



## Continuation Inquiry 611

### Zinc coated (galvanised) steel from the People's Republic of China

#### File note

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The Anti-Dumping Commission (commission) conducted a comparative assessment of the response to the exporter questionnaires (REQs) by Shandong Guanzhou Dingxin Plate Technology Co., Ltd (Dingxin) and Guanxian Lianhao Metal Material Co., Ltd (Lianhao) concerning zinc coated (galvanised) steel (the goods).<sup>1</sup>

The assessment involved targeted procedures informed by risk and consistent with Anti-Dumping Notice No 2016/030 to satisfy the commission of the accuracy, relevance and completeness of the data provided.

This file note details the evidence gathered and the key findings from the assessment of the data, including explanations of any material issues identified. This file note has been prepared for publication on the electronic public record for continuation inquiry 611.

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<sup>1</sup> EPR 611, Items 9 and 10.

**SHANDONG GUANZHOU DINGXIN PLATE TECHNOLOGY CO., LTD AND GUANXIAN LIANHAO METAL MATERIAL CO., LTD**

**Exporter status**

Dingxin, during the inquiry period, manufactured zinc coated (galvanised) steel and sold it to Australia through Lianhao, a related trading company. Lianhao negotiate a sales price with its Australian clients, then negotiate internal sales pricing between Dingxin and Lianhao. Dingxin are aware that the goods being sold to Lianhao are destined for Australia.

Further, Dingxin and Lianhao share the same:

- (i) management and sales team
- (ii) operating premises
- (iii) operation and accounting system and
- (iv) accounts team.

Based on the commission's previous verification of these entities, the commission understands that Dingxin regulate production and production planning for the goods and that Dingxin is aware of all price negotiations between Lianhao and its customers. As such, the commission considers that in relation to those goods exported to Australia in the inquiry period, Dingxin was the exporter of the goods and Lianhao acted as an intermediary in relation to those sales.<sup>2</sup>

**Export price**

As noted above, in relation to the goods exported to Australia:

- Dingxin manufactured the goods and is located in the country of export
- Lianhao organised for transportation of the goods to the port of export
- Lianhao paid for the port handling charges
- Lianhao transacted with the sole Australian importer who purchased the goods during the inquiry period and
- both Dingxin and Lianhao had knowledge that the goods were destined for Australia.

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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.

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In respect of the Australian sales of the goods during the period, the 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.<sup>3</sup>

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

As the Australian sales of the goods are not between the exporter and the importer, the export price cannot be determined under sections 269TAB(1)(a) or (b). The export price has been calculated under section 269TAB(1)(c), having regard to all the circumstances of the exportation. As Lianhao did not include any additional profit or SG&A expenses in the invoice price with the Australian importer, the export price remains the price paid by the importer, less transport and other costs arising after exportation.

### Cost to make and sell

The commission typically identifies cost to make and sell (CTMS) as complete and relevant by reconciling the total cost to make (CTM) and selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/030 further describes this process. The team identified the issue outlined below. The team detailed this process in the work program and its relevant attachments in **Confidential Attachment 1**.

#### Exception 1: SG&A income account

**Description:** The team identified that Lianhao had incorrectly included an income account in the SG&A expense listing.

**Resolution:** The team revised the SG&A expense listing to not include this account.

#### Exception 2: SG&A direct selling expense

**Description:** The team identified that Lianhao had included a direct selling expense in the SG&A listing as a non-direct selling expense.

**Resolution:** The team revised the SG&A expense listing to not include this account.

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<sup>3</sup> Section 269TAA.

# PUBLIC RECORD

## Exception 3: MCC listing

**Description:** The model control codes (MCCs) submitted for CTM and sales by Dingxin to Lianhao did not reconcile.

**Resolution:** The team revised the MCC listing from Dingxin's sales and cost listing to reconcile with the MCCs reported by Lianhao.

MCC subcategory 1 for all sales and costs have been revised to be non-alloy (NA).

The team is satisfied that the CTMS data Dingxin and Lianhao submitted is complete and relevant, including any revision outlined in an exception above.

### Normal value

The applicant in the continuation inquiry has claimed that the situation in the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1) (section 269TAC(2)(a)(ii)). Where section 269TAC(2)(a)(ii) is satisfied, the normal value may be constructed under section 269TAC(2)(c).

The team has not considered whether section 269TAC(2)(a)(ii) is satisfied. Therefore, the team has not calculated a normal value.

The team recommends that, in the event the normal value is determined under section 269TAC(2)(c), certain adjustments in accordance with section 269TAC(9) are necessary to ensure that normal values are properly comparable with export prices.

### Adjustments

The team considers the following adjustments under section 269TAC(9) are necessary to ensure that the normal value so ascertained is properly compared with the export price of those goods.

Adjustment Type	Deduction/addition
Export bank charges	Add an amount for export bank charges
Export port handling charges	Add an amount for port and handling charges
Export inland transport	Add an amount for export inland transport
Value added tax (VAT) rebate	Add an amount for non-refundable VAT

Table 1: Summary of adjustments – Dingxin and Lianhao

### Dumping margin

Normal values were not determined as part of the assessment process. As such, the team was not able to calculate a dumping margin for the goods exported to Australia by Dingxin and Lianhao for the inquiry period. The assessment of the dumping margin will be detailed in the Statement of Essential Facts.

## **PUBLIC RECORD**

### **Subsidy Margin**

As per ADN 2021/012, countervailing duties do not apply in regard to exports from Dingxin.

## PUBLIC RECORD

### CONFIDENTIAL APPENDICES

<b>Confidential Appendix 1</b>	Export price
<b>Confidential Appendix 2</b>	Cost to make and sell
<b>Confidential Attachment 1</b>	Work program