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Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

Anti-Dumping Commission – File note

Investigation 355 – Investigation into dumping and subsidisation of steel shelving units exported to Australia from China

Dumping and subsidy margin calculation

*Zhongshan City Xiaolan Town
Yijin Hardware Plastic Electrical
Appliance Factory*

This file note describes the verification of Zhongshan City Xiaolan Town Yijin Hardware Plastic Electrical Appliance Factory's (Yijin's) information, and calculation of dumping and subsidy margins. Using the Australian Border Force's import database, the Commission identified Yijin as a potential exporter of steel shelving units.

Exporter data

At the request of the Commission, Yijin provided a complete response to the exporter questionnaire. The Commission found that Yijin exported steel shelving units (the goods) during the investigation period (1 April 2015 – 31 March 2016).

As on-site verification was not conducted, the dumping and subsidy margin assessment team (the assessment team) conducted an in-house verification of the data provided by Yijin in its exporter questionnaire response to test for completeness, relevance, accuracy and reliability.

The assessment team found that the Australian sales information reconciled downwards to source documentation, and cost to make and sell information was in line with financial records for the relevant financial period, which were provided in the exporter questionnaire response. The assessment team also found that the Yijin's information for its products, including export prices, cost to make and cost to sell, was consistent with the information of a steel shelving exporter that was verified by the Commission at an on-site visit. While in rare instances export prices were found to be slightly lower than those of the on-site verified exporter, the assessment team considers this to be immaterial.

As such, the assessment team considers that the information provided by Yijin is complete, relevant, accurate and reliable for the purpose of calculating a dumping and subsidy margin. Details of the assessment team's verification of Yijin's information is at **Confidential Appendix 1**.

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The Commission notes that a significant proportion of Yijin's cost to make and sell, being steel costs, were substituted by a steel benchmark. Discussion on the steel benchmark and method applied is in the Statement of Essential Facts (SEF 355).¹

Export price

The assessment team determined the export price for Yijin under subsection 269TAB(1)(a) of the Act², as the goods were exported to Australia otherwise than by the importer, the goods were purchased by the importer from the exporter, and the purchases of the goods by the importer were arms length transactions.

Details of the export price calculations are at **Confidential Appendix 2**.

Normal value

The assessment team found that there was an absence of sales of like goods in the domestic market by Yijin, as defined by subsection 269TAC(2)(a)(i).

As discussed in the Statement of Essential Facts (SEF 355)³, the Commission has found that the steel cost for all cooperative exporters did not reflect competitive market costs. As such, the assessment team has substituted steel costs with the selected benchmark HRC cost and has made appropriate adjustments where necessary as described in Appendix 1 of SEF 355 to calculate normal values under subsection 269TAC(2)(c).

The normal value was calculated under subsection 269TAC(2)(c) using:

- the cost of manufacture of the goods in the country of export with steel costs being replaced by steel benchmark prices; and
- on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export, the selling, general and administrative (SG&A) costs⁴, based on the weighted average amount for SG&A costs for like goods sold in the ordinary course of trade by selected exporters, associated with such a sale; and
- the profit⁵ on that sale, based on contemporary profit information from a relevant industrial sector (furniture) in China.⁶

No adjustments to the normal value were required under subsection 269TAC(9) to ensure comparability to the export price.

¹ See item number 60 on the [public record](#).

² All legislative references in this file note are to the *Customs Act 1901*, unless otherwise stated.

³ See item number 60 on the [public record](#).

⁴ Customs (International Obligations) Regulation 2015 44(3)(b).

⁵ Customs (International Obligations) Regulation 2015 45(3)(c).

⁶ Publicly available profit statistics published by the National Bureau of Statistics of China <http://www.stats.gov.cn/english/PressRelease/201601/t20160127_1311169.html>.

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Details of the normal value calculations are at **Confidential Appendix 3**.

Dumping margin

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

The dumping margin for steel shelving units exported to Australia by Yijin for the investigation period is **negative 25.2 per cent**.

Details of the dumping margin calculations are at **Confidential Appendix 4**.

Subsidies

The assessment team reviewed the information provided by Yijin and found no evidence that during the investigation period it was in receipt of:

- benefits under any preferential tax programs;
- government benefits or payments under any assistance programs payments from any level of government in China; or
- benefits from the supply of electricity at prices below competitive market costs.

The assessment team has determined that the countervailable subsidy margin is **0 per cent**.