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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

Jiaying Zhongda Metalwork Co., Ltd

This file note describes the verification of Jiaying Zhongda Metalwork Co., Ltd's (Zhongda's) information, and calculation of dumping and subsidy margins. Using the Australian Border Force's import database, the Commission identified Zhongda as a potential exporter of steel shelving units.

Exporter data

At the request of the Commission, Zhongda provided a complete response to the exporter questionnaire. Using the Australian Border Force's import database, the Commission identified Zhongda as a potential exporter of steel shelving units.

As on-site verification was not conducted, the dumping and subsidy margin assessment team (the assessment team) conducted a desktop verification of the data provided by Zhongda 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 Zhongda's information for its products, including 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. In terms of export prices, Zhongda's export prices for product models were found to be similar, or in some cases higher, than the exporter that was verified on-site and therefore, it is the assessment team's opinion that Zhongda's export prices are accurate and are not understated.

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

The Commission notes that a significant proportion of Zhongda'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

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

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Export price

The assessment team determined the export price for Zhongda 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 were sales of like goods in the domestic market by Zhongda. The assessment team found that Zhongda kept records relating to the like goods in accordance with generally accepted accounting principles in China.³

As discussed in the Statement of Essential Facts (SEF 355)⁴, the Commission has found that the steel cost for all cooperative exporters did not reflect competitive market costs.⁵ 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 assessment team subsequently found that there was low volume of domestic sales of like goods in the ordinary course of trade by Zhongda, as defined by subsection 269TAC(14).

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) costs⁶ associated with such a sale; and
- the profit⁷ on that sale, based on contemporary profit information from a relevant industrial sector (furniture) in China.⁸

The below table sets out the adjustments made to the normal value under 269TAC(9) to ensure comparability to the export price.

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

³ Customs (International Obligations) Regulation 2015 43(2)(b)(i).

⁴ See item number 60 on the [public record](#).

⁵ Customs (International Obligations) Regulation 2015 43(2)(b)(ii).

⁶ Customs (International Obligations) Regulation 2015 44(2).

⁷ Customs (International Obligations) Regulation 2015 45(3)(c).

⁸ 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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Adjustment type	Deduction/addition
Packing	Add the cost of packing
Inland transport	Add the cost of inland transport

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 Zhongda for the investigation period is **negative 27.1 per cent**.

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

Subsidies

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

- benefits under any preferential tax programs; or
- benefits from the supply of electricity at prices below competitive market costs.

The assessment team did identify, as disclosed in the Exporter Questionnaire, that Zhongda had been in receipt of government benefits or payments under assistance programs from various levels of government in China.

The assessment team assessed the countervailable subsidy margin in accordance with section 269TACD. Where the grant was specific to the production of shelving, the assessment team allocated the grant on the production number of shelves. Otherwise, due to the range of products produced, the assessment team calculated the margin as a percentage of total sales revenue, and expressed as a percentage of export price for Zhongda.

The assessment team has determined that the countervailable subsidy margin is **0.3 per cent**.

Details of the subsidy margin calculations are at **Confidential Appendix 5**.