



International Trade Remedies Branch

SUBSIDY INVESTIGATION



EXPORTER QUESTIONNAIRE - CHINA

PRODUCT CONCERNED: ZINC COATED (GALVANISED) STEEL
AND ALUMINIUM ZINC COATED STEEL
FROM THE PEOPLE'S REPUBLIC OF
CHINA

INVESTIGATION PERIOD: 1 JULY 2011 TO 30 JUNE 2012

RESPONSE DUE BY: 4 JANUARY 2013
EXTENDED TO 11 JANUARY 2013

ADDRESS FOR RESPONSE: International Trade Remedies Branch
Australian Customs and Border
Protection Service
5 Constitution Avenue
Canberra ACT 2601
Australia
Attention: Director Operations 2

CASE MANAGER: Mr Sanjay Sharma
TELEPHONE: +61-2-6275-8008
FAX: +61-2-6275-6990
EMAIL: itrops2@customs.gov.au

Please note that a non-confidential version of the reply to this questionnaire must also be provided at the same time as submitting the confidential version.

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ABBREVIATIONS

Abbreviation / short form	Full reference
ACDN	Australian Customs Dumping Notice
the Act	Customs Act 1901
the applicant	BlueScope Steel Limited
AS	Australian Standard
BlueScope	BlueScope Steel Limited
China	People's Republic of China
CON 193	International Trade Remedies Branch Consideration Report 193
Customs and Border Protection	Australian Customs and Border Protection Service
the Division	Division 2 of Part XVB of the Customs Act 1901
FOB	free-on-board
GOC	Government of China
the goods	the goods subject to the applications (zinc coated (galvanised) steel and aluminium zinc coated steel)
INV 190a and INV 190b	Investigation 190a (dumping of aluminium zinc coated steel exported from China, Korea and Taiwan); Investigation 190b (dumping of zinc coated (galvanised) steel exported from China, Korea and Taiwan)
The Minister	the Minister for Home Affairs
SEF	statement of essential facts
SIE	state invested enterprises
WTO	World Trade Organisation

SECTION A - COMPANY STRUCTURE AND OPERATIONS

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

NOTE – If you have already provided the following information as part of your response to the questionnaire for the dumping investigations (INV 190a and/or INV 190b) you do not need to provide it again. Please just advise this fact in your response.

Union Steel China Co., Ltd (hereinafter “USC”) has already provided responses to the following questions as part of its response to the questionnaire for the dumping investigation.

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:
Position in the company:
Address:
Telephone:
Facsimile number:
E-mail address of contact person:

Factory:

Address:
Telephone:
Facsimile number:
E-mail address of contact person:

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:
Organisation:
Position:
Address:
Telephone:
Facsimile/Telex number:
E-mail address of contact person:

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

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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.
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).
3. If your company is a subsidiary of another company list the principal shareholders of that company.
4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.
5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.
6. Are any management fees/corporate allocations charged to your company by your 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.
8. If your business does not perform all of the following functions in relation to the goods, then please provide names and addresses of the companies which perform each function:
 - produce or manufacture
 - sell in the domestic market
 - export to Australia, and
 - export to countries other than Australia.
9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.
10. Provide a list of your business' Board of Directors, Managing Director (or CEO) and Senior Executives.
11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.
12. 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?
13. 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 GOC (including central, provincial,

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municipal, county or any other level of government) accrue to your company because of being located in such an area;

- please explain the nature of the operations, identify the specific zone(s) [or other area(s)] and provide a brief overview of all of the benefits of operating within the specified zone(s) or area(s).

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

- Suppling/selling completed or partially completed products.
- Suppling/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.

A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION

1. Indicate your accounting period.

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

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

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under investigation.

These documents should relate to:

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

3. 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 relevant taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

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

5. Describe:

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

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- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);
 - costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);
 - valuation methods for damaged or sub-standard goods generated at the various stages of production;
 - valuation methods for scrap, by products, or joint products;
 - valuation and revaluation methods for fixed assets;
 - average useful life for each class of production equipment and depreciation method and rate used for each;
 - treatment of foreign exchange gains and losses arising from transactions;
 - treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
 - inclusion of general expenses and/or interest;
 - provisions for bad or doubtful debts, and treatment thereof in your accounts;
 - expenses for idle equipment and/or plant shut-downs;
 - costs of plant closure;
 - restructuring costs;
 - by-products and scrap materials resulting from your company's production process; and
 - effects of inflation on financial statement information.
6. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

A-5 INCOME STATEMENT

Complete the spreadsheet entitled '**Income statement**' within the '*Exporter Questionnaire – Galvanised Steel and Aluminium Zinc Coated Steel* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Explain how costs have been allocated between all products and the goods within these calculations.

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

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.

A-6 SALES

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Complete the spreadsheet entitled '**Turnover**' within the '*Exporter Questionnaire – Galvanised Steel and Aluminium Zinc Coated Steel* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In completing the sheet, use the currency in which your accounts are kept. This information will be used to verify the cost allocations to the goods.

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.

A-7 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 goods. Also specify all scrap or by-products that result from producing the goods.
2. Complete the spreadsheet entitled '**Production**' within the '*Exporter Questionnaire – Galvanised Steel and Aluminium Zinc Coated Steel* provided alongside this questionnaire.'

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

NOTE – If you have already provided the following information as part of your response to the questionnaire for the dumping investigations (INV 190a and/or INV 190b) you do not need to provide it again. Please just advise this fact in your response.

USC has already provided responses to the following questions as part of its response to the questionnaire for the dumping investigation.

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory.

Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at another level (e.g. ex factory).

*You should report prices of **all GUC shipped to Australia during the investigation period**.*

- B-1** For each customer in Australia to whom you shipped goods in the investigation period list:
- name;
 - address;
 - contact name and phone/fax number where known; and
 - trade level (for example: distributor, wholesaler, retailer, end user, original equipment).
- 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.
 - (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.
 - (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.
 - (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).
 - (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.
 - (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).

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(g) Details of the forward orders of the GUC (include quantities, values and scheduled shipping dates).

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.

B-4 Complete the spreadsheet entitled '**Australian sales**' within the *Galvanised steel and aluminium zinc coated steel Exporter Questionnaire – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all** shipments (i.e. transaction by transaction) to Australia **of the GUC** (do not include non-GUC items) in the investigation period.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Product type	identify the finish product of the Galvanised steel and aluminium zinc coated steel sold
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice. Show basis e.g. kg.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.

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Other charges	any other charges, or price reductions, that affects the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

Notes

** FOB export price and Ocean Freight:

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

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

Freight allocations must be checked for consistency.

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

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

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

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

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

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

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

B-9 Select two shipments of each product (*galvanised steel and aluminium zinc coated steel*), in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

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

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

SECTION C – COUNTERVAILING

The applicant alleges that producers in China of galvanised steel and aluminium zinc coated steel, and upstream suppliers have benefited from a number of subsidies granted by the GOC (meaning any level of government – refer to the Glossary of Terms for further information), and that these subsidies are countervailable.

INVESTIGATED PROGRAMS

The following are programs that Customs and Border Protection is currently investigating:

Program Number	Program Name
RAW MATERIAL PROVIDED BY GOVERNMENT AT LESS THAN ADEQUATE REMUNERATION	
1	Hot rolled steel provided by government at less than adequate remuneration
2	Coking coal provided by government at less than adequate remuneration
3	Coke provided by government at less than adequate remuneration
PREFERENTIAL INCOME TAX PROGRAMS	
4	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones
5	Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years
6	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)
7	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai
8	Preferential Tax Policies in the Western Regions
9	Land Use Tax Deduction
10	Preferential Tax Policies for High and New Technology Enterprises
TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENT	
11	Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipment

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GRANTS	
12	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'
13	Matching Funds for International Market Development for Small and Medium Enterprises
14	Superstar Enterprise Grant
15	Research & Development (R&D) Assistance Grant
16	Patent Award of Guangdong Province
17	Innovative Experimental Enterprise Grant
18	Special Support Fund for Non State-Owned Enterprises
19	Venture Investment Fund of Hi-Tech Industry
20	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.
21	Grant for key enterprises in equipment manufacturing industry of Zhongshan
22	Water Conservancy Fund Deduction
23	Wuxing District Freight Assistance
24	Huzhou City Public Listing Grant
25	Huzhou City Quality Award
26	Huzhou Industry Enterprise Transformation & Upgrade Development Fund
27	Wuxing District Public List Grant
28	Anti-dumping Respondent Assistance
29	Technology Project Assistance

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PART C-1 RAW MATERIAL PROVIDED BY GOVERNMENT AT LESS THAN ADEQUATE REMUNERATION (PROGRAMS 1-3)

The applicant claims that public bodies (in the form of state-invested enterprises (SIEs)) are supplying hot rolled coil, coking coal and coke directly or indirectly, to manufacturers of galvanised steel and aluminium zinc coated steel at less than adequate remuneration.

USC does not purchase any of the raw materials claimed under these programs. USC's related company Wuxi Changjiang Sheet Metal Co., Ltd (hereinafter "Wuxi Changjiang") purchased hot rolled coil steel from State-invested enterprises and from other enterprises during the period of investigation.

USC provides responses to the questions in this Part C-1 to show its goodwill and commitment in cooperating with Australian Customs' investigation. However, being a wholly foreign-owned steel enterprise that has operated in China for more than 11 years. USC completely rejects the proposition that any of these alleged subsidy programs exist.

Such allegations of the applicant rely on illusory legal concepts and are factually groundless. We would go so far as to say that the applicant knows these allegations to be false and misleading. It operates its own coated steel factory in China - BlueScope Steel Suzhou. We are not aware of any statement by that company before now to the effect that its purchases of hot-rolled coil are subsidies, or that it does not operate under market conditions in China.

Please answer the following questions in relation to your purchases of hot rolled coil, coking coal and coke between 1 July 2011 to 30 June 2012.

1. Describe the nature of your production process for galvanised steel and/or aluminium zinc coated steel, including all raw materials used by your company in the process.

USC and its related company Wuxi Changjiang produce and sell the GUC in China in combination with each other. Wuxi Changjiang produces full-hard steel ("F/H") for the production of the GUC by USC. [CONFIDENTIAL TEXT DELETED- details of raw material transfers].

[CONFIDENTIAL TEXT DELETED – details of costing and company management]

[CONFIDENTIAL TEXT DELETED – details of production process]

1. Does your business or related business purchase hot rolled coil, coking coal or coke in the manufacture of galvanised steel and/or aluminium zinc coated steel?

Wuxi Changjiang purchases HRC for the production of full hard coils and cold rolled coils. USC did not purchase HRC in the POI.

Neither USC nor its related company in China purchased coking coal or coke in the manufacture of the GUC during the period of investigation.

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2. Provide a list, including a contact name and address, of all your suppliers and manufacturers of hot rolled coil, coking coal and coke, including those purchased through related businesses. Indicate whether the supplier and manufacturer is a SIE and evidence supporting this.

The list of suppliers and manufacturers of HRC is provided in Attachment 41 [CONFIDENTIAL ATTACHMENT]. None of the suppliers are related to USC or Wuxi Changjiang.

3. Complete the attached spreadsheet entitled '**Raw Material Purchases**' within the '*Exporter Questionnaire – Galvanised Steel and Aluminium Zinc Coated Steel* – provided alongside this questionnaire (i.e. transaction by transaction) for all purchases of hot rolled coil, coking coal and coke. Provide the completed spreadsheet in electronic format with your response.

(NB if your company is purchasing more than one material type (HRC, Coking Coal and Coke), please provide your responses in three separate spreadsheets).

USC does not purchase HRC itself. Wuxi Changjiang's HRC purchases are reported in Attachment 42 [CONFIDENTIAL ATTACHMENT].

4. Did your business receive any reduction/reduced price for the purchase of these raw materials during the investigation period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the raw material.

Wuxi Changjiang will always try to negotiate the best price it can for its supply of HRC. In this context Wuxi Changjiang may receive better prices than originally offered by the seller, or discounts or rebates. These arise from normal commercial negotiations and business practices. Prices are market based, and the ability to negotiate them depends on the market conditions at the time. Factors include volume and continued business.

However Wuxi Changjiang did not and does not receive any price "reductions" or "reduced prices" in its purchases of these raw materials as some kind of "subsidy". The question about eligibility criteria is therefore redundant.

5. Provide copies of all contractual agreements that detail the obligations of the SIE and your business with reference to the granting and receipt of the assistance/benefits.

Wuxi Changjiang purchases hot-rolled coil from SIEs without "assistance/benefits". Therefore this question is not applicable.

Example contracts for hot-rolled coil purchases from an SIE and a non-SIE are at Attachments 43 and 44 [CONFIDENTIAL ATTACHMENTS] respectively. These are standard commercial contracts in all respects, and comparable in most respects.

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6. Did your business import any raw materials during the investigation period? If yes, please provide details of all such imports, including date, source, type, amount, price and name of country.

During the investigation period Wuxi Changjiang [CONFIDENTIAL TEXT DELETED – details of HRC imports] USC/Wuxi Changjiang has purchased imported HRC [CONFIDENTIAL TEXT DELETED – details of HRC imports].

These purchases of HRC have been made from various suppliers, including Chinese companies, foreign companies, and affiliated companies, and are always based on market conditions. In selecting its sources of supply, USC/Wuxi Changjiang considers a number of factors. Unsurprisingly, these include such things as purchase price, quality, delivery and payment terms, and other standard commercial aspects.

For example, USC entered into purchase contracts for imports of HRC from [CONFIDENTIAL TEXT DELETED – details of HRC imports and table indicating the import price to be similar to Chinese domestic price of HRC]

7. Explain the reasons for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

During the investigation period Wuxi Changjiang [CONFIDENTIAL TEXT DELETED – details of HRC imports]. As indicated in our previous response, this is [CONFIDENTIAL TEXT DELETED – details of HRC imports] and purchasing decisions will depend on market factors. Apart from price factors, domestic supply can have other advantages, such as predictability, shorter delivery times, continued customer loyalty, etc.

PART C-2 PREFERENTIAL INCOME TAX PROGRAMS (PROGRAMS 5-10)

1. Did your business or any company/entity related to your business receive any benefit¹ under the following five programs during the investigation period (1 July 2011 to 30 June 2012):

Program 4: Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and in Economic and Technological Development Zones

Not applicable. Neither USC nor Wuxi is located in these areas or zones.

Program 5: Preferential Tax Policies for Foreign Invested Enterprises - Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period not less than 10 years

The “two free and three half” exemption periods under this program ended in 2004 for Wuxi Changjiang and in 2012 for USC, in accordance with the *Law on Foreign Invested Entities of Peoples Republic of China*.

In any case, neither company obtained any benefits from the tax programs concerned [CONFIDENTIAL TEXT DELETED – details of the companies’ use of this program].

Program 6: Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)

Not applicable. Neither USC nor Wuxi is located in these areas or zones.

Program 7: Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai

Not applicable. Neither USC nor Wuxi is located in the Pudong area of Shanghai.

Program 8: Preferential Tax Policies in the Western Regions

Not applicable. Neither USC nor Wuxi is located in the Western Regions.

Program 9: Land Use Tax Deduction

USC and Wuxi Changjiang paid the fixed rate (RMB [CONFIDENTIAL TEXT DELETED] per square meter) of land use tax based on the local land use tax standard. USC and Wuxi Changjiang did not benefit from the land use tax programs. The land use tax standard table and sample land use tax return for each company is provided at Attachment 45 [CONFIDENTIAL TEXT DELETED].

¹ Refer to the Glossary of Terms for a definition of benefit in this context.

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Program 10: Preferential Tax Policies for High and New Technology Enterprises

Not applicable. Neither USC nor Wuxi is classified as such an enterprise.

2. It is our understanding that the general tax rate for enterprises in China from 1 July 2011 was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China from 1 July 2011.

USC confirms that the general tax rate for enterprises in China during the POI was 25%.

3. For each taxation year since 2007, complete the attached spreadsheet entitled '**Income Tax**' 'Exporter Questionnaire – Galvanised Steel and Aluminium Zinc Coated Steel' - provided alongside this questionnaire

Please refer to the completed spread sheet entitled "Income Tax" in Attachment 46 [CONFIDENTIAL ATTACHMENT].

4. Provide a copy, bearing the official stamp of the appropriate level of the GOC of all
- corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed since 2007; and
 - income tax instalment payment receipts, and all applicable income tax forms and schedules since 2007.

Note: If your company did not file an income tax return since 2007, provide an explanation stating the reasons why you were exempt from filing such a return and the applicable section[s] of the Income Tax Act under which you were exempt from doing so.

USC and Wuxi Changjiang's tax returns since 2007 are provided in Attachments 47 and 48 [CONFIDENTIAL ATTACHMENTS] respectively.

5. If your business currently pays corporate income tax at a rate less than the general tax rate, or paid at a rate less than that during the investigation period, please indicate whether the reduced rate relates to any of the preferential income tax programs identified above.

Please refer to the answer to Question C-2.1 above. USC and Wuxi Changjiang did not obtain any benefits from the various tax programs mentioned above.

6. If the income tax rate of less than the general rate does not relate to any of the programs identified above, please provide an explanation for the reduced income tax rate.

USC and Wuxi Changjiang are assessable for corporate income tax at general tax rates, in accordance with the relevant laws. There are no reduced rates.

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7. Please answer the following questions for each program identified at questions 5 and 6 above:

- i. Provide complete details of the amount of the benefit received, including whether it was received in total or in instalments.
- ii. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).
- iii. Describe the application and approval procedures for obtaining a benefit under the program.
- iv. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
- v. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
- vi. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
- vii. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a) whether or not your business exports or has increased its exports;
 - b) the use of domestic rather than imported inputs;
 - c) the industry to which your business belongs; or
 - d) the region in which your business is located.
- viii. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
- ix. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
- x. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
- xi. To your knowledge, does the program still operate or has it been terminated?
- xii. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program.

Not applicable. Please refer to our response to questions 5 and 6 above.

FOR PUBLIC RECORD

PART C-3 TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENTS (PROGRAM 11)

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 machinery.

If your business or any company/entity related to your business received benefits under any such program during the period 1 July 2007 to 30 June 2012, please answer the following questions.

1. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments.

A list of imported machinery in use is provided in Attachment 49 [CONFIDENTIAL ATTACHMENT].

The list of machinery covers all machinery imported since the establishment of USC and Wuxi Changjiang. USC and Wuxi Changjiang did not import input materials that were used in the production of the GUC during the POI.

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

For FIEs conducting a business operation which falls within the encouraged category in the *Catalogue of Industries for Guiding Foreign Investment*, tariff duty and VAT is exempted on equipment which is for self-use and which is imported within the amount of the total investment.

To receive the exemption, the enterprise concerned receives a project confirmation letter from the local branch of the Ministry of Commerce. This is then presented to the local Customs Office with other certificates and exemption application documents in order for the enterprise to be eligible for the tariff and VAT exemption on the equipment concerned.

3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

A sample of the executed application form is provided in Attachment 50 [CONFIDENTIAL ATTACHMENT].

4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

No costs were incurred for purposes of “receiving the program”.

5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

FOR PUBLIC RECORD

The eligibility criteria to be met in order to benefit from this program are as follows.

- **foreign investment entity approval;**
- **import value of machinery within the limit of the investment amount advised by the enterprise;**
- **project confirmation letter; and**
- **the imported equipment must not fall within the non-exemption lists.**

6. State whether your eligibility for the program was conditional on one or more of the following criteria:
- a) whether or not your business exports or has increased its exports;
 - b) the use of domestic rather than imported inputs;
 - c) the industry to which your business belongs; or
 - d) the region in which your business is located.

The eligibility of the program was not conditional on one or more of the above criteria.

7. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

Any benefits which may have been provided were not related to any specific activity or project.

8. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

Copies of the import declaration and receipt of import duty and VAT paid are kept as part of normal accounting and document retention practices.

A sample copy of an import declaration and a proof of tariff duty exemption are provided at Attachments 51 and 52 [CONFIDENTIAL ATTACHMENTS] respectively.

9. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

There are no special accounts for any “benefits” received under this program.

10. To your knowledge, does the program still operate or has it been terminated?

USC understands that the tariff exemption component of this program is still valid.

The VAT exemption component of this program expired on 1 January 2009.

FOR PUBLIC RECORD

11. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program.

Please refer to the response to question 10 above.

USC is not aware of this program being substituted by any other programs.

12. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the investigation period? If yes, provide the following information:
- (a) type of inputs;
 - (b) cost of inputs;
 - (c) quantity of inputs; and
 - (d) amount of VAT refunded.

Please refer to the list of imported machinery provided in Attachment 49 [CONFIDENTIAL ATTACHMENT].

13. Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs (e.g. hot rolled coil, coking coal and coke) at any time that were used in the production of the goods during the investigation period? If yes, provide the following information:
- (a) description of imported product;
 - (b) country of origin;
 - (c) quantity of imported product;
 - (d) purchase price;
 - (e) terms of purchase (e.g. FOB, CIF);
 - (f) ocean freight;
 - (g) value for duty of imported product;
 - (h) regular rate of taxes and duties;
 - (i) concessionary rate of taxes and duties;
 - (j) amount of duties and taxes normally applicable;
 - (k) amount of duties and taxes paid;
 - (l) amount of duties and taxes exempt;
 - (m) date of importation;
 - (n) tariff classification number;
 - (o) customs entry number; and
 - (p) application fee.

There are no exemptions from refunds of import duty and import VAT for imported material inputs such as hot rolled coil. In any case, no imported materials were used during the POI.

Therefore, this question is not applicable.

FOR PUBLIC RECORD

14. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).

Explain how the GOC determined the percentage rate of duty exemption.

Please note that goods consumed in the production of exported goods (inputs) include:

- (a) goods incorporated into the exported goods; and
- (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.

USC and Wuxi Changjiang [CONFIDENTIAL TEXT DELETED – details of imports of input materials].

The GOC does not determine any aspect of the business decision-making of USC/Wuxi Changjiang.

15. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.

Please refer to Question 14 above.

16. In addition to the import entry documents, you must also provide copies, if applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.

Please refer to Question 14 above.

17. Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

Please refer to Question 14 above.

FOR PUBLIC RECORD

PART C-4 GRANTS (PROGRAMS 12-29)

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

Program 12: One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'

Program 13: Matching Funds for International Market Development for Small and Medium Enterprises

Program 14: Superstar Enterprise Grant

Program 15: Research & Development (R&D) Assistance Grant

Program 16: Patent Award of Guangdong Province

Program 17: Innovative Experimental Enterprise Grant

Program 18: Special Support Fund for Non State-Owned Enterprises

Program 19: Venture Investment Fund of Hi-Tech Industry

Program 20: Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.

Program 21: Grant for key enterprises in equipment manufacturing industry of Zhongshan

Program 22: Water Conservancy Fund Deduction

Program 23: Wuxing District Freight Assistance

Program 24: Huzhou City Public Listing Grant

Program 25: Huzhou City Quality Award

Program 26: Huzhou Industry Enterprise Transformation & Upgrade Development Fund

Program 27: Wuxing District Public List Grant

Program 28: Anti-dumping Respondent Assistance

Program 29: Technology Project Assistance

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period 1 July 2011 to 30 June 2012?

None of above grant programs apply to USC or Wuxi Changjiang. USC and Wuxi Changjiang did not benefit from any of the above mentioned programs.

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period 1 July 2011 to 30 June 2012?

No.

3. Provide copies of management reports showing your business' non-operating income (or another ledger account) during the period 1 July 2011 to 30 June 2012 and highlight the entry referring to income from the grants identified above.

FOR PUBLIC RECORD

USC and Wuxi Changjiang did not receive benefits under any other grant (including awards, prizes, funds) program during the period 1 July 2011 to 30 June 2012.

For each program identified in your answers above:

- i. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.
- ii. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).
- iii. Describe the application and approval procedures for obtaining a benefit under the program.
- iv. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
- v. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
- vi. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
- vii. State whether your eligibility for the program was conditional on one or more of the following criteria:
 - a. whether or not your business exports or has increased its exports;
 - b. the use of domestic rather than imported inputs;
 - c. the industry to which your business belongs; or
 - d. the region in which your business is located.
- viii. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
- ix. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
- x. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
- xi. To your knowledge, does the program still operate or has it been terminated?
- xii. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program.

FOR PUBLIC RECORD

- xiii. Identify the body responsible for administering the grant.
- xiv. Identify the date of approval of the grant and the date the grant was received.
- xv. Indicate where the grant was accounted for on your business' financial statements.

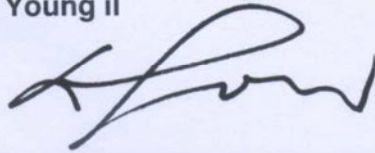
USC and Wuxi Changjiang did not receive benefits under any other grant (including awards, prizes, funds) program during the period 1 July 2011 to 30 June 2012.

SECTION D – EXPORTER/PRODUCER’S DECLARATION

I hereby declare that **Union Steel China** did, during the investigation period export the goods 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.

Name : Seo, Young il

Signature :



Position in

Company : General Manager of Trade Department

Date : January 11, 2013