



International Trade Remedies Branch
Exporter Questionnaire



CHUNGHUNGSTEEL

Product: Hot rolled coil steel
From: Japan, the Republic of Korea, Malaysia and Taiwan
Investigation period: 1 April 2011 to 31 March 2012
Response due by: 25 July 2012

Extended to 8 August 2012

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Australian Customs and Border Protection website:
www.customs.gov.au

Return completed questionnaire to: International Trade Remedies Branch
Australian Customs and Border Protection Service
5 Constitution Avenue
Canberra ACT 2601
AUSTRALIA
Attention: Director Operations 1

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GOODS UNDER CONSIDERATION

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices, is hot rolled coil. The applicant provided further details as follows:

General description

The application specifies that:

Hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods excluded from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.¹

Hot Rolled Coil ("HRC") is supplied in a range of thicknesses, all of which are covered by this application.

¹ Application for the publication of a dumping duty notice for Hot Rolled Coil exported from Japan, the Republic of Korea, Malaysia and Taiwan (Application), page 10.

SECTION A - COMPANY STRUCTURE AND OPERATIONS

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

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head Office:

Name:	Mr. Pan, Che Jen
Position in the company:	Administrator Commercial Administration Department
Address:	317, Yu Liao Road Chiao Tou District Kaohsiung City 825 Taiwan R.O.C.
Telephone:	+886 7 611 7171 Ext.3015~3018
Facsimile number:	+886 7 6130471
E-mail address of contact person:	ch25290@chsteel.com.tw

Factory:

Address:	No. 576, Hsing Lung Street Chia Hsing Li Gangshan District Kaohsiung City 825 Taiwan R.O.C.
Telephone:	+886 7 611 7171 Ext.3015~3018
Facsimile number:	+886 7 6130471
E-mail address of contact person:	ch25290@chsteel.com.tw

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

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

Name:	Daniel Moulis
Address:	6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport

Telephone:

ACT 2609 Australia

+61 2 6163 1000

Facsimile/Telex number:

+61 2 6162 0606

E-mail address of contact person:

daniel.moulis@moulislegal.com

Please note that all communications in relation to this matter should be directed to Moulis Legal in the first instance.

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

A-3 Company information

1. What is the legal name of your business?

Chung Hung Steel Corporation ("CHS").

What kind of entity is it (eg. company, partnership, sole trader)?

CHS is a company limited by shares established in accordance with the Company Law of Taiwan.

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

CHS has no other business names.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

CHS is a publicly traded company and listed on the Taiwan Stock Exchange. As such, the holding of each shareholder will vary from time to time in line with the shareholder's trading in the stock market.

CHS is a subsidiary of China Steel Corporation ("CSC"), which is also a publicly traded company and listed on Taiwan Stock Exchange.

Based on the shareholders' roster dated as of 31 March 2012, only one shareholder, owns more than 5% of CHS's shares. That shareholder is CSC, which has a direct holding of [CONFIDENTIAL TEXT DELETED] and a total direct and indirect holding of [CONFIDENTIAL TEXT DELETED]

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

CHS is a subsidiary of CSC.

CSC is a publicly traded company listed on the Taiwan Stock Exchange. As such, the holding of each shareholder will vary from time to time in line with the shareholder's trading in the stock market.

Based on the shareholders' roster dated 17 April 2012, only one shareholder - [CONFIDENTIAL TEXT DELETED]- owns more than 5% of CSC's shares. Its shareholding is [CONFIDENTIAL TEXT DELETED].

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

Not applicable. CSC is not a subsidiary of another company.

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

CHS became an affiliate of CSC on 21 February 2000 when CSC purchased CHS's shares and became the largest shareholder of CHS.

Please refer to Attachment 1 [CONFIDENTIAL ATTACHMENT] for a chart showing CHS's subsidiaries. Other than the companies listed in that Attachment, the affiliated companies of CSC are provided in Attachment 2 [CONFIDENTIAL ATTACHMENT].

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

Not applicable.

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

CHS was established in 1983 as a manufacturer of steel products.

In 1987, the cold rolling plant and pipe plant were constructed and started production.

The hot rolling plant was constructed in 1995 and started production in 1997.

CHS's main products include hot rolled coil, cold rolled coil, pickled and oiled coil, skin pass coil, black pipe, rectangular pipe, galvanized pipe, API pipe, PE coated pipe, etc.

8. If your business does not perform all of the following functions in relation to the goods, then please provide names and addresses of the companies which perform each function:

- produce or manufacture;
- sell in the domestic market;
- export to Australia; and

- export to countries other than Australia.

CSC produces and sells the goods in the domestic market and also exports the goods to other countries, including Australia.

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

CHS is organized into three divisions and 12 departments, which are structured based on their respective functions.

The Marketing Department is the unit involved in sales of the product concerned.

The Hot Rolling Department is the production unit involved in producing such goods.

Please refer to Attachment 3 [CONFIDENTIAL ATTACHMENT] for CHS's internal organization chart.

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

Please refer to:

- **Attachment 4 [CONFIDENTIAL ATTACHMENT] for CHS's audited financial statements for 2011; and**
- **Attachment 5 for CHS's product catalogue.**

CHS is a manufacturer of pipes and tubes as well as hot rolled coils and cold rolled coils.

A-4 General accounting/administration information

1. Indicate your accounting period.

CHS's accounting period is calendar year (1 January to 31 December).

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

CHS's accounting records are accessible at No. 317, Yu Liao Road, Chiao Tou District, Kaohsiung City 825, Taiwan, R.O.C.

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

- chart of accounts;

Please refer to Attachment 6 [CONFIDENTIAL ATTACHMENT] for CHS's chart of accounts.

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

Please refer to:

- Attachment 4 [CONFIDENTIAL ATTACHMENT] for CHS's audited unconsolidated financial statements for 2011 and 2010;
- Attachment 7 [CONFIDENTIAL ATTACHMENT] for CHS's audited consolidated financial statements of 2011 and 2010, with an English translation of the balance sheet, statement of income, and statement of changes in stockholders' equity and statement of cash flow.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

Please refer to Attachment 8 [CONFIDENTIAL ATTACHMENT] for CHS's internal income statements for 2010, 2011 and the first quarter of 2012.

These documents should relate to:

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

[CONFIDENTIAL TEXT DELETED]. All the documents relate to the company as a whole.

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Not applicable.

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

CHS's accounting practices are in accordance with the generally accepted accounting principles ("GAAP") of Taiwan.

6. Describe the significant accounting policies that govern your system of accounting, in particular:

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

CHS uses the weighted average method in valuing inventory of raw materials,

work-in-process, and finished goods.

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

In CHS's ordinary cost accounting system, costs are tracked and cumulated at cost centres on an aggregate, actual basis and by the processing cost method. In other words, one average cost is derived for the product produced at a given cost centre. When one product is introduced as input to the production of another product, the input cost is the average production cost of the upstream product. [CONFIDENTIAL TEXT DELETED].

[CONFIDENTIAL TEXT DELETED].

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

CHS uses the weighted average method to value damaged or sub-standard goods.

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

There are no by-products or joint products generated in the production of the subject goods.

Scrap valued at [CONFIDENTIAL TEXT DELETED].

- valuation and revaluation methods for fixed assets;

Land is stated at cost or cost plus revaluation increment and other properties are stated at cost less accumulated depreciation.

Expenses incurred for major repairs and maintenance will be capitalized and depreciated over the service lives of equipment / assets, while maintenance and repairs are expensed currently

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

Depreciation is calculated by the straight-line method over the service lives of equipment / assets as follows:

- buildings and improvements - 10 to 60 years;
- machinery and equipment - 3 to 18 years; and
- miscellaneous equipment - 3 to 18 years.

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

Non-derivative foreign-currency transactions are recorded in New Taiwan Dollars ("NTD") at the rates of exchange in effect when the transactions occur.

As an example, the date of the exchange is the on-board date (when products are loaded onto shipping vessels).

Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

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

At the balance sheet translation day, foreign-currency monetary assets and liabilities are re-valued using prevailing exchange rates and the exchange differences are recognized in the profit or loss account.

The exchange rate is based on daily exchange rate of the Bank of Taiwan.

- inclusion of general expenses and/or interest;

CHS does not capitalize general and administrative expenses.

Interest expenses incurred during the construction and acquisition period are capitalized as cost of the property.

- provisions for bad or doubtful debts;

An allowance for doubtful accounts is provided on the basis of a review of the collectability of accounts receivable. CHS assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and economic conditions provided by customers.

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

[CONFIDENTIAL TEXT DELETED]

- costs of plant closure;

[CONFIDENTIAL TEXT DELETED]

- restructuring costs;

[CONFIDENTIAL TEXT DELETED]

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

There are no by-products generated in the production of the subject goods.

Scrap valued at [CONFIDENTIAL TEXT DELETED].

- effects of inflation on financial statement information.

Not applicable.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

(a) Change relating to financial instruments

From 1 January 2011, CSC adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "*Financial Instruments: Recognition and Measurement*". The main revisions include:

- changes to treatment of impairment of finance lease receivables;
- scope of application to insurance contracts;
- coverage of loans and receivables originated by the enterprise;
- additional guidelines on impairment of financial assets carried at amortized cost when the debtor has financial difficulties and the terms of obligations have been modified; and
- accounting treatment by a debtor for modifications in the terms of obligations.

This accounting change did not have a significant impact on CSC's financial statements as of and for the year ended 31 December 2011.

(b) Change relating to operating segments

From January 1, 2011, CSC adopted the newly issued SFAS No. 41, "*Operating Segments*". The requirements of the statement are based on the information about the components of the enterprise and its subsidiaries that management uses to make decisions about operating matters. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the enterprise's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "*Segment Reporting*". The information for the year ended 31 December 2010 has been recast to reflect the new segment reporting requirement.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods. You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Investigation period	
	All products	The goods	All products	The goods
Gross sales (1)				
Sales returns, rebates and discounts (2)				
Net sales (3=1-2)				
Raw materials (4)				

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	Most recent completed financial year (specify)		Investigation period	
	All products	The goods	All products	The goods
Direct labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
Operating income (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12+13)				
Income from normal activities (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
Profit before tax (20)=(15+16+17+18+19)				
Tax (21)				
Net profit (22)=(20-21)				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that best reflects your financial reporting.

Prepare this information on a spreadsheet named "**Income statement**".

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

Please see Attachment 9 [CONFIDENTIAL ATTACHMENT] for CHS's

income statement spread sheet.

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		Investigation period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "Turnover".

This information will be used to verify the cost allocations to the goods in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Please see Attachment 10 [CONFIDENTIAL ATTACHMENT] for CHS's turnover spread sheet.

SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at the ex factory level.

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

The invoice date will normally be taken to be the date of sale. If you consider:

- the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;
- an alternative date should be used when comparing export and domestic prices.

*You **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

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

name;

address;

contact name and phone/fax number where known; and

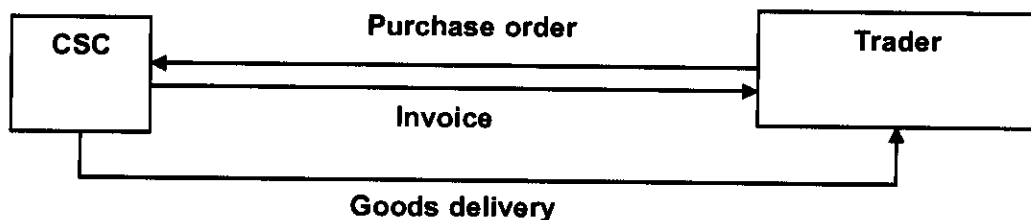
trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Please refer to Attachment 11 [CONFIDENTIAL ATTACHMENT] for list of CHS's export customers for Australian sales.

B-2 For each customer identified in B1 please provide the following information.

- Describe how the goods are sent to each customer in Australia, including a diagram if required.

Please see below flow chart indicating terms of sale to customers. CHS's export customers during the IP were traders.



Delivery terms are [CONFIDENTIAL TEXT DELETED]

Payment terms are [CONFIDENTIAL TEXT DELETED]

- Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Please see the flow chart above for the requested information.

For some sales of hot rolled products to Australia, [CONFIDENTIAL TEXT DELETED].

- Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

CHS as [CONFIDENTIAL TEXT DELETED] will pass ownership and transfer risk to the buyer at [CONFIDENTIAL TEXT DELETED].

CHS did not have DDP sales during the IP.

- Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

[CONFIDENTIAL TEXT DELETED]

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

For Australian sales, the customers send their inquiries for price quotation, either by fax or by email.

After completing the price negotiation with the customer, a sales contract will be sent to the customer to confirm the quantities, prices and the delivery schedule for the ordered products.

The goods will be shipped to the customer along with the commercial invoice and other shipping documents.

Please see Attachment 12 [CONFIDENTIAL ATTACHMENT] for a chronological flow chart of this sales process.

[CONFIDENTIAL TEXT DELETED] Please see Attachment 13 [CONFIDENTIAL ATTACHMENT]

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

CHS is not related to any of its Australian customers.

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

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Please see Attachment 14 [CONFIDENTIAL ATTACHMENT] for details of forward orders of the goods.

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

CHS's export selling prices [CONFIDENTIAL TEXT DELETED] according to the distribution channel.

B-4 Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods in the investigation period. You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	Names of your customers
Level of trade	The level of trade of your customers in Australia
Model/grade/type	Commercial model/grade or type
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date other than the invoice date best establishes the material terms of sale, report that date.
Order number	If applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	Agreed payment terms e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice.
Packaging type	E.g. coil, sheet
Gross invoice value	Gross invoice value shown on invoice in the currency of sale, excluding taxes.
Discounts on the invoice	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.

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

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

** FOB export price and Ocean Freight:

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

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the

basis - estimates must reflect changes in freight rates over the investigation period. Freight allocations must be checked for consistency.

Please refer to Attachment 15 [CONFIDENTIAL ATTACHMENT] for CHS's Australian sales spread sheet.

For product coding information, please refer to Section C.

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

If these exist, they have been reported as instructed.

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

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

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

[CONFIDENTIAL TEXT DELETED].

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

[CONFIDENTIAL TEXT DELETED]

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

For example:

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

Not applicable.

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

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

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

Please see Attachment 16 and 17 [CONFIDENTIAL ATTACHMENTS] for documentation in relation to the following two selected shipments to Australia:

- [CONFIDENTIAL TEXT DELETED]

SECTION C - EXPORTED GOODS & LIKE GOODS

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

During the IP, CHS exported [CONFIDENTIAL TEXT DELETED] grades of hot-rolled products to Australia:

- [CONFIDENTIAL TEXT DELETED].

Please see Attachment 18 [CONFIDENTIAL ATTACHMENT] for sample mill certificates of these [CONFIDENTIAL TEXT DELETED] grades for sales to Australia.

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

Please see Attachment 19 [CONFIDENTIAL ATTACHMENT] for a list of the types of goods exported to Australia by CHS.

C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically; and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

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

Prepare this information on a spread sheet named "Like goods".

Please see Attachment 20 [CONFIDENTIAL ATTACHMENT].

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

See Attachment 21 [CONFIDENTIAL ATTACHMENT] for sample mill certificates for the like goods for sale in domestic market.

SECTION D - DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.*

Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices.

*You **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;

Please see Attachment 22 [CONFIDENTIAL ATTACHMENT] for a flow chart indicating the terms of sale to customers. CHS sold the goods to [CONFIDENTIAL TEXT DELETED] during the IP.

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

Please see Attachment 22 [CONFIDENTIAL ATTACHMENT].

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

[CONFIDENTIAL TEXT DELETED]

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

[CONFIDENTIAL TEXT DELETED] CHS sold the product concerned to only one related customer during the IP [CONFIDENTIAL TEXT DELETED]. [CONFIDENTIAL TEXT DELETED]. CHS's selling prices to [CONFIDENTIAL TEXT DELETED] are the same or similar to the prices in

sales to unrelated customers under the same conditions.

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

[CONFIDENTIAL TEXT DELETED]

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

Please see Attachment 23 [CONFIDENTIAL ATTACHMENT] for a chronological flowchart of the domestic sales process.

For sales in the domestic market, [CONFIDENTIAL TEXT DELETED]. Customers place orders via [CONFIDENTIAL TEXT DELETED].

Once ordered, CHS enters the quantity/specifications for the customer into its system.

Once the product is ready for delivery, CHS notifies its customer, and a delivery sheet will be issued for shipment record. When the product is shipped, CHS issues its invoice – in the form of the standard Taiwanese invoice (referred to as a "GUI") to its customer.

- whether price includes the cost of delivery to customer.

In Attachment 24 [CONFIDENTIAL ATTACHMENT], CHS has reported [CONFIDENTIAL TEXT DELETED] for all transactions in the "delivery terms" field, [CONFIDENTIAL TEXT DELETED].

CHS arranges the trucking companies to deliver the goods to the customers. [CONFIDENTIAL TEXT DELETED].

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

[CONFIDENTIAL TEXT DELETED]. .

D-4 Prepare a spreadsheet named "Domestic sales" listing all sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Column heading	Explanation
Customer name	Names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	The level of trade of your domestic customer
Model/grade/type	Commercial model/grade or type of the goods
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the

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	product codes in your submission.
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date other than the invoice date best establishes the material terms of sale and should be used, report that date.
Order number	Show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	E.g. ex factory, free on truck, delivered into store
Payment terms	Payment terms agreed with the customer e.g. 60 days=60 etc
Quantity	Quantity in units shown on the invoice e.g. litres or kilos.
Packaging type	E.g. coil, sheet
Gross Invoice value	Gross value shown on invoice in the currency of sale, net of taxes.
Discounts on the Invoice	The amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	The actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation costs*	Amount of inland transportation costs included in the selling price.
Handling, loading and ancillary expenses*	Handling, loading & ancillary expenses.
Warranty & guarantee expenses*	Warranty & guarantee expenses
Technical assistance & other services*	Expenses for after sale services such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	Any other costs, charges or expenses (including VAT) incurred in relation to the domestic sales (Include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

Please see Attachment 24 [CONFIDENTIAL ATTACHMENT] for CHS's domestic sales spread sheet.

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

In the time available CSC has done its best to identify costs, charges or expenses which would need to be considered for adjustment purposes. CSC reserves the right to present further information before or during the verification process if such information is properly identified.

- D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has not been reported as a discount or rebate.

CSC grants a number of discounts, rebates and other adjustments from prices charged to its domestic market customers. These are required due to competitive market pressures.

[CONFIDENTIAL TEXT DELETED]The above discount/rebate policies are adjusted from time to time based on market conditions. CHS has reported [CONFIDENTIAL TEXT DELETED] in [CONFIDENTIAL TEXT DELETED].

- D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

Customs and Border Protection will select additional sales for verification at the time of our visit.

Please see Attachment 25 and 26 [CONFIDENTIAL ATTACHMENTS] for domestic sales documentation in relation to these two sales:

- **[CONFIDENTIAL TEXT DELETED]**

SECTION E - FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. Customs and Border Protection must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence Customs and Border Protection may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. Customs and Border Protection will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ("**Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

CHS has reported the actual inland freight expenses (in NTD) by taking the actual NTD freight expense per shipment, divided by all product types delivered in the same shipment by weight.

The general ledger account for this expense is "[CONFIDENTIAL TEXT]

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DELETED], Export sales-inland freight".

2. Handling, loading and ancillary expenses

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

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

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

Please see Attachment 27 [CONFIDENTIAL ATTACHMENT] for a list of the handling, loading and ancillary expenses and their relevant general ledger accounts.

CHS has reported all expenses listed in that Attachment separately in Attachment 15 [CONFIDENTIAL ATTACHMENT].

- **[CONFIDENTIAL TEXT DELETED – details of various costs explained].**

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

The payment terms for Australian sales during the IP were [CONFIDENTIAL TEXT DELETED]

For [CONFIDENTIAL TEXT DELETED] might be incurred in respect of sales. This is recorded under [CONFIDENTIAL TEXT DELETED] account and reported in Attachment 36 "Australian CTMS".

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed 'Packing'.

Packing materials and labour costs are recorded in [CONFIDENTIAL TEXT DELETED]. Packing is [CONFIDENTIAL TEXT DELETED]

5. Commissions

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

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

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

[CONFIDENTIAL TEXT DELETED]

6. Rebates

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

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

Report the amount in the sales listing in question B-4 under the column headed "Rebates or any other allowances". Identify the general ledger account where the expense is located

[CONFIDENTIAL TEXT DELETED]

7. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("Warranty & guarantee expenses" and "Technical assistance & other services"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED]

8. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability - these are identified in the column headed "Other factors". For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

[CONFIDENTIAL TEXT DELETED]

9. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the investigation period (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

[CONFIDENTIAL TEXT DELETED].

E-2 Costs associated with domestic sales

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

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

1. Physical characteristics

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

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

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

Noted. See Column D of Attachment 20 [CONFIDENTIAL ATTACHMENT].

2. Import charges and indirect taxes

If exports to Australia:

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

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

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

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

the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

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

Substitution drawback systems

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

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

Not applicable, no tax exemption or drawback applies.

3. Level of trade

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

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

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

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

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

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