



INVESTIGATION 271

**ALLEGED DUMPING OF
POLYVINYL CHLORIDE FLAT ELECTRIC CABLE
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

VISIT REPORT - EXPORTER

**GUILIN INTERNATIONAL
WIRE & CABLE GROUP CO. LTD
AND RELATED COMPANIES**

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

May 2015

CONTENTS

CONTENTS.....	2
ABBREVIATIONS.....	4
1 BACKGROUND AND PURPOSE.....	5
1.1 BACKGROUND.....	5
1.2 PRELIMINARY AFFIRMATIVE DETERMINATION	5
1.3 PURPOSE OF VISIT	6
1.4 MEETING DETAILS	6
1.5 INVESTIGATION PROCESS AND TIMEFRAMES	7
1.6 VISIT REPORT	8
2 COMPANY INFORMATION.....	9
2.1 GENERAL	9
2.2 CORPORATE, ORGANISATIONAL AND OWNERSHIP STRUCTURE	9
2.3 RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS	9
2.4 ACCOUNTING STRUCTURE AND DETAILS OF ACCOUNTING SYSTEM	10
3 THE GOODS.....	11
3.1 DESCRIPTION	11
3.2 TARIFF CLASSIFICATION.....	11
3.3 PRODUCTION FACILITIES AND PRODUCTION PROCESS	12
3.4 LIKE GOODS.....	13
4 SALES TO AUSTRALIA	16
4.1 EXPORT SALES PROCESS	16
4.2 VERIFICATION OF EXPORT SALES TO AUDITED FINANCIAL STATEMENTS	18
4.3 VERIFICATION OF EXPORT SALES TO SOURCE DOCUMENTS	19
4.4 TREATMENT OF GUILIN GROUP AS A SINGLE ENTITY	21
4.5 THE EXPORTER	22
4.6 THE IMPORTER	23
4.7 ARMS LENGTH.....	23
4.8 EXPORT PRICE – PRELIMINARY ASSESSMENT	24
5 COST TO MAKE AND SELL.....	26
5.1 GENERAL	26
5.2 VERIFICATION OF COST TO MAKE TO SOURCE DOCUMENTS	26
5.3 PRODUCTION VOLUMES.....	31
5.4 VERIFICATION OF COSTS TO FINANCIAL STATEMENTS	31
5.5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	31
5.6 CONCLUSION	32
6 DOMESTIC SALES.....	33
6.1 GENERAL	33
6.2 DOMESTIC SALES PROCESS.....	33
6.3 DOMESTIC SALES VERIFICATION	34
6.4 ARMS LENGTH.....	35
6.5 ORDINARY COURSE OF TRADE.....	35
6.6 DOMESTIC SALES – CONCLUSION.....	35
7 THIRD COUNTRY SALES	36
8 ADJUSTMENTS	37
8.1 GENERAL	37
8.2 ADJUSTMENTS TO THE NORMAL VALUE	37

FOR PUBLIC RECORD

8.3 OTHER 37
8.4 ADJUSTMENTS – CONCLUSION 39
9 NORMAL VALUE..... 40
9.1 GENERAL 40
9.2 CONCLUSION 41
10 DUMPING MARGIN..... 42
11 APPENDICES AND ATTACHMENTS..... 43

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ABBREVIATIONS

\$ or AUD	Australian dollars
ACBPS	Australian Customs and Border Protection Service
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
Australian Standard	Australian / New Zealand Standard AS/NZS 5000.2
Ao Ning	Ao Ning Electric Cables Co. Ltd
CFR	Cost and freight
China	People's Republic of China
COGS	Cost of goods sold
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
CTMS	Cost to make and sell
Electra	Electra Cables (Aust) Pty Ltd
FOB	Free on board
Guilin International	Guilin International Wire & Cable Group Co., Ltd
Guilin Feilong	Guilin Feilong Wire & Cable Co., Ltd
Guilin Group	Guilin International Wire & Cable Group Co., Ltd and related parties: <ul style="list-style-type: none">• Guilin Xianglong Wire & Cable Co., Ltd• Guilin Feilong Wire & Cable Co., Ltd• Ao Ning Electric Cables Co., Ltd
Guilin Xianglong	Guilin Xianglong Wire & Cable Co. Ltd
the Manual	the Commission's Dumping and Subsidies Manual
Olex	Olex Australia Pty Ltd
PAD	Preliminary affirmative determination
PVC	Polyvinyl chloride
SEF	Statement of essential facts
SG&A	Selling, general and administrative
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry & Science
the Regulations	<i>Customs (International Obligations) Regulation 2015</i>

1 BACKGROUND AND PURPOSE

1.1 Background

On 3 September 2014, Olex Australia Pty Ltd (Olex) (the applicant) lodged an application requesting that the then Minister for Industry publish a dumping duty notice in respect of certain polyvinyl chloride (PVC) flat electric cables (the goods) exported to Australia from the People's Republic of China (China).

Olex alleges that the Australian industry has suffered material injury, caused by PVC flat electric cables exported to Australia from China at dumped prices.

Olex provided further information in support of its application, restarting the 20 day period for consideration of the application. The Commissioner of the Anti-Dumping Commission (the Commissioner) ultimately decided to initiate an investigation. Public notification of the initiation of the investigation was made on 6 November 2014 in *The Australian* newspaper and through Anti-Dumping Notice (ADN) No. 2014/118.

Following initiation of the investigation, the Anti-Dumping Commission (the Commission) approached Electra Cables (Aust) Pty Ltd (Electra) to identify whether it was an importer of PVC flat electric cables into Australia during the period of investigation. At an early stage in the investigation, Electra identified four exporting manufacturers of the goods from which it obtained PVC flat electric cables:

- Guilin International Wire & Cable Group Co. Ltd (Guilin International);
- Guilin Xianglong Wire & Cable Co. Ltd (Guilin Xianglong);
- Guilin Feilong Wire & Cable Co. Ltd (Guilin Feilong); and
- Ao Ning Electric Cables Co. Ltd (Ao Ning).

The Commission contacted these companies and invited them to complete an exporter questionnaire. Each company completed the exporter questionnaire which was submitted on 15 January 2015 (**Confidential Attachment GEN 1** refers).

The exporter questionnaire responses indicated that all four companies are related entities. For the purposes of this report, the four companies are collectively referred to as the Guilin Group. The Commission conducted a single verification visit to the Guilin Group and we have treated the above companies as a single exporter for the purposes of calculating a dumping margin (as outlined in section 4.4, below).

Prior to the visit, Guilin Group explained it had found some minor errors in the exporter questionnaire responses. Details of these errors and the revisions are at **Confidential Attachment GEN 2**. We were able to incorporate the changes into the original exporter questionnaire responses.

1.2 Preliminary Affirmative Determination

On 15 January 2015, the Commissioner made a preliminary affirmative determination (PAD) that:

- PVC flat electric cable has been exported from China at dumped prices;
- there is an Australian industry producing like goods that is experiencing injury; and
- the dumped goods are causing injury to the Australian industry which is material.

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The Commissioner was satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice in respect of PVC flat electric cable exported to Australia from China.

As a result, the Australian Customs and Border Protection Service (ACBPS) was requested to take securities under s.42 of the *Customs Act 1901* (the Act) in respect of interim dumping duties that may become payable.¹ The reasons for the PAD are contained in *Preliminary Affirmative Determination Report 271*, which is available on the public record.²

1.3 Purpose of visit

The purpose of the visit was to verify information submitted in the Guilin Group's exporter questionnaire responses. The exporter questionnaire responses were supported by confidential appendices and attachments, including confidential spread sheets containing sales and costs data. Non-confidential versions of the exporter questionnaire responses were placed on the public record.

Information verified during the visit has been used to make preliminary assessments regarding:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margin.

1.4 Meeting details

Company	Guilin Group
Address	No.41, Canluan Road High tech zone Guilin, China
Date of visit	19-20 and 23 March 2015

¹ References to any section or subsection of legislation are references to the *Customs Act 1901* unless otherwise specified.

² <http://www.adcommission.gov.au/cases/documents/008-Report-PAD271.pdf>.

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The following were present at various stages of the meetings:

Guilin Group	Tan Zhong Zhou Benfei Nong Li Yang Runzhen Zhou Zhi Li Kaifeng Lu Fengui Lei Qingfang Ding Zhongying Li Zhangting Xu Haiyan Li Qinning	Chief Financial Officer Chairman of the Board Chief Accountant Guilin International Accountant Guilin Feilong Accountant Guilin Xianglong Accountant Ao Ning Accountant Deputy Export Manager Domestic Sales Manager Production and Technical Manager Material Supply Manager Coordinator
Electra Cables Pty Ltd	Adam Chen	Director, National and International Sales
Consultants	Daniel Moulis Charles Zhan Lan Xiong Ding Peng Mao Zhihui	Moulis Legal Moulis Legal Beijing B&H Associates Beijing B&H Associates Beijing B&H Associates
Commission	Matthew Williams, Assistant Director, Operations 4 Rhys Piper, Assistant Director, Operations 1	

1.5 Investigation process and timeframes

We advised the Guilin Group of the investigation process and timeframes as follows:

- the investigation period is 1 July 2013 to 30 June 2014.
- the injury analysis period is from 1 July 2010 for the purpose of analysing the condition of the Australian industry.
- the Parliamentary Secretary to the Minister for Industry and Science (Parliamentary Secretary) has granted an extension of time under s.269ZHI to place the statement of essential facts (SEF) for the investigation on the public record.
- the SEF is now due to be completed by 25 May 2015, or such later date as the Parliamentary Secretary allows. The SEF will set out the material findings of fact on which the Commissioner intends to base his recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein.
- following receipt and consideration of submissions made in response to the SEF, the Commissioner will provide his final report and recommendations to the Parliamentary Secretary. This final report is due no later than 9 July 2015, unless a further extension is approved by the Parliamentary Secretary.
- the Parliamentary Secretary has 30 days from receipt of the final report to make a decision on the Commissioner's recommendations.³

³ Further details are contained in ADN 2015/24, available on the [public record](#).

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1.6 Visit report

We explained to the Guilin Group that we would prepare a report of our visit (this report) and provide it to the Guilin Group to review its factual accuracy, and to identify those parts of the report it considers to be confidential.

We explained that, in consultation with the Guilin Group, we would prepare a non-confidential version of the report, and place this on the investigation's public record.

2 COMPANY INFORMATION

2.1 General

The Guilin Group originated when Guilin International was established in 1956 and began manufacturing electrical cables, which then became Guilin International. In 1986, Guilin International started to export electric cables to Australia.

The Guilin Group currently manufactures over several thousand different models of cable for both the domestic and Australian markets.

2.2 Corporate, organisational and ownership structure

The Guilin Group provided a diagram of its corporate structure in its exporter questionnaire response (**Confidential Attachment GEN 3** refers).

Guilin International is a private company limited by shares (joint venture with foreign investment). Guilin International is **[CONFIDENTIAL TEXT DELETED – shareholding details]**.

Guilin International is the majority shareholder in three other cable manufacturing companies (Guilin Xianglong, Guilin Feilong and Ao Ning). Electra is the minority shareholder in these companies.

Guilin Feilong and Guilin Xianglong are both located in close proximity to Guilin International. Ao Ning is approximately 400 kilometres to the south. Guilin International also owns a number of other subsidiaries that carry on business activities which are unrelated to this investigation.

The combined sales of the four members of the Guilin Group was RMB **[CONFIDENTIAL TEXT DELETED – number]** during the investigation period.

All four companies in the Guilin Group manufactured and exported the goods under consideration to Australia during the investigation period. Approximately **[CONFIDENTIAL TEXT DELETED – number]** per cent by value of all sales for the Guilin Group are exported to Australia. Although there is a small volume of export sales to other countries, there are no exports of the goods under consideration to third countries.

The goods under consideration represent **[CONFIDENTIAL TEXT DELETED – number]** per cent of the value of the Guilin Group's total sales (approximately **[CONFIDENTIAL TEXT DELETED – number]** per cent of the value of the Guilin Group's combined export sales to Australia).

2.3 Relationship with suppliers and customers

2.3.1 Suppliers

The Guilin Group advised that it is not related to any of its suppliers of raw materials. We found no evidence of any relationship other than a commercial buyer / seller relationship between Guilin Group and its unrelated suppliers of raw materials.

We note that within the Guilin Group there were some intercompany transfers of both raw materials and finished goods during the investigation period, and that these were identified separately in each of the exporter questionnaire responses. The Guilin Group

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stated that these transfers were [CONFIDENTIAL TEXT DELETED – policy for inter-group company sales].

2.3.2 Customers

In terms of exports, the Guilin Group advised that its primary customer in Australia, Electra, is a related entity. The Guilin Group maintains that its dealings with Electra are on an arms' length basis.

The Guilin Group noted that some of its sales to Australia are via unrelated [CONFIDENTIAL TEXT DELETED – sales arrangement]. We found no evidence of any relationship other than a commercial relationship between the Guilin Group and the [CONFIDENTIAL TEXT DELETED – customer].

In terms of domestic sales, the Guilin Group advised that its sales are to unrelated wholesalers or directly to unrelated end users.

2.4 Accounting structure and details of accounting system

The Guilin Group operates on a calendar year basis (January to December). Each company maintains its own separate accounts using the same enterprise resource planning accounting system called [CONFIDENTIAL TEXT DELETED – proprietary financial system software].

In its exporter questionnaire response each company provided us with a copy of:

- audited financial statements for the year ending 31 December 2013 (**Confidential Attachment GEN 4** refers);
- chart of accounts (**Confidential Attachment GEN 5** refers); and
- monthly management reports (**Confidential Attachment GEN 6** refers).

The Guilin Group advised that each company's accounts are prepared in accordance with the generally accepted accounting principles applying in China. Each company prepares monthly accounts and prepares annual financial statements which are audited. For the 2013 calendar year, the financial statements were audited by Guangxi Lixin Certified Public Accountants Co., Ltd, which gave an unqualified audit opinion.

3 THE GOODS

3.1 Description

The goods the subject of the application (the goods) are:

Flat, electric cables, comprising two copper conductor cores and an 'earth' (copper) core with a nominal conductor cross sectional area of between, and including, 2.5 mm² and 3 mm², insulated and sheathed with polyvinyl chloride (PVC) materials, and suitable for connection to mains electricity power installations at voltages exceeding 80 V but not exceeding 1000 V, and complying with Australian / New Zealand Standard AS/NZS 5000.2 (the Australian Standard), and whether or not fitted with connectors.

The following products are excluded from the goods:

- single core cables, being cables with a single active core;
- "aerial cables" as defined by the Australian Standard;
- twin active flat cables, that is, flat cables comprising two active cores but no earth core;
- "circular cables" as defined by the Australian Standard;
- cables insulated and / or sheathed with non-PVC material, including but not limited to cross-linked polyethylene (XLPE) materials, including a combination of PVC and non-PVC material;
- cables comprising cores made of aluminium conductors; and
- "flexible cables (cords)" as defined by AS/NZS 3191 and/or AS/NZS 60227.

The application contains the following further information in relation to the goods the subject of the application:

The goods are commonly referred to as "building wire", because of its use by the building and construction industry in domestic, commercial and industrial mains power supply low-voltage wiring installations. For the purpose of this definition, the term "flat cables" means cables where the conductor and earth cores are laid parallel in the same plane, as defined by the Australian Standard.

For the avoidance of doubt, reference to "two copper conductor cores" refers to the "phase core" and "neutral core". The earth core (also comprising of copper) is additional to these two active cores.

3.2 Tariff classification

The goods are classified to the tariff subheading 8544.49.20 (statistical code 41) of Schedule 3 to the *Customs Tariff Act 1995*. The tariff description is:

"Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors [...] for a voltage exceeding 80 V but not exceeding 1000 V [...] insulated with P.V.C. materials."

The goods exported to Australia from China are subject to 4 per cent duty.

3.3 Production facilities and production process

We visited the Guilin Feilong manufacturing facility and observed the goods being produced. We were advised that the manufacturing facility was relatively new (less than 5 years old).

We observed that the lines producing the goods were clean, well laid out and using what appeared to be relatively new equipment. **[CONFIDENTIAL TEXT DELETED – observations regarding the equipment used by Guilin Feilong]**.

We were advised that the plant operates **[CONFIDENTIAL TEXT DELETED – number]** shifts per day, and usually operates 24 hours per day and 7 days per week.

The manufacturing process is as follows:

- 8 mm diameter copper rod is drawn into **[CONFIDENTIAL TEXT DELETED – number]** copper wire. **[CONFIDENTIAL TEXT DELETED – observations regarding wire drawing]**
-
- Sufficient wire drums are moved into position to allow seven strands of wire to be mechanically bunched together to form a conductor (with a cross-sectional surface area of 2.5 mm²), **[CONFIDENTIAL TEXT DELETED – process]**.
- The conductor is then fed into an extrusion process which insulates the conductor core with PVC (coloured either red, black or yellow / green in accordance with the Australian Standard) and which is then cooled in a water bath before being wound onto a drum. **[CONFIDENTIAL TEXT DELETED – observations regarding process]**.
- PVC is supplied **[CONFIDENTIAL TEXT DELETED – observations regarding PVC]**.
- **[CONFIDENTIAL TEXT DELETED – testing arrangements]**.
- Three drums of conductor cores (one red, one black and one green / yellow) are then fed into an extruder which adds the PVC sheathing to create the flat electric cable. **[CONFIDENTIAL TEXT DELETED – observations regarding process]** The cable is subsequently printed with the required information (manufacturer, model designation, year of manufacture, voltage rating) before passing through another water bath to cool the cable **[CONFIDENTIAL TEXT DELETED – observations regarding process]**
- The finished cable is then **[CONFIDENTIAL TEXT DELETED – observations regarding process]** tested (. **[CONFIDENTIAL TEXT DELETED – observations regarding process]**).
- We observed that there were “shorts” occasionally produced in this final step – that is, if there was less than a full length available at the end of the large reel, it would still be wound onto a spool, labelled with the specific length and put aside.

In walking around the facility, we observed that there were not large numbers of people working on the production lines and only a small office for quality control. We estimated that there were no more than **[CONFIDENTIAL TEXT DELETED – number]** employees working to produce the goods at the time of our visit. We also observed that the factory is capable of producing other flat electric cable products which are not the goods (e.g. products with a different conductor core surface area, requiring fewer or greater wires in the bunching process).

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We observed a very large warehouse for finished goods, but only a small number of pallets of the goods destined for the Australian market were present. It appears likely that there is no significant period of time that the goods are held in the warehouse prior to dispatch, which is consistent with the adjustment claimed by the Guilin Group (section 8.2.2 refers).

3.4 Like goods

3.4.1 General

Like goods (as defined in s.269T of the Act) are goods that are identical in all respects to the goods under consideration, or that although not alike in all respects to the goods under consideration have characteristics closely resembling those of the goods under consideration.

The determination of like goods is used, among other things, to define the goods sold on the exporter's domestic market. Of particular relevance is s.269TAC(1) of the Act which states that the "the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export...".

3.4.2 Goods sold to Australia

The Guilin Group advised the primary model designation meeting the goods description is "SRF3025V". The Guilin Group explained that further identifiers can be added to the model designation to indicate specific variations in the product.

The Guilin Group advised that the **[CONFIDENTIAL TEXT DELETED – model designation]** is essentially the same as SRF3025V, however **[CONFIDENTIAL TEXT DELETED – detailed commercial arrangement in relation to goods exported to Australia during the investigation period]**.

3.4.3 Goods sold on the domestic market in China

Guilin International advised that the goods under consideration it exported to Australia were not sold on the domestic market in China.

As part of its exporter questionnaire response, Guilin International provided a like goods comparison table (**Confidential Attachment GOODS 1**). This table identified a product potentially meeting the goods description that was sold on the domestic market and as such was possibly a like good. This model is designated as BVVB3*2.5.

At the visit, we were shown examples of other cable products produced by the Guilin Group which bear similarities to the goods under consideration, including BVVB3*2.5. We observed that BVVB3*2.5 is the most physically alike to SRF3025V in that it is flat, has three PVC insulated conductor cores and a PVC sheath. However, we also observed that the conductor cores comprise a single 2.5 mm diameter wire of copper (rather than seven bunched wires) and the PVC sheath is oval (rather than compressed against the insulated conductor cores as is the case with SRF3025V).⁴ A photograph enabling a comparison of SRF3025V and BVVB3*2.5 is at **Confidential Attachment GOODS 2**.

⁴ The production manager explained that having the sheath compressed against the conductor cores ensures that they remain in alignment when an electrician tears or strips the end of the cable.

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We asked the Guilin Group to explain the differences between the goods exported and BVVB3*2.5. The Guilin Group explained that BVVB3*2.5 displays similarities in terms of the technical and performance terms. However, it was explained that BVVB3*2.5 is manufactured to a different standard and uses differing grades of PVC to the goods exported to Australia.

The Guilin Group data indicates that the BVVB3*2.5 model is sold in very small quantities (representing less than **[CONFIDENTIAL TEXT DELETED – number]** per cent by value of all domestic sales), and that these sales **[CONFIDENTIAL TEXT DELETED – observation regarding profitability of Guilin Group’s domestic sales of BVVB3*2.5]**.

3.4.4 Like goods – preliminary assessment

We are of the preliminary view that BVVB3*2.5 is not a like good. In forming this view, we had regard to the like goods framework as detailed in Chapter 2 of the Commission’s *Dumping and Subsidies Manual* (the Manual).⁵

In particular, we have had regard to the following matters.

Physical likeness

BVVB3*2.5 physically resembles the goods, in that it is a flat building wire, with three copper conductor cores each having a 2.5 mm² cross sectional area insulated with PVC, and a PVC sheath. However, it is manufactured using different grades of PVC and there are differing levels of copper and PVC content and therefore in its overall weight. Importantly, it is manufactured to a different technical standard. Although it may fall within the same tariff classification as SRF3025V, BVVB3*2.5 is not exported to Australia.

Commercial likeness

[CONFIDENTIAL TEXT DELETED – details of the sales and the Chinese market for BVVB3.*2.5]. In contrast, SRF3025V competes in a market where demand is closely linked to broader economic activity, particularly in terms of housing and construction in Australia. It is a key product in that market, and suppliers of PVC flat electric cable compete vigorously with one another to maintain sales volumes.

Functional likeness

Due to the operation of the different wiring standards, BVVB3*2.5 and SRF3025V are not interchangeable between the Australia and China markets.

Production likeness

There is a significant production difference in terms of the number and diameter of the wires used in the manufacture of the two products, as well as the methodology of extruding the PVC sheath around the conductor cores (in SRF3025V the PVC sheath is compressed against the cores, whereas BVVB3*2.5 has an oval sheath). As with all other products destined for the domestic Chinese market, the finished product is packaged into cloth bags rather than placed on a pallet and shrink wrapped for export to the Australian market.

⁵ http://www.adcommission.gov.au/reference-material/manual/documents/DumpingandSubsidyManual-December2013_001.pdf

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3.4.5 Conclusion

Based on the above factors, in accordance with subsection 269T(1) of the Act, we consider that there are no goods sold on the domestic market in China which have characteristics closely resembling the goods exported to Australia. There are therefore no sales of like goods in China during the investigation period.

4 SALES TO AUSTRALIA

4.1 Export sales process

4.1.1 General

The Guilin Group explained that it exported the goods to Australian customers during the investigation period, **[CONFIDENTIAL TEXT DELETED – sales routes]**.

In addition to the goods, it exported other models of electrical cables to Australia.

The vast majority (over **[CONFIDENTIAL TEXT DELETED – number]** per cent by volume) of sales to Australia were to Guilin Group's related company, Electra. There were also **[CONFIDENTIAL TEXT DELETED – sales to unrelated parties]**.

[CONFIDENTIAL TEXT DELETED – level of trade].

Guilin Group stated that **[CONFIDENTIAL TEXT DELETED – agreements with Australian customers]** Australian customers.

4.1.2 Ordering process

Guilin International explained that it receives all orders for the goods. Its main customer, Electra, places orders via fax and e-mail. These orders are collated and reported to production planning. The production management team **[CONFIDENTIAL TEXT DELETED – details of ordering and production management process]**. Once determined, the relevant company will commence the manufacture of the goods.

Guilin International has a raw material purchasing team, which monitors prices and generates a monthly purchasing plan. There was some uncertainty as to whether Guilin International forecasts the likely demand for the Guilin Group's exported products, but it was noted that copper and PVC suppliers are located no further away than Guangzhou and therefore raw materials can be ordered and usually received by the next day.

The Guilin Group estimated that **[CONFIDENTIAL TEXT DELETED – time]** is the quickest period of time in which an order can be received, manufacturing completed and the goods delivered to the port for shipping. A typical timeframe from order to delivery to Australia is around **[CONFIDENTIAL TEXT DELETED – number]** weeks. In most cases, Guilin International's export sales team arranges (via a broker) for the goods to be shipped to Australia. **[CONFIDENTIAL TEXT DELETED – shipping arrangement]**.

Less frequently, the Guilin Group sells the goods to an **[CONFIDENTIAL TEXT DELETED – sales arrangement]**. We observed that **[CONFIDENTIAL TEXT DELETED – commercial arrangement with customers]**.

We calculated that approximately **[CONFIDENTIAL TEXT DELETED – number]** per cent of all sales to Electra by volume were arranged via **[CONFIDENTIAL TEXT DELETED – sales arrangement]**. **[CONFIDENTIAL TEXT DELETED – payment arrangements]**. We therefore consider that any credit term adjustment for sales to **[CONFIDENTIAL TEXT DELETED – credit terms comparison]** than for sales made directly to Australian customers.

4.1.3 Price negotiations

The Guilin Group advised that sales prices to Electra are primarily based on **[CONFIDENTIAL TEXT DELETED – considerations]**. Negotiations occur mainly by

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telephone to reach an agreed price. A price list is issued at the conclusion of these negotiations; electric cables are sold to Electra at **[CONFIDENTIAL TEXT DELETED – pricing policies]**. Prices are in **[CONFIDENTIAL TEXT DELETED – currency]** on **[CONFIDENTIAL TEXT DELETED – shipping terms]** terms.

The Guilin Group advised that the price list is mainly renegotiated when **[CONFIDENTIAL TEXT DELETED – price negotiation decision]**. A summary of prices for the goods under consideration during the investigation period is at **Confidential Attachment EXP 1**.

The only other customer for sales to Australia, **[CONFIDENTIAL TEXT DELETED – customer identity and commercial arrangement]**.

The Guilin Group indicated that there are also intercompany transfers of the goods included in the various sales listings. The price paid is based on **[CONFIDENTIAL TEXT DELETED – pricing policy for inter-group company sales]**.

We observed that there were **[CONFIDENTIAL TEXT DELETED – degree]** of transactions in the sales listings which were **[CONFIDENTIAL TEXT DELETED – observation regarding pricing pattern]**. The Guilin Group explained that sales of the “shorts” (refer to section 3.3, above) were at a discount which represented **[CONFIDENTIAL TEXT DELETED – number]** per cent of the normal price. The Guilin Group also explained that there were **[CONFIDENTIAL TEXT DELETED – observation regarding pricing for certain transactions]**.

4.1.4 Inland transport

The Guilin Group organises transport of the goods to the port (located at Guangzhou) using its own fleet of trucks.⁶ The Guilin Group advised that the cost of inland transport is incorporated in the **[CONFIDENTIAL TEXT DELETED – shipping term]** price.

4.1.5 Currency

All export sales are invoiced in **[CONFIDENTIAL TEXT DELETED – currency]**. The Guilin Group converted its sales value (which was invoiced in **[CONFIDENTIAL TEXT DELETED – currency]**) to RMB in the export sales listing using **[CONFIDENTIAL TEXT DELETED – accounting policy]**.

4.1.6 Terms of trade

Price is negotiated on **[CONFIDENTIAL TEXT DELETED – shipping term]** terms. We observed that the commercial invoices for all selected shipments to Electra showed **[CONFIDENTIAL TEXT DELETED – shipping term]** terms, **[CONFIDENTIAL TEXT DELETED – details of shipping arrangement]**.

We requested and the Guilin Group provided evidence of **[CONFIDENTIAL TEXT DELETED – freight arrangement]**. These documents were provided as part of section 4.3.1 below.

4.1.7 Discounts, rebates and allowance

The Guilin Group stated that it does not provide any of its Australian customers with discounts, rebates or allowances during the investigation period and that the price on the invoice is the price paid.

⁶ The Guilin Group noted that the trucks are also used to collect raw materials from Guangzhou.

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We did not find any evidence of rebates or discounts when examining source documents or accounts of the Guilin Group.

4.1.8 Date of sale

The Guilin Group advised that invoices are issued by the company that manufactured the goods when the goods leave the factory. It considers that the invoice date should be used as the date of sale. We agree that the invoice date best represents the date on which the material terms of the sale have been established.

4.2 Verification of export sales to audited financial statements

4.2.1 General

As part of its exporter questionnaire response, each company in the Guilin Group provided:

- line by line Australian export sales listings (Appendix A-6 of the exporter questionnaire) and line by line domestic sales listings (Appendix B-4 of the exporter questionnaire);
- Audited financial statements for 2013;
- Management accounts for the quarters ending September 2013, December 2013, March 2014 and June 2014; and
- a turnover spreadsheet covering both the calendar year 2013 and the investigation period (Appendix A-5 of the exporter questionnaire).

These documents are at **Confidential Attachment SALES 1**.

We matched the net sales value in the management reports for the 12 months ending December 2013 for each company to the respective audited financial statements.

To verify the completeness of the export sales and domestic sales listings provided, we sought to reconcile information contained in the exporter questionnaire responses for each company upwards through the management reports to the audited financial statements.

We applied the same methodology to reconcile the Australian export sales and domestic sales, therefore this section will cover both sales reconciliations for each company.

4.2.2 Guilin International

Guilin International made available an electronic download of its main operation income ledger for the investigation period. We were able to match the net sales value for sales of all cables to the net sales figures in the management reports (which as previously stated matched the audited financial statements). Guilin International noted that there is a minor difference of less than **[CONFIDENTIAL TEXT DELETED – number]** per cent between the net sales value reported in the general ledger and the sales revenue in its main operation income ledger. Guilin International explained that the difference is due to sales of non-subject goods and immaterial exchange differences. Guilin International provided supporting documentation such as accounting vouchers to support these amounts.

We asked Guilin International to apply filters to the download of the main operation income ledger to show only export sales to Australia. Guilin International explained that it is able to distinguish between domestic and export sales by product code as the product

FOR PUBLIC RECORD

codes are specific to the respective markets. We matched the total sales figure for exports to Australia to the turnover spreadsheet.

We then asked Guilin International to filter by the goods only, using the relevant product codes. We were able to match the net sales value and volume of the goods to the line by line export sales listing, noting an immaterial variance in the net sales value of around **[CONFIDENTIAL TEXT DELETED – number]** per cent. Guilin International reconciled the sales ledger for each company by taking into consideration necessary timing and accounting adjustments. As a result, we were able to match the net sales value and volume of goods from the sales ledger to the line by line domestic sales listing with no variance.

4.2.3 Guilin Feilong, Guilin Xianglong and Ao Ning

Guilin Feilong, Guilin Xianglong and Ao Ning each provided a printout of the respective main operation income ledgers, which provided a full record of sales of each product for the investigation period. Each printout matched the figures in the turnover spreadsheets and management reports in terms of value and volume.

Similar to the reconciliation of Guilin International's sales, we were able to manually identify the domestic and export sales via the product code and reconcile the volumes and values to the export sales listings after taking into consideration timing and accounting adjustments.

4.2.4 Completeness and relevance of sales – conclusion

Through the process outlined above, we were able to trace the net sales value for the goods provided in the exporter questionnaires of each company in the Guilin Group through management accounts to the respective audited financial statements. As a result, we are satisfied that the exporter questionnaire response for each company is relevant and complete. Supporting documentation in relation to the upwards sales reconciliations is at **Confidential Attachment EXP 2**.

4.3 Verification of export sales to source documents

4.3.1 General

In its exporter questionnaire response, each company provided a detailed Australian export sales listing for PVC flat electric cables on a line by-line basis. The export sales listing included the following information:

- customer name;
- level of trade;
- sales type;
- model and product code;
- invoice number, invoice date, order number and order date;
- shipping terms;
- payment terms;
- quantity (in km);
- gross and net invoice value (in actual currency and conversion to RMB); and
- inland transport costs.

As part of its exporter questionnaire response, each company provided source documentation for two Australian export sales transactions (**Confidential Attachment**

FOR PUBLIC RECORD

EXP 3). Prior to the visit, the visit team reconciled the source documents to the Australian export sales listings.

We selected an additional 13 transactions from across the four companies for verification to source documents at the visit. We requested the Guilin Group provide the following commercial documents in relation to each selected export sales transaction:

- purchase order;
- order confirmation;
- commercial invoice;
- evidence of payment;
- packing list;
- bill of lading;
- ocean freight and associated port handling and clearance charges invoice (where applicable); and
- evidence of payment for exportation costs (where applicable).

The Guilin Group provided the source documents at **Confidential Attachment EXP 4.**

Using the source documents we verified the customer names, product codes, invoice dates, currency, invoice values, shipping terms and quantities of each selected export sale transaction to the Australian export sales listings. No variances in the invoiced amounts were observed. The sales verification analysis is at **Confidential Attachment EXP 5.**

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

[CONFIDENTIAL TEXT DELETED – details of verification in accordance with the shipping terms].

4.3.2 Export inland freight and handling

As noted above, the Guilin Group utilises Guilin International's fleet of trucks to transport the goods from the manufacturing plants to the port. Export freight costs are not separately captured for each shipment. The Guilin Group calculated the export freight cost by dividing the total export freight cost of each company by the total export quantity (length), which we consider is reasonable. We considered whether it would have been more appropriate to allocate this cost on basis of weight rather than length. However, given that the goods under consideration are exported in large volumes and there is a mix of cable types and sizes sold in each shipment, we concluded that the difference in costs using this alternative methodology would not be material.

To support the figures, the Guilin Group provided printouts from the selling expense ledgers for each of the companies, which showed export freight. The total export quantities were verified at upwards verification, referred to above.

We verified freight costs to the income statement for each company. We have concluded that the inland freight cost is RMB **[CONFIDENTIAL TEXT DELETED – number]** per km (**Confidential Attachment EXP 6** refers).

4.3.3 Credit costs

The Guilin Group advised that **[CONFIDENTIAL TEXT DELETED – details of credit period arrangements]** Guilin International provided an accounts receivable turnover ratio by running a report from the respective ledger to show accounts receivable at 1 July 2013 and 30 June 2014 (**Confidential Attachment EXP 7** refers). An average of those two amounts was divided by export sales receipts for the investigation period and multiplied by 360. The average credit period for Guilin International's sales to Australia was **[CONFIDENTIAL TEXT DELETED – number]** days.

4.3.4 Sales through other routes

For sales through **[CONFIDENTIAL TEXT DELETED – sales arrangement]**, these prices were presented in **[CONFIDENTIAL TEXT DELETED – currency]**. We converted these prices to **[CONFIDENTIAL TEXT DELETED – currency and observation regarding pricing pattern]** at **Confidential Attachment EXP 1**.

4.3.5 Accuracy of Australian export sales – conclusion

The visit team considers that the Guilin Group's Australian export sales listings are a complete and accurate record of its sales of PVC flat electric cables during the investigation period.

4.4 Treatment of Guilin Group as a single entity

While each company in the Guilin Group is a separate legal entity, due to the close structural and commercial relationships between the individual companies we have considered the companies as a single exporter for the purpose of calculating a dumping margin.

Where entities are 'collapsed' the actions of one member of the entity are taken to represent the actions of the whole. The issue of considering multiple entities as a single entity for the purpose of calculating dumping margins was considered by a World Trade Organisation dispute settlement panel dealing with the case of *Korea – Anti-Dumping Duties on Imports of Certain Paper from Indonesia*.⁷

In that WTO dispute settlement panel, the panel stated:

“In our view, in order to properly treat multiple companies as a single exporter or producer in the context of its dumping determinations in an investigation, the [Investigating Authority] has to determine that these companies are in a relationship close enough to support that treatment.”

It also stated that entities could be treated as a single entity where “the structural and commercial relationship between the companies in question is sufficiently close to be considered as a single exporter or producer.” The panel considered that common management and ownership are indications of a close legal and commercial relationship and such companies “could harmonize their commercial activities to fulfil common corporate objectives.”

⁷ WT/DS312/R.

FOR PUBLIC RECORD

Consistent with this approach, the Manual outlines circumstances in which related producers and selling entities may be 'collapsed' and treated as one entity. We considered the following matters to be relevant in treating the companies as a single exporter:

- the common ownership links between the companies;
- orders from the Australian customers may be filled by any of the four companies. In addition, intercompany transfers occur to allow any one company to fulfil an order. As any company has the capacity to export the goods to Australia, the determination of different margins for the companies would be ineffective;
- **[CONFIDENTIAL TEXT DELETED – pricing policy];**
- the goods are delivered **[CONFIDENTIAL TEXT DELETED – delivery arrangements];** and
- **[CONFIDENTIAL TEXT DELETED – observation regarding internal company management by Guilin Group].**

Although separate questionnaire responses were submitted by each of the four companies, the closeness of the relationship between the four companies is such that we consider it appropriate to treat the companies as a single exporter. We therefore aggregated the Guilin Group's entire domestic and export data to determine a single export price, normal value and dumping margin.

4.5 The exporter

The Commission will generally identify the exporter as:

- a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal in the transaction, located in the country of export, who owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

The Commission recognises that it is common for traders and other intermediaries to play a role in the exportation of the goods. These parties will typically provide services such as arranging transportation, conducting price negotiations, arrange contacts with the producer etc. In such cases the trader typically acts as an intermediary who, although one of the principals, is essentially a facilitator in the sale and provides for the shipment of the goods on behalf of the manufacturer. Typically the manufacturer, as a principal who knowingly sent the goods for export to any destination, will be the exporter.

Therefore, depending on the facts, the Commission considers that only in rare circumstances would an intermediary be found to be the exporter. Typically this will occur where the manufacturer has no knowledge that the goods are destined for export to any country and the essential role of the intermediary is that of a distributor rather than a trader.

Subject to further inquiries, we are satisfied that the Guilin Group can be considered the exporter of PVC flat electric cables to the Australian customers. To our knowledge, these entities are principals in the country of export, which manufacture the goods and gave up the goods for shipment directly to the Australian customers.

FOR PUBLIC RECORD

For exports to Australia **[CONFIDENTIAL TEXT DELETED – sales arrangement]**, we also consider that the Guilin Group was the exporter. While **[CONFIDENTIAL TEXT DELETED – sales arrangement]**, the Guilin Group negotiates the price, ships the goods directly to the port using its own trucks and was aware of the identity of the purchaser of the goods.

4.6 The importer

We reviewed the documents provided in respect of the selected shipments and other material provided by Electra during and after the importer verification visit.

We note that the Australian customers:

- negotiate directly with the Guilin Group for the purchase of the goods;
- are named as the customer on supplier invoices;
- are named as the consignee on the bill of lading;
- have an insurable interest in the goods while they are on the water;
- arrange Customs clearance, logistics and storage of the goods after they are delivered to the Australian port; and
- retain ownership of the goods from the point of **[CONFIDENTIAL TEXT DELETED – transfer of ownership based on shipping terms]**.

We consider the Australian customers to be the beneficial owner of the goods at the time of importation. We therefore consider that the Australian customers are the importers of the goods exported by the Guilin Group and the **[CONFIDENTIAL TEXT DELETED – sales arrangement]** utilised by the Guilin Group.

4.7 Arms length

Section 269TAA of the Act outlines the circumstances in which the price paid or payable shall not be treated as being at arms length. These are where:

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

Further, where an importer subsequently sells the goods at a loss, the Parliamentary Secretary may treat those circumstances as indicating that the importer will be reimbursed, compensated or otherwise receive a benefit. If the goods are sold at a loss, the Parliamentary Secretary must have regard to the likelihood that the importer will recover both the price paid to the exporter and the costs necessarily incurred in the importation and sale of the goods within a reasonable time.

4.7.1 Analysis

The importer visit report for Electra indicates that the visit team were not satisfied that sales between the Guilin Group and Electra were at arms length. The report found that a number of the sales of the goods in the selected import transactions were unprofitable and that on a weighted average basis the sales of the goods in the selected import

FOR PUBLIC RECORD

transactions were at a loss overall (negative 0.08 per cent). Further analysis of Electra's sales to its Australian customers suggested that it was reasonable to conclude that Electra's sales of the goods more broadly were likely to have been at a loss. The importer visit report indicated that further consideration of this issue would be required.

In conducting the exporter verification visit we have identified the following factors that support a finding that the sales were not at arms length:

- Sale Price – **[CONFIDENTIAL TEXT DELETED – observation regarding pattern of export prices as agreed between Guilin Group and Electra]**.
- Pricing Policy – **[CONFIDENTIAL TEXT DELETED – observation regarding prices agreed between Guilin and Electra in comparison to Guilin Group's other customers]**.
- Close Ties – **[CONFIDENTIAL TEXT DELETED – detailed observation regarding corporate relationship between Guilin Group and Electra]**.

[CONFIDENTIAL TEXT DELETED – commercial arrangement with Guilin Group's other customers] does not provide us with sufficient information to make further judgements regarding the relationship between the Guilin Group and Electra.

We have not observed any factors beyond those already examined in the importer visit report that would support a finding that the sales were at arms length. In the absence of evidence to the contrary, we therefore consider it appropriate to conclude that the relevant transactions during the investigation period were not at arms length (as per the requirements of s.269TAA(1)(c)) because (in accordance with s.269TAA(2)) the goods were sold at a loss.

4.8 Export price – preliminary assessment

In relation to the goods exported by the Guilin Group to **[CONFIDENTIAL TEXT DELETED – customer identity]** in Australia:

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

We recommend that the export price for that sale be determined under s.269TAB(1)(a) of the Act, being the invoiced price paid by the importer.

In relation to the goods exported by the Guilin Group to Electra, we consider that the export price can be determined under s.269TAB(1)(b) of the Act, being the price from Electra to unrelated parties less prescribed deductions to arrive at a fee on board (FOB) price from the Guilin Group in China.

In relation to the goods exported by the Guilin Group **[CONFIDENTIAL TEXT DELETED – sales arrangement]**, we consider that the export price can be determined under subsection 269TAB(1)(c) of the Act, as the price that the Parliamentary Secretary determines having regard to all the circumstances of the exportation. In this instance, we have calculated the export price from Guilin Group **[CONFIDENTIAL TEXT DELETED – sales arrangement]** under s.269TAB(1)(b), with an additional deduction for a **[CONFIDENTIAL TEXT DELETED – sales arrangement]** as discussed at chapter 4.8.2.

FOR PUBLIC RECORD

4.8.1 Deduction for importer profit

In determining an export price for exports by Guilin to Electra, we have referred to the Manual to determine an appropriate amount to deduct for importer profit. The Manual indicates that “the Commission may have regard to (not in any order of priority) the:

- historical profit achieved by the importer for the goods; or
- the historical profit achieved by the importer for the product group, profit centre or total company figures, taking account of the company’s overall functions; or
- the profit achieved by other importers at the same level of trade for the goods during the investigation period.”

We note that the importer visit report indicates that Electra made an overall loss on sales of the goods in the selected transactions of -0.08 per cent, **[CONFIDENTIAL TEXT DELETED – observation regarding Electra’s overall financial performance]**. We have no information regarding the profit achieved by other importers during the investigation period.

We have examined the findings in the previous investigation to determine what profit Electra has achieved historically on sales of the goods, and therefore consider that **[CONFIDENTIAL TEXT DELETED – number]** per cent is the appropriate profit margin to include in the calculation.

4.8.2 Deduction for **[CONFIDENTIAL TEXT DELETED – deduction to export price based on sales arrangement]**

In determining an export price for exports **[CONFIDENTIAL TEXT DELETED – sales arrangement]**, we have deducted an amount to reflect the **[CONFIDENTIAL TEXT DELETED – sales arrangement]**.

A summary of export prices is at **Confidential Appendix 1**.

5 COST TO MAKE AND SELL

5.1 General

As mentioned at Section 3.3, we undertook a tour of Guilin Feilong's factory in Guilin and observed the goods being manufactured. We also observed other cable products being manufactured for the domestic market.

As part of its exporter questionnaire response, the Guilin Group provided:

- a diagram of its costing system (**Confidential Attachment CTMS 1**); and
- cost to make and sell (CTMS) spreadsheets for each company for each month of the investigation period. At the visit, the Guilin Group provided an updated copy of the CTMS spreadsheet to rectify minor errors (**Confidential Attachment CTMS 2**).

The Guilin Group explained that its costing system has the following basic route:

- Raw materials ledger – costs of raw materials are recorded in the raw materials ledger based on invoices from the supplier;
- Cost ledgers – when raw materials are entered to production, the weighted average cost is transferred to the cost of production ledger. The Guilin Group also maintains separate cost ledgers for direct labour, manufacturing overheads and other expenses (such as fuel and energy);
- Cost of production worksheet – the Guilin Group allocates the various costs from the cost ledgers into a monthly cost of production worksheet, which sits outside of the accounting system;
- Finished goods ledger – when goods are manufactured and entered into warehousing, the costs allocated to the goods is transferred to the finished goods ledger. The Guilin Group maintains a finished goods ledger for each product code;
- Cost of goods sold ledger – when goods are sold, the costs are transferred from the finished goods ledger to the cost of goods sold (COGS) ledger; and
- Income statement – the amounts in the COGS ledger are transferred to the general ledger. In the same way, sales revenues are transferred to the general ledger from the sales ledger. From the general ledger, management accounts and financial statements can be generated.

Noting that the above methodology is the same for all companies in the Guilin Group and there were **[CONFIDENTIAL TEXT DELETED – observation regarding costs of production of the Guilin Group]**, we chose to focus the majority of the verification on goods manufactured by Guilin International. We selected March 2014 for verification (noting this was the month with the lowest unit CTMS during the investigation period).

5.2 Verification of cost to make to source documents

Guilin International's CTMS spreadsheets are broken down into the following items:

- material costs;
- direct labour;
- manufacturing overheads; and
- other (fuel and energy).

5.2.1 Material costs

From the CTMS spreadsheet, we observed that material costs represent approximately **[CONFIDENTIAL TEXT DELETED – number]** per cent of the cost to make for the investigation period.

Guilin International explained that material costs include copper, PVC, packaging, wrapping, spools etc. Guilin International explained that while copper is the main cost, the costing system **[CONFIDENTIAL TEXT DELETED – details of the record maintained by the costing system]**. For the purposes of completing the CTMS spreadsheet, Guilin International estimated that copper was **[CONFIDENTIAL TEXT DELETED – number]** per cent of the raw materials and PVC **[CONFIDENTIAL TEXT DELETED – number]** per cent. The verification of these raw materials is examined further below.

5.2.2 Copper costs

Guilin International explained that it purchases copper from unrelated suppliers in Guangzhou. It predominately purchases **[CONFIDENTIAL TEXT DELETED – types of copper purchased by Guilin Group]**.

Guilin International has a raw materials purchasing team that monitor copper prices and analyse market information, allowing it to purchase copper when prices are favourable. **[CONFIDENTIAL TEXT DELETED – frequency]**, the factory advises the raw materials purchasing team of its raw materials requirements based on production schedules. Guilin International picks up copper rod or copper wire using its transport fleet. The copper is generally delivered in 4 tonne reels and due to the proximity of its suppliers, Guilin International receives deliveries almost daily. The lead time for deliveries can be as early as next day. This allows Guilin International to maintain a relatively low level of copper inventory.

Guilin International stated that the purchase price for copper reflects the copper price listed on the Shanghai Futures Exchange. The price quoted is **[CONFIDENTIAL TEXT DELETED – details of copper prices and commercial arrangement with supplier]**.

As part of its exporter questionnaire response, Guilin International provided a full listing of its copper purchases used in the manufacture of cable products (copper purchase summary at **Confidential Attachment CTMS 3**). From the copper purchase summary, we selected three purchases for verification to source documents. The three invoices were for a combined amount of approximately **[CONFIDENTIAL TEXT DELETED – number]** tonnes.

We were able to match the invoiced quantity, unit price and net purchase price from the invoices to the copper purchase summary. From the purchase summary, we were able to match the same values to a printout of the copper material ledger for rod and wire in March 2014 (**Confidential Attachment CTMS 4**).

We observed from the copper material ledger that there were regular deliveries of copper and that Guilin International was able to maintain a relatively low volume of inventory, consistent with its earlier statements.

We traced the credits in the copper materials ledgers to debits in the accounts receivable ledger via the relevant accounting vouchers. To demonstrate proof of payment for the three selected copper purchases, Guilin International highlighted the corresponding credits to the accounts receivable ledger and provided the relevant bank slips. We

FOR PUBLIC RECORD

observed the payment and crediting of accounts payable for each supplier was performed monthly. Evidence of the relevant accounting vouchers, accounts payable ledgers and bank slips are at **Confidential Attachment CTMS 5**.

To demonstrate the accounting of copper entering production, Guilin International provided accounting vouchers and warehouse out slips which matched the debits from the raw materials ledger and credits to the cost of production ledger for raw materials. These source documents are at **Confidential Attachment CTMS 6**. We observed that the value of copper entering production was a weighted average amount.

To test the completeness of the copper purchase summary, we attempted to match the volume from the copper purchase summary to the raw material ledger for March 2014 and noted that there was a minor variance between the two amounts. Guilin International explained that **[CONFIDENTIAL TEXT DELETED – detailed information regarding copper delivery and inventory record management]**. After doing so, the copper purchase summary and the copper raw materials ledger reconciled (**Confidential Attachment CTMS 7** refers).

We asked Guilin International to demonstrate the costs involved in transporting copper to its warehouses. Guilin International explained that **[CONFIDENTIAL TEXT DELETED – accounting policy regarding delivery expenses]**. Guilin provided details of the accounting vouchers demonstrating the copper freight costs at **Confidential Attachment CTMS 8**.

We asked Guilin International to explain the VAT treatment of its copper purchases. Guilin International advised that it pays 17 per cent VAT on copper purchases; however this amount is claimed back when the goods are exported. A copy of a VAT application is at **Confidential Attachment CTMS 9**.

We asked Guilin International to explain its accounting treatment of copper scrap. Guilin International advised that copper scrap is **[CONFIDENTIAL TEXT DELETED – valuation policy]**. Guilin International demonstrated an entry in the copper ledger and provided the relevant accounting voucher to verify the unit price calculation (**Confidential Attachment CTMS 10** refers).

Guilin International advised that copper scrap is sold to an unrelated party to process the copper. **[CONFIDENTIAL TEXT DELETED – commercial arrangement with unrelated party regarding copper scrap]**.

5.2.3 PVC costs

Guilin International explained that it purchases PVC from local unrelated suppliers. The price is negotiated based on the current market price and includes the cost of delivery. Guilin International explained that, unlike copper, there are no PVC benchmarks; however it regularly monitors trends and market intelligence. As part of its exporter questionnaire response, Guilin International provided a full listing of its PVC purchases used in the manufacture of cable products (PVC purchase summary at **Confidential Attachment CTMS 11**).

We noted that a small amount of PVC **[CONFIDENTIAL TEXT DELETED – observation regarding commercial arrangement of certain PVC purchases]**. Following a similar methodology used to verify copper purchases, we asked Guilin International to provide source documents for three purchases of PVC for March 2014. The purchases chosen covered both sheathing and insulation materials used in the production of the goods.

FOR PUBLIC RECORD

Similar to the verification of copper, Guilin International provided the relevant invoices, accounting vouchers, printouts of the PVC ledgers for March 2014, printouts of the entries into accounts payable ledger and proof of payment via bank slips (**Confidential Attachment CTMS 12** refers). We were able to match the source documents to the PVC purchase summary. From the PVC purchase summary we were able to match the figures to the respective PVC raw material ledgers. From the PVC raw material ledgers we were able to match the volume and unit price entering the raw materials cost of production ledger, via the corresponding warehouse out slip and accounting vouchers.

In relation to scrap PVC, Guilin International advised that **[CONFIDENTIAL TEXT DELETED – treatment of scrap PVC]**.

5.2.4 Direct labour, manufacturing overheads and other expenses

Guilin International provided a printout of the ledgers for direct labour, manufacturing overheads and other expenses for March 2014 (**Confidential Attachment CTMS 13**). The direct labour ledger records the actual direct labour wages by factory. The overheads ledger records amounts such as the depreciation of equipment. The other expenses ledger records amounts for energy and fuel.

We matched the amounts in the respective ledgers to the amounts transferred to the cost of production worksheet.

5.2.5 Cost of production worksheet

The cost of production worksheet sits outside the accounting system and is used to allocate monthly materials, direct labour, manufacturing overheads and other costs to each product code.

Standard costing of materials

Guilin International advised that the materials costs are allocated to each product code based on standard unit consumption. We asked Guilin to explain how the standard unit consumption of SRF3025V was calculated. Guilin provided the standard unit consumption calculation at **Confidential Attachment CTMS 14**. The standard unit consumption is calculated by summing:

[CONFIDENTIAL TEXT DELETED – unit consumption calculation method]
[CONFIDENTIAL TEXT DELETED – detailed unit consumption calculation and application].

We asked Guilin International to explain how the standard volumes for copper and PVC were arrived at. Guilin provided a bill of materials at **Confidential Attachment CTMS 15**. We observed that the standard consumption of copper was **[CONFIDENTIAL TEXT DELETED – number]** kg per 1000 m in the bill of materials and we asked for the origin of this figure. Guilin provided **[CONFIDENTIAL TEXT DELETED – information regarding the calculation of standard consumption]** (**Confidential Attachment CTMS 16** refers).

We asked Guilin International whether it conducted testing to determine how close the actual copper usage was to the standard consumption. It explained **[CONFIDENTIAL TEXT DELETED – details regarding the testing and production control for consumption purpose]**.

To test the reasonableness of the standard consumption of copper used in SRF3025V we asked Guilin International to supply a bill of materials for two products sold on the domestic market in China. The first product we selected was a single core, 7 strand

FOR PUBLIC RECORD

product with a nominal conductor cross sectional area of 2.5 mm² and the second product was the product most closely resembling the goods, BVVB3*2.5. These bills of materials are at **Confidential Attachment CTMS 17**. We noted that **[CONFIDENTIAL TEXT DELETED – observation regarding the standard consumption for the selected products]**

We also compared the standard consumption of copper for SRF3025V to the standard consumption of copper for the Australian industry, the Australian industry's testing of the goods sold by Electra and other briefing materials provided by the Australian industry. Based on the above, we are satisfied that the standard copper consumption for SRF3025V (adjusted to account for **[CONFIDENTIAL TEXT DELETED – production details]**) is representative of the actual volume of copper used in its production. We also consider that the standard volumes for PVC were reasonable based on the information available to us.

We asked Guilin International to provide the cost of production worksheet for a month in which a different model designation of the goods was manufactured, which was December 2013. This confirmed that Guilin International separately identifies the CTMS for each product model (**Confidential Attachment CTMS 18**).

Standard costing of labour, overheads and energy

Labour, overheads and energy were allocated to each product based on standard unit labour. Guilin International explained that the human resource department calculates the standard unit hours for each product. The standard unit labour for each product is calculated by summing the amounts for each production process including drawing, extruding, testing, sheathing, reeling, packaging etc. by breaking the labour required for conductor stage, insulation stage and sheath stage. Guilin International provided a calculation showing the standard unit labour for SRF3025V at **Confidential Attachment CTMS 19**.

We compared the standard unit labour for SRF3025V with BVVB3*2.5 and observed that the allocation of labour hours for SRF3025V was **[CONFIDENTIAL TEXT DELETED – details of comparison]**, we consider this is reasonable.

Accounting of variances

To arrive at actual costs, Guilin International advised that variances are accounted for on a monthly basis.

The material cost of each product in each month is calculated by multiplying the production volume, by the standard material cost, by the ratio of total actual material costs to total standard material costs. We calculated that the total actual material costs for the entire production in March was within **[CONFIDENTIAL TEXT DELETED – number]** per cent of the total standard material costs.

Labour, overheads and energy costs were allocated to each model in each month by multiplying the production volume by the standard unit labour by the ratio of total actual labour, overheads and energy costs to total unit standard labour (the sum of production volume and unit standard labour for each model).

5.3 Production volumes

Production volumes are captured when goods are moved into the warehouse and volumes are entered into the finished goods ledger. We were able to trace the production volume for March 2014 from the cost of production worksheet to the finished goods ledger and from there to the CTMS spreadsheets. As a result, we are satisfied that production volumes have been recorded accurately.

5.4 Verification of costs to financial statements

Once the goods are sold, the costs are transferred from the finished goods ledgers to the COGS ledger. We observed that Guilin International operates **[CONFIDENTIAL TEXT DELETED – number of plants and the production tasks assigned to each plant]**. We were able to trace the costs transferred from the finished goods ledger to the COGS ledger for March 2014. From there we were able to trace the amounts from the COGS ledger to the general ledger, which also included a small amount for non-subject goods and **[CONFIDENTIAL TEXT DELETED – raw material]**.

The amount in the general ledger is the amount in the management accounts for March 2014. As discussed previously, we are satisfied that the management accounts align with the audited financial statements. The finished goods ledger for March 2014 is at **Confidential Attachment CTMS 20** and the COGS ledger is at **Confidential Attachment CTMS 21**.

We compared the figures transferred out of the finished goods register for SRF3025V for March to the Australian sales spreadsheet and found an immaterial variance which could be due to timing differences. We were also able to identify intercompany sales made to Guilin International from other members of the Guilin Group as amounts entering the finished goods ledger. Those amounts matched the CTMS for the manufacturing entity.

5.5 Selling, general and administrative expenses

The Guilin Group calculated SG&A expenses from the amounts recorded in the respective management accounts. Guilin International provided a printout of the ledgers for SG&A expenses (**Confidential Attachment CTMS 22** refers). We were able to match the total SG&A figures to the management accounts, noting the following:

- Guilin International and Ao Ning separately record their domestic and export selling expenses. Guilin Feilong and Guilin Xianglong do not make domestic sales, therefore we have treated all of Guilin Feilong's and Guilin Xianglong's selling expenses as export selling expenses;
- Selling expenses in the management accounts include amounts for freight. For the purposes of calculating SG&A, the Guilin Group deducted transport from selling expenses as transport expenses were calculated separately (refer to sections 4.3.2 and 6.3.2);
- Guilin International also incurred promotional costs relating to domestic sales in its administrative expenses. These were removed from the calculation of SG&A for export sales.

FOR PUBLIC RECORD

As a result of the above, we calculated domestic and export SG&A separately and apportioned the SG&A expenses on the basis of sales revenue. We note that the SG&A calculations include financial costs. The SG&A calculations are at **Confidential Attachment CTMS 23**.

5.6 Conclusion

We are satisfied that total costs have been captured by the Guilin Group. After assessing the variances captured by the Guilin Group, we consider that the costing methodology used reasonably reflects competitive market costs associated with the production of the goods.

We consider that sufficient information was obtained and verified to determine a constructed normal value.

For completeness, we have reviewed the findings from the previous investigation⁸ involving the Guilin Group and note that they are consistent with our findings on CTMS.

The combined CTMS is at **Confidential Appendix 2**.

⁸ Investigation 178, *Electric cables exported from China* (initiated 9 September 2011).
<http://www.adcommission.gov.au/cases/Pages/ArchivedCases/ITR178.aspx>.

6 DOMESTIC SALES

6.1 General

As discussed in section 3.4 above, we consider that there were no sales of like goods on the domestic market in China. As such we did not undertake an extensive verification of domestic sales at the visit.

Guilin Group stated that it has no formal distributor agreement with any of its domestic customers.

6.2 Domestic sales process

Guilin International advised that it has approximately **[CONFIDENTIAL TEXT DELETED – number]** employees engaged in domestic sales activities, located in both Guilin and at various sales offices around China. The domestic sales team communicates directly with customers (mainly wholesalers), encouraging orders for cable products. These orders are usually fulfilled from stock at the warehouse.

If the order is not able to be fulfilled from stock, manufacturing of the relevant products is arranged. **[CONFIDENTIAL TEXT DELETED – ordering and production management]**

6.2.1 Pricing and payment

All domestic sale prices are **[CONFIDENTIAL TEXT DELETED – domestic sales pricing policy]**.

Most customers are on **[CONFIDENTIAL TEXT DELETED – number]** days payment terms.

6.2.2 Discounts, rebates and allowances

The Guilin Group stated that **[CONFIDENTIAL TEXT DELETED – discount, rebate and allowances policies]**. We found no evidence to suggest otherwise.

6.2.3 Transport

The goods are delivered by Guilin International's fleet of trucks, or are occasionally collected by the customer from the warehouse. Guilin International advised that local orders can be delivered within **[CONFIDENTIAL TEXT DELETED – number]** days, and most other destinations within **[CONFIDENTIAL TEXT DELETED – number]** days.

6.2.4 Date of sale

The Guilin Group advised that invoices are issued by the company that manufactured the goods when the goods leave the warehouse. It considers that the invoice date should be used as the date of sale. We agree that the invoice date best represents the date on which the material terms of the sale have been established.

6.3 Domestic sales verification

In its exporter questionnaire response, the Guilin Group provided a line by line domestic sales listing for BVVB3*2.5, the model which is most alike to the goods under consideration.

As part of its exporter questionnaire response, Guilin Group provided source documents relating to two domestic sales of BVVB3*2.5. These are at **Confidential Attachment DOM 1**.

We were able to reconcile these source documents to the domestic sales listing. We note that these two domestic sales account for a little over **[CONFIDENTIAL TEXT DELETED – number]** per cent of the total domestic sales volume of BVVB3*2.5, therefore we did not ask the Guilin Group to provide further supporting commercial documents at the visit.

6.3.1 Completeness and relevance

The verification of Guilin Group's domestic sales listings to the audited financial statements is outlined at section 4.2, above.

6.3.2 Domestic inland freight

[CONFIDENTIAL TEXT DELETED – details regarding freight record in relation to domestic freight]. However, its system does track whether inland freight expenses relate to a domestic sale or export sale, therefore Guilin International was able to calculate a weighted average domestic inland freight cost.

To verify the weighted average domestic inland freight cost, Guilin International provided a report from its general ledger, which listed all domestic transport costs.

Domestic inland freight was calculated as **[CONFIDENTIAL TEXT DELETED – number]** RMB per km. We observed that the domestic inland freight was slightly higher than export inland freight, which reflects the extra distance required to be travelled to deliver domestic sales. We are satisfied that the domestic inland transport costs are allocated on a reasonable basis. Documents for the verification of domestic inland freight are at **Confidential Attachment EXP 6**.

6.3.3 Credit costs

To calculate an average credit term for domestic sales, the Guilin Group calculated an accounts receivable turnover ratio.

To verify the accounts receivable turnover ratio, the Guilin Group ran a report from the respective general ledgers which showed the accounts receivable at the beginning and end of the investigation period (**Confidential Attachment DOM 2** refers). An average age of those two amounts was divided by domestic sales receipts for the investigation period and multiplied by 360. We consider that the domestic credit costs have been calculated on a reasonable basis.

6.3.4 Accuracy of sales – conclusion

We consider that the domestic sales listing provided as part of the exporter questionnaire is an accurate record of the sales of BVVB3*2.5 on the domestic market in China.

6.4 Arms length

In respect of domestic sales during the investigation period, we found no evidence that:

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

6.5 Ordinary course of trade

Section 269TAAD of the Act provides that if like goods are sold in the country of export at a price less than the cost of such goods and are unrecoverable within a reasonable period, they are taken not to have been paid in the ordinary course of trade (OCOT).

As we do not consider that Guilin Group made sales of like goods on the domestic market in China, there can be no sales in the ordinary course of trade. As such there is also no need to assess whether there is a suitable volume of sales in OCOT as required by s.269TAC(2) of the Act.

6.6 Domestic sales – conclusion

For the reasons outlined above, we are not satisfied that the domestic selling prices of BVVB3*2.5 are suitable for the purpose of determining normal values under s.269TAC(1) of the Act.

7 THIRD COUNTRY SALES

During the investigation period, we found there to be no sales of PVC flat electric cable to third countries. Regardless, we consider there is sufficient verified information from the exporter questionnaire responses and the visit to calculate normal values for the PVC flat electrical cables using costs (as outlined in Chapter 5).

8 ADJUSTMENTS

8.1 General

In calculating dumping margins, the Commission will make adjustments to ensure that the normal value is comparable to the export price. In this instance, we were able to calculate the export price and corresponding normal value at FOB terms.

At the visit, Guilin Group provided a submission outlining its claims for specific adjustments at **Confidential Attachment ADJ 1**.

8.2 Adjustments to the normal value

8.2.1 Inventory carrying costs

The Guilin Group explained that it incurs higher inventory carrying costs for products sold on the domestic market because domestic sales are typically made from inventory, whereas export sales are typically made to order. During the tour of the plant we observed larger quantities of inventory for domestic sales than inventory for exports.

We calculated average inventory days, by averaging the beginning and ending inventory, dividing by the COGS, and multiplied by 365 days. The average inventory days for export sales of SRF3025V was **[CONFIDENTIAL TEXT DELETED – number]** days and for domestic sales the average inventory days was **[CONFIDENTIAL TEXT DELETED – number]** days. We multiplied the inventory days by the short term borrowing rate to calculate a weighted average domestic warehouse carrying cost, which we applied to the cost to make (not selling price).

For export sales we made an adjustment to the cost to make upwards to account for export warehouse carrying costs and cost to make downwards to account for domestic warehouse carrying costs. Calculations for the warehousing cost adjustments are at **Confidential Attachment ADJ 2**.

8.2.2 Export inland transport and handling costs

The visit team considers an upward adjustment to normal value to account for export inland freight and handling costs is required to ensure fair comparison to the export price. We calculated a weighted average adjustment of **[CONFIDENTIAL TEXT DELETED – number]** RMB per km. Verification of this cost is discussed at section 4.3.2 above.

8.2.3 Domestic inland transport

We consider a downwards adjustment for domestic inland freight is required to ensure fair comparison to the export price. We calculated a weighted average domestic inland transport adjustment of **[CONFIDENTIAL TEXT DELETED – number]** RMB per km. Verification of this cost is discussed at section 6.3.2 above.

8.3 Other

8.3.1 Packaging

The Guilin Group stated that packaging for domestic products is different to export products. Domestic products are packed individually in a fabric bag, which we observed

FOR PUBLIC RECORD

in the factory tour. The Guilin Group stated that although the cost of packing for the domestic market is slightly higher than the packing costs for export sales, it was unable to quantify the packing cost adjustment. As a result, we have made no adjustment for packaging.

8.3.2 Credit terms

We considered whether it was necessary to adjust the export price and normal value downwards for the cost of credit to arrive at cash terms.

We calculated the average turnover ratio by dividing each company's accounts receivable balance by total sales and multiplying this amount by 365. This resulted in an average credit term for sales to Australia of **[CONFIDENTIAL TEXT DELETED – number]** (taking into consideration **[CONFIDENTIAL TEXT DELETED – different sales routes and arrangement]**), compared to an average credit term of **[CONFIDENTIAL TEXT DELETED – number]** days for domestic sales. The credit term calculation is at **Confidential Attachment ADJ 3**.

Given the similarity of export and domestic credit terms, we have not made a credit term adjustment to the export price and normal value.

8.3.3 Exchange gains and losses

The Guilin Group stated that the exchange gains and losses were only incurred for its export sales, therefore it considers an exchange gain and loss based adjustment is necessary to ensure export price is comparable to normal value. The Guilin Group provided source documents to demonstrate the exchange gains and losses for each company at **Confidential Attachment ADJ 4**.

We consider that exchange gains and losses are **[CONFIDENTIAL TEXT DELETED – comments regarding impact of exchange gains and losses on the exporter]**. We have not made an adjustment to normal value to account for exchange gains and losses.

8.3.4 Sales department expenses

Guilin International advised that it has a domestic sales team of around **[CONFIDENTIAL TEXT DELETED – number]** people to handle all domestic sales for the Guilin Group. In comparison, noting that the vast majority of export sales are to Electra, the export sales team consists of **[CONFIDENTIAL TEXT DELETED – number]** people.

As the export sales salaries and domestic sales salaries are maintained under separate cost codes in the Guilin Group's company accounts, it sought an adjustment based on the different levels of sales expenses incurred for the two sales departments.

To quantify the adjustment, the Guilin Group provided the export and domestic sales expenses for each company, which we could match to the figures in the SG&A accounts. The Guilin Group calculated the ratio of the export sales department costs as a percentage of export sales revenue and domestic sales department costs as a percentage of domestic sales revenue. The source documents relating to the selling expenses adjustment are at **Confidential Attachment ADJ 5**.

We consider that sales team salary expenses are **[CONFIDENTIAL TEXT DELETED – comments regarding impact of exchange gains and losses on the exporter]**. We have not made an adjustment to normal value to account for selling expenses.

FOR PUBLIC RECORD

8.3.5 [CONFIDENTIAL TEXT DELETED – deduction to export price based on sales arrangement]

As discussed at section 4.8.2 we adjusted the export price downwards to account for [CONFIDENTIAL TEXT DELETED –sales arrangement]. As [CONFIDENTIAL TEXT DELETED –sales arrangement] has been taken into account for export price, we have not adjusted the normal value to account for [CONFIDENTIAL TEXT DELETED –sales arrangement].

8.4 Adjustments – conclusion

We are satisfied that there is sufficient and reliable information to justify the following adjustments in accordance with s.269TAC(9) of the Act. We consider these adjustments are necessary to ensure a fair comparison of normal value and export price:

Adjustment Type	Deduction/addition
Export inventory carrying costs	Add an amount for export inventory carrying costs
Export inland transport and handling charges	Add a weighted average cost for export inland transport and handling costs
Domestic inventory carrying costs	Deduct an amount for domestic inventory carrying costs
Domestic inland transport	Deduct a weighted average cost for domestic inland transport

Table 1: Adjustment to normal value to ensure comparability to export price

9 NORMAL VALUE

9.1 General

As discussed in Section 3.4.4, we found there to be no sales of like goods on the domestic market, therefore the normal value cannot be established under s.269TAC(1) of the Act. We therefore consider that normal values should be constructed in accordance with s.269TAC(2)(c) of the Act using:

- the cost to make the exported good, SRF3025V;
- the SG&A that would be incurred on the assumption that the exported good is sold on the domestic market; and
- an amount for profit on the assumption that the exported good is sold on the domestic market.

9.1.1 Selling, general and administrative expenses

In constructing a normal value, the amount for SG&A is worked out in accordance with Regulation 44 of the *Customs (International Obligations) Regulation 2015* (the Regulations).

In this instance, we have sufficient information and consider it reasonable to establish the SG&A under Regulation 44(3)(c) using the costs associated with the product which most closely resembles the goods, BVVB3*2.5.

9.1.2 Determination of profit

In constructing a normal value, the amount for profit is worked out in accordance with Regulation 45 of the Regulations.

The primary method the Commission must use is the profit achieved for sales of like goods sold by the exporter in the OCOT. Where this is not possible, the Regulations set out three alternative methods for profit determination, which are:

- by identifying the actual amounts realised by the exporter or producer from the sale of the same general category of goods in the domestic market or the country of export - Regulation 45(3)(a); or
- by identifying the weighted average of the actual amount realised by other exporters from the sale of like goods in the domestic market of the country of export - Regulation 45(3)(b); or
- subject to Regulation 45(4), by using any other reasonable method and having regard to all relevant information - Regulation 45(3)(c).

As stated in the Manual, there is no requirement to test for OCOT in any of the three alternatives for profit determination in Regulation 45, nor will the Commission read any OCOT requirement into them. The Manual also recognises that, in some instances, it may be appropriate to include a zero rate of profit.

Guilin Group submission

At the visit, the Guilin Group submitted its views on the determination of an appropriate rate of profit (**Confidential Attachment NV 1** refers). In its submission, Guilin Group stated that:

FOR PUBLIC RECORD

- if the Commission considers BVVB3*2.5 to be a like good, the amount of profit could be worked out by reference to Guilin International's sales of BVVB3*2.5 in the OCOT;
- the actual amounts realised in the same general category of goods (which it considers is cables used in building wiring applications under 450/750 volts, which represents the commercial equivalent of SRF3025V in the Chinese market) is **[CONFIDENTIAL TEXT DELETED – number]**. In addition, the overall profitability of total domestic sales is **[CONFIDENTIAL TEXT DELETED – number]**. The Guilin Group's submission provided supporting documentation for the above;
- it is not possible to calculate the weighted average of actual amounts realised by other exporters, because, as stated in the Manual, there needs to be data submitted by two other exporters; and
- using sales of the product which most closely resembles the goods, BVVB3*2.5, in an assessment of profit under Regulation 45(3)(c) would not deliver profitability on an 'amount realised' basis, as BVVB3*2.5 was not profitable.

Subsequent to the visit, the Guilin Group submitted that the domestic market for building wire declined due to a construction downturn in China during the period of investigation (**Confidential Attachment NV 2**) and provided various articles to support this position.⁹

9.2 Conclusion

We consider that information gathered from CTMS at Chapter 5 can be used to establish normal values under s.269TAC(2)(c) of the Act. After having regard to the Regulations and information verified during the visit, we consider that, in this circumstance, it is appropriate to include a zero amount for profit.

In using costs as the basis for normal values, we consider that certain adjustments, in accordance with s.269TAC(9) of the Act, are necessary to ensure fair comparison of normal values with export prices as outlined in Chapter 8 above.

Normal value calculations are at **Confidential Appendix 3**.

⁹ <http://www.dw.de/chinas-real-estate-market-weighed-down-by-oversupply/a-18207416>
<http://www.bloomberg.com/news/articles/2014-02-24/bluescope-sees-dramatic-slowdown-in-china-s-construction-market>
<http://www.worldfinance.com/inward-investment/chinas-property-slowdown-could-have-a-domino-effect-on-global-commodities>.

10 DUMPING MARGIN

The dumping margin has been assessed by comparing the weighted average deductive export prices to the corresponding weighted average normal values (inclusive of the adjustments described above) for the investigation period.

The dumping margin in respect of PVC flat electrical cables by the Guilin Group, as a collapsed entity, for the investigation period is 0.2 per cent.

The preliminary dumping margin calculations are at **Confidential Appendix 4**.

FOR PUBLIC RECORD

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	CTMS
Confidential Appendix 3	Normal value
Confidential Appendix 4	Dumping margin
Confidential Attachment GEN 1	Exporter questionnaire responses
Confidential Attachment GEN 2	Revisions to the exporter questionnaire responses
Confidential Attachment GEN 3	Corporate structure
Confidential Attachment GEN 4	Audited financial statements
Confidential Attachment GEN 5	Chart of accounts
Confidential Attachment GEN 6	Monthly management reports
Confidential Attachment GOODS 1	Like goods comparison table
Confidential Attachment GOODS 2	Picture of SRF3025V and BVVB3*2.5
Confidential Attachment EXP 1	Summary of Prices for SRF3025V
Confidential Attachment EXP 2	Upward sales reconciliation – supporting documents
Confidential Attachment EXP 3	Source documents – 2 transactions
Confidential Attachment EXP 4	Source documents – 13 selected transactions
Confidential Attachment EXP 5	Analysis of source documents for export sales
Confidential Attachment EXP 6	Per unit inland freight cost calculation
Confidential Attachment EXP 7	Accounts receivable – credit costs calculation
Confidential Attachment EXP 8	Calculation of [CONFIDENTIAL TEXT DELETED]

FOR PUBLIC RECORD

Confidential Attachment SALES 1	<p>Exporter responses comprising:</p> <ul style="list-style-type: none"> • Australian export sales listing; • Domestic sales listing; • Audited financial statements for 2013; • Management accounts for quarters ending Sept 2013, Dec 2013, Mar 2014 and Jun 2014; and • Turnover spreadsheet covering both the calendar year 2013 and the investigation period.
Confidential Attachment CTMS 1	Diagram of costing system
Confidential Attachment CTMS 2	CTMS spreadsheet
Confidential Attachment CTMS 3	Copper purchase summary
Confidential Attachment CTMS 4	Copper raw materials ledger for March 2014
Confidential Attachment CTMS 5	Copper proof of payment
Confidential Attachment CTMS 6	Source documents for copper entering production
Confidential Attachment CTMS 7	Copper completeness reconciliation
Confidential Attachment CTMS 8	Copper freight calculation
Confidential Attachment CTMS 9	Copper VAT refund source documents
Confidential Attachment CTMS 10	Copper scrap source documents
Confidential Attachment CTMS 11	PVC purchase summary
Confidential Attachment CTMS 12	PVC source documents
Confidential Attachment CTMS 13	Ledgers for direct labour, manufacturing overheads and other expenses
Confidential Attachment CTMS 14	Standard unit consumption for SRF3025V
Confidential Attachment CTMS 15	Bill of materials for SRF3025V
Confidential Attachment CTMS 16	Standard copper consumption equation
Confidential Attachment CTMS 17	Bill of materials for comparable models
Confidential Attachment CTMS 18	CTMS for December 2013
Confidential Attachment CTMS 19	Standard unit labour calculations

FOR PUBLIC RECORD

Confidential Attachment CTMS 20	Finished goods ledger
Confidential Attachment CTMS 21	COGS ledger
Confidential Attachment CTMS 22	SG&A printout
Confidential Attachment CTMS 23	SG&A calculations
Confidential Attachment DOM 1	Source documents – two sales of BVVB3*2.5
Confidential Attachment DOM 2	Accounts receivable calculation – domestic credit costs
Confidential Attachment ADJ 1	Submission regarding adjustments
Confidential Attachment ADJ 2	Inventory carrying cost calculation
Confidential Attachment ADJ 3	Credit term calculation
Confidential Attachment ADJ 4	Exchange gain/loss calculation
Confidential Attachment ADJ 5	Selling cost calculation
Confidential Attachment NV 1	Submission on profit
Confidential Attachment NV 2	Submission on turndown in domestic market