upon shipment, Ursine will issue Government Uniform Invoice ("GUI") to customers.

- whether price includes the cost of delivery to customer.

Selling price includes freight expenses if customers ask Ursine to deliver the goods.

The general ledger account for inland freight expense is "xxxx".

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

Ursine xxxxxxxxxxxxxxxxxxxxxxxx to its customers for domestic sales. Selling prices are xxxxxxxxxxxxxxxxxxxxxxxx.

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

Please see Exhibit D-4 for "Domestic Sales" 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.

All the costs related to domestic market are listed in the spreadsheet Exhibit D-4 “Domestic sales”.

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.

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 inquiry 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.

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.

Ursine does not provide any services related to this question, thus this question is not applicable.

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.

All of the applicable factors have already been listed in the Australia sales and Domestic sales spreadsheets, thus this question is not applicable.

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 inquiry (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 inquiry period.

During the review period, there was no sustained movement of currency, thus Ursine does not claim for adjustment for currency conversions.

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.

There is no physical characteristics difference between GUC sold in Domestic market and Australia within the same model.

As explained in the answer to C-4, the exported model xxxxxxxxxxxx is not sold in the domestic market. In the domestic sales, xxxxxxxx is used for the same general structure applications, and is produced by the same base coils as those for xxxxxx, which entail the selection of xxxxxxxx to be the like goods to xxxxx. Because they use the same base coils to produce, Ursine does not claim for any physical characteristics difference adjustment for the fair comparison purpose.

2. Import charges and indirect taxes

If exports to Australia:

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

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

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

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

In substantiating the drawback claim the following information is required:

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

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 value-added sales tax for domestic sales is five percent (5%), and 0% for export sales. According to Taiwan’s VAT law and practice, VAT is not a cost to production because all tax collected from domestic sales (“output VAT”) and all tax payable to purchases (“input VAT” in respect of production inputs and materials purchased) are first offset against each other, and the balance is either payable to tax authority or refundable therefrom.

3. Level of trade

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

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

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

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there are 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.

This question is not applicable, because the price of the GUC sold in domestic market does not vary between different levels of trade.

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 inquiry 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 system³, 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.

³ 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.

(It is a measure of how many times the average receivables balance is converted into cash during the year).

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

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

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

2. *Calculate the average credit period*

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

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

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

The payment terms for domestic sales is “xxxxxxxxxxxxxxxxxxxxxxxxxxxx” for all of customers.

The credit period calculation is based on the foregoing payment term, which means the payment days used for this credit cost calculation is regarded as xx days (= xxxxxxxx; with the first xx days being the deemed average of all invoice dates in the month, because the actual invoice date in the selling month could be any day during the selling month, and for most customers multiple invoices were issued in that selling month, Ursine believes that it may take the average figure, xx days, to account for the in-month credit period).

The calculation formula is as follows:

Credit Cost = the average short-term borrowings interest rates × credit period (xx days) × invoice value ÷ 365 days

Please see Exhibit E-2.4 for Ursine’s interest rate on NTD short-term borrowing rates, i.e., xxx%.

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.

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*.

Ursine does not have any of the expenses incurred related to this question.

E-3 Duplication

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

For example:

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

Separate adjustment items must avoid duplication.

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

There is no duplication in our calculation of the above adjustments.

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.

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

Supply this information in spreadsheet file named “Third country”

Please see Exhibit F-1.

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

There is no difference between sales to third countries and sales to Australia.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

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

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

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

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

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

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

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

Ursine's production process is as following:

*xxxx → xxxxx → xxxxx → xxxxx → xxxxx → xxxxx → xxxxx → xxxxx → xxxxx
xxxxx → xxxxx → xxxxx → xxxxx*

Please refer to Exhibit G-1 Flowchart of Production Process.

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

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

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

Provide this information on a spreadsheet named "**Production**".

Please see Exhibit G-2 for Production spreadsheet.

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.

Ursine doesn't have a management accounting system. The data in its financial accounting records can be directly reconciled to the financial statements.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Not applicable as costs are recorded on an actual basis.

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

Not applicable as costs are recorded on an actual basis.

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

Ursine doesn't have profit/cost centres in its cost accounting system. All of the production costs are booked in "manufacturing cost". The cost is not allocated as per product specifications.

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.

Please refer to answer to question G-3.4 as above.

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

Please refer to answer to question G-3.4 as above.

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

All the production costs are tracked and recorded on an actual basis, thus, no cost elements are valued differently for cost accounting purposes than for financial accounting purposes.

- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Not applicable because we did not have start-up operations in 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. See the preceding answer.

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.⁴

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

Please refer to Exhibit G-4 Domestic CTMS.

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.

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

Please see URSINE's "Australian CTMS" at Exhibit G-5.1.

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

⁴ 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.

PUBLIC VERSION

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**lowest average during POR*

*** Highest average during POR*

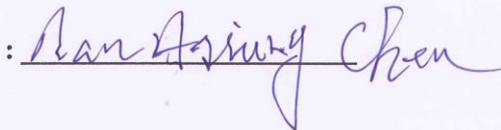
SECTION H

EXPORTER'S DECLARATION

I hereby declare that URSINE STEEL CO., LTD. (company) did, during the period of review, export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

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

Name : Nan Hsiung Chen

Signature : 

Position in Company : Administration Vice President

Date : 2017/8/25

SECTION I

CHECKLIST

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

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

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