



**INVESTIGATION 442**

**INVESTIGATION INTO THE ALLEGED  
DUMPING OF CERTAIN ALUMINIUM  
EXTRUSIONS EXPORTED FROM THE PEOPLE'S  
REPUBLIC OF CHINA BY GUANGDONG  
JIANGSHENG ALUMINIUM CO., LTD AND  
GUANGDONG ZHONGYA ALUMINIUM COMPANY  
LIMITED, AND THE KINGDOM OF THAILAND**

**VERIFICATION REPORT – EXPORTER**

**UNITED ALUMINIUM INDUSTRY CO., LTD (UAI)**

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 2018

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## **1 BACKGROUND**

On 19 October 2017, the Commissioner of the Anti-Dumping Commission gave public notice of his decision to initiate an investigation into the alleged dumping of certain aluminium extrusions (the goods) exported to Australia from the People's Republic of China (China) by Guangdong Jiangsheng Aluminium Co., Ltd and Guangdong Zhongya Aluminium Company Limited (Zhongya Aluminium); all exporters from the Kingdom of Thailand (Thailand). The background to initiation of this investigation is contained in Anti-Dumping Notice (ADN) No. 2017/144.

Following initiation of the investigation, a search of the Australian Border Force import database indicated that United Aluminium Industry Co., Ltd (therein referred to as 'UAI') exported certain aluminium extrusions to Australia from Thailand during the period 1 October 2016 to 30 September 2017 (the investigation period).

The Anti-Dumping Commission (the Commission) sought UAI's cooperation through the completion of an Exporter Questionnaire regarding the goods.

The Commission completed a full remote verification of UAI's response to the Exporter Questionnaire between April and May 2018 after benchmarking UAI's response to the Exporter Questionnaire against verified data.

## 2 THE GOODS AND LIKE GOODS

### 2.1 The goods exported to Australia

During the investigation period UAI exported certain aluminium extrusions ('the goods') to Australia. The goods UAI exported to Australia during the investigation period were of varying finishes, shapes and sizes.

### 2.2 Like goods sold on the domestic market

During the investigation period, UAI also sold like goods to domestic customers in Thailand. The goods were of varying finishes, shapes, sizes, alloy content and temper grades.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- have physical characteristics that are similar, such as finishes, alloy content and temper grades;
- are produced at the same facilities, using the same raw material inputs (being billet) and manufacturing processes; and
- can be considered functionally and commercially alike, as they have similar end uses, notwithstanding customer specific designs in certain circumstances.

### 2.3 Model matching

The verification team considers it appropriate to model match the export sales of the goods to the domestic sales of like goods based on the following criteria:

- Finish (Mill Finished, Powder Coated, Anodised);
- Alloy type; and
- Temper grade.

### 2.4 Like goods – preliminary assessment

The verification team considers that the aluminium extrusions produced by UAI for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1) of the *Customs Act 1901* (the Act).<sup>1</sup>

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<sup>1</sup> References to any section or subsection in this report relate to provisions of the Act, unless specifically stated otherwise.

### 3 VERIFICATION OF EXPORT SALES TO AUSTRALIA

#### 3.1 Verification of Australian sales to audited financial statements

The verification team verified the completeness and relevance of UAI's Australian sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

#### 3.2 Verification of Australian sales to source documents

The verification team verified the accuracy of UAI's Australian sales listing by reconciling it to source documents in accordance with ADN No. 2016/30.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

#### 3.3 The exporter

For all Australian export sales during the investigation period, the verification team considers UAI to be the exporter of the goods<sup>2</sup>. UAI manufactured the goods in response to orders received by unrelated Australian companies. UAI negotiated pricing and technical aspects directly with the Australian companies, and made sales as directed by these companies during the investigation period.

#### 3.4 The importer

The verification team considered that the customers listed in the Australian sales spreadsheet were the beneficial owners of the goods at the time of importation, and therefore the importers of the goods.

#### 3.5 Related party customers

The verification team did not identify any information that might suggest that UAI's Australian importers were related to UAI, based on UAI's response to the Exporter Questionnaire, sales data and audited financial statements.

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<sup>2</sup> The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

### **3.6 Arms length**

In respect of Australian sales of the goods made by UAI to its importers during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was 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, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.<sup>3</sup>

The verification team therefore considers that all export sales to Australia made by UAI during the investigation period were arms length transactions.

### **3.7 Export price – assessment**

The verification team is satisfied that the Australian sales listing is complete, relevant and accurate.

The verification team recommends that the export price be determined under subsection 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at free-on-board (FOB) terms.

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

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<sup>3</sup> Section 269TAA of the Act refers.

## 4 COST TO MAKE AND SELL

### 4.1 Verification of costs to audited financial statements

The verification team verified the completeness and relevance of UAI cost to make and sell (CTMS) spreadsheet by reconciling each to audited financial statements in accordance with ADN No. 2016/30. The initial CTMS supplied had minor discrepancies to the audited financial accounts. A number of minor errors were identified and UAI submitted a revised CTMS.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

### 4.2 Verification of costs to source documents

The verification team was able to verify the accuracy of UAI's cost of production spreadsheet to source documents in accordance with ADN No. 2016/30.

Details of the verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

### 4.3 Related party purchases

Based on the company's response to the Exporter Questionnaire and documentation supplied for the purpose of the verification, the verification team did not identify any raw material suppliers that might be related to UAI.

### 4.4 Cost to make and sell – summary

Having verified UAI's CTMS spreadsheet to audited financial statements and source documents, the verification team is satisfied that the revised CTMS spreadsheet is complete, relevant and accurate.

The revised CTMS spreadsheet is at **Confidential Appendix 2**.

## 5 VERIFICATION OF DOMESTIC SALES

### 5.1 Verification of domestic sales to audited financial statements

The verification team verified the completeness and relevance of UAI's domestic sales listing by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

Details of the verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

### 5.2 Verification of domestic sales to source documents

The verification team verified the accuracy of UAI's domestic sales listing by reconciling it to source documents in accordance with ADN No. 2016/30.

Details of the verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

### 5.3 Related party customers

Based on UAI's response to the Exporter Questionnaire, sales data and audited financial statements, the verification team has identified a major customer that is related to UAI by way of ownership and management overlap.

The verification team assessed the pricing and terms of trade with the related customer, comparing sales prices and volumes to other unrelated customers and did not find any preferential pricing past what might be considered reasonable volume discounts. The verification team considers these sales were not influenced by a commercial or other relationship between the buyer and the seller.

### 5.4 Arms length

In respect of domestic sales of the goods made by UAI to its customers during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was 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, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by UAI to customers during the investigation period were arms length transactions.

## **5.5 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, then they are taken not to have been sold in the ordinary course of trade (OCOT).

The verification team compared the revenue (i.e. net sales value) for each domestic sale of like goods to the corresponding quarterly domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20% for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the investigation period. Those sales found to be unrecoverable were considered not to be in the OCOT.

## **5.6 Suitability of domestic sales and profit**

Subparagraph 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export.

Low volume is defined in subsection 269TAC(14) as less than 5% of the total volume of the goods under consideration that are exported to Australia. Applying the model matching criteria described at 2.3, the verification team found that there were sufficient volumes of domestic sales of identical export models made in the OCOT for all models exported to Australia during the investigation period.

## **5.7 Domestic sales – summary**

The verification team is satisfied that the domestic sales listing is complete, relevant and accurate, and can be used for assessing normal values under subsection 269TAC(1).

The domestic sales listing is at **Confidential Appendix 3**.

## **6 ADJUSTMENTS**

To ensure the normal value is comparable to the export price of goods exported to Australia at FOB terms, the verification team has considered the following adjustments. The verification team were able to verify the accuracy of these costs and fees in the source documents relating to domestic and Australian export sales.

### **6.1 Credit terms**

The verification team confirmed that all export sales were fully paid prior to shipment of the goods, and thus no credit was provided and no upwards credit adjustment is warranted.

To apply the domestic credit adjustment, the verification team calculated UAI's average short-term borrowing rate used across the period from prime interest rates prevailing for commercial loans in Thailand. Domestic sales detailed credit terms for each transaction. The verification team adjusted the normal value for each transaction using the stated credit terms and UAI's average short-term borrowing rate. The effect of the credit adjustment was a decrease in normal value.

### **6.2 Domestic packing**

The verification team considers that a downward adjustment to the normal value for domestic packing is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average packing cost (per kilogram) of domestic sales over the investigation period.

### **6.3 Domestic inland transport**

The verification team considers that a downward adjustment to normal value for domestic inland freight costs is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average inland transport cost (per kilogram) of domestic sales over the investigation period.

### **6.4 Barcode stickers**

The verification team considers that an upward adjustment to the normal value for export related barcode stickers is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average barcode sticker cost (per kilogram) of export sales over the investigation period.

### **6.5 Trolley charges**

The verification team considers that an upward adjustment to the normal value for export related trolley charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average trolley charge (per kilogram) of export sales over the investigation period.

## **6.6 Beam wood charges**

The verification team considers that an upward adjustment to the normal value for export related beam wood charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average beam wood charge (per kilogram) of export sales over the investigation period.

## **6.7 Export packing**

The verification team considers that an upward adjustment to the normal value for export packing is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average packing cost (per kilogram) of export sales over the investigation period.

## **6.8 Other charges (punching)**

The verification team considers that an upward adjustment to the normal value for export punching charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average punching cost (per kilogram) of export sales over the investigation period.

## **6.9 Export-related labour**

The verification team considers that an upward adjustment to the normal value for export-related labour charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average export-related labour charge (per kilogram) of export sales over the investigation period.

## **6.10 Export inland transport**

The verification team considers that an upward adjustment to normal value for export inland freight costs is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average inland transport cost (per kilogram) of export sales over the investigation period.

## **6.11 Handling and other charges**

The verification team considers that an upward adjustment to the normal value for handling and other charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average handling and other charge (per kilogram) of export sales over the investigation period.

## **6.12 Other costs (port fees)**

The verification team considers that an upward adjustment to the normal value for port fees is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average port fee (per kilogram) of export sales over the investigation period.

### **6.13 Fumigation**

The verification team considers that an upward adjustment to the normal value for fumigation charges is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average fumigation charge (per kilogram) of export sales over the investigation period.

### **6.14 Adjustments – conclusion**

The verification team is satisfied that there is sufficient and reliable information to justify the following adjustments. The verification team considers these adjustments are necessary to ensure a fair comparison of normal values and export prices.

<b>Adjustment Type</b>	<b>Deduction/addition</b>
Domestic credit	<b>Deduct</b> the cost of domestic credit
Domestic packing	<b>Deduct</b> the cost of domestic packing
Domestic inland transport	<b>Deduct</b> the cost of domestic inland transport
Export barcode stickers	<b>Add</b> the cost of export barcode stickers
Export trolley	<b>Add</b> the cost of export trolley
Export beam wood	<b>Add</b> the cost of export beam wood
Export packing	<b>Add</b> the cost of export packing
Export other charges (punching)	<b>Add</b> the cost of export punching
Export export-related labour	<b>Add</b> the cost of export-related labour
Export inland transport	<b>Add</b> the cost of domestic inland transport
Export handling and other charges	<b>Add</b> the cost of export handling and other charges
Export other costs (port fees)	<b>Add</b> the cost of other export costs (port fees)
Export fumigation	<b>Add</b> the cost of export fumigation

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 4**.

## 7 NORMAL VALUE

The verification team is satisfied that it found sufficient domestic sales that were arms length transactions and at prices that were within the OCOT. The verification team is therefore satisfied that the prices paid in respect of domestic sales of aluminium extrusions for those models are suitable for assessing normal value under subsection 269TAC(1).

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with subsection 269TAC(8), are necessary to ensure fair comparison of normal values with export prices, as outlined in Section 6.

The verification team's preliminary normal value calculations are at **Confidential Appendix 4**.

## **8 DUMPING MARGIN**

The dumping margin has been assessed by comparing weighted average export prices to the corresponding quarterly weighted average normal value for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The dumping margin in respect of the goods exported to Australia by UAI for the investigation period is 1.6%.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 5**.

**9 APPENDICES AND ATTACHMENTS**

<b>Confidential Appendix 1</b>	Australian export sales
<b>Confidential Appendix 2</b>	Cost to make and sell
<b>Confidential Appendix 3</b>	Domestic sales
<b>Confidential Appendix 4</b>	Normal value
<b>Confidential Appendix 5</b>	Dumping margin
<b>Confidential Attachment 1</b>	Verification work program, with attachments