



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Exporter verification report

Verification and case details

| | | | |
|--------------------------------------|-----------------------------------|----------------------------------|------------|
| Initiation date | 8/08/2022 | Anti-Dumping Notice (ADN) | 2022-081 |
| Case number | 609 | | |
| The goods under consideration | Aluminium Extrusions | | |
| Case type | Review of measures | | |
| Exporter | Guangdong Xingfa Aluminium Co Ltd | | |
| Location | Virtual verification | | |
| Verification date | 13/12/2022 | to | 21/12/2022 |
| Review period | 1/07/2021 | to | 30/06/2022 |

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

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Introduction

Guangdong Xingfa Aluminium Co Ltd (Xingfa Aluminium) submitted data to the Anti-Dumping Commission (the commission) in response to an exporter questionnaire for review of measures 609 (case 609) into aluminium extrusions from the People's Republic of China (China).

A verification team (the team) has verified whether the data Xingfa Aluminium submitted is complete, relevant and accurate for use in case 609. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where Xingfa Aluminium or the team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record for case 609.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).¹

¹ All legal citations in this report are to the Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

Xingfa Aluminium is a producer and seller of aluminium products based in China. Xingfa Aluminium's primary business activity relates to manufacture and sale of the following broad categories of products:

- door and window profiles and sets
- curtain wall profiles and sets
- industrial aluminium profiles, including LED radiator and solar battery frame profiles
- aluminium alloy profiles.

Xingfa Aluminium is wholly owned by Xingfa Aluminium Holdings Ltd, a publicly-listed company on the Hong Kong Stock Exchange. Xingfa Aluminium itself also wholly or majority owns several subsidiary companies, including other companies involved in aluminium goods production.

1.2 Related parties

The team examined the relationships between Xingfa Aluminium and the parties involved in producing or selling the goods.

1.2.1 Related suppliers

Xingfa Aluminium purchased raw material from a related party supplier during the review period, as mentioned in Xingfa Aluminium's response to the exporter questionnaire for case 609.

The team found that Xingfa Aluminium's purchases from related party suppliers made during the review period were at arms length. The team discusses its finding further in chapter 6.3 of this report.

1.2.2 Related customers

Xingfa Aluminium sold goods to related customers on the domestic market.

The team found that Xingfa Aluminium's sales to related party customers during the review period were not at arms length. The team discusses its findings further in chapter 8.2.2 of this report.

1.3 Accounting records

Grant Thornton LLP audited Xingfa Aluminium's financial statements for calendar year 2021 and included a statement that the financial accounts comply with the provisions of the Accounting Standard for Business Enterprises in China.

Therefore, the team considers that the accounting records held by the company comply with the generally accepted accounting principles of China.

2 Goods under consideration and like goods

2.1 Production process

Xingfa Aluminium produced the goods by:

- purchasing aluminium billet or casting the billet from aluminium ingot
- extruding the aluminium billet
- for extrusions other than mill finish, transferring the extrusions for further processing at the applicable finishing workshop
- packaging the goods for distribution.

2.2 Model control codes

The sales and costs data Xingfa Aluminium submitted complies with the model control code (MCC) structure detailed in ADN 2022/081.

2.2.1 Amendments to model control codes

After comparing prices of different models of the goods, the team recommends revising the MCC structure to separate the MCC finish 'Other' subcategory into the following subcategories:

- Electrophoresis ('E')
- Fluorocarbon ('F')
- Thermal break ('T')
- Wood grain ('W').

Exception 1: Revised MCC structure

Description: The team found that Xingfa Aluminium grouped multiple finish types together in the 'Other' subcategory for the MCC 'finish' category. The team identified price differences between these different finish types.

Resolution: The team revised the sales listings, cost to make listings and selling, general and administrative expense listing to reflect the revised MCC structure.

2.3 Verification of model control codes

Table 1 details how the team determined MCC sub-categories and verified them to source documents.

| Category | Sub-category verification method |
|-------------------|--|
| Finish | Identified in Xingfa Aluminium's internal sales listing in its accounting system, and production cost workshop type. |
| Alloy code | |
| Temper code | |
| Anodising microns | Not identified, noting that providing information relating to this category is optional for case 609. |

Table 1: MCC sub-category determination

2.4 The Australian export goods and domestic like goods

2.4.1 Australian export goods (the goods under consideration)

The team was satisfied that, during the review period, Xingfa Aluminium produced the goods under consideration (Australian export goods) and exported them to Australia.

2.4.2 Domestic like goods (like goods sold in the domestic market)

The team is satisfied that Xingfa Aluminium produced and sold like goods for home consumption in its domestic market, being the country of export (domestic like goods).

The team considers that the domestic like goods were identical to, or had characteristics closely resembling, the Australian export goods, because:

- **Physical likeness:** Xingfa Aluminium does not distinguish between domestic like goods and the Australian export goods during production (the exported goods and goods sold in the domestic market are produced in the same way, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same).
- **Production likeness:** Xingfa Aluminium produced both Australian export and domestic goods at the same facilities, using the same raw material inputs and production processes.
- **Commercial likeness:** both Australian export and domestic goods compete in the same market sector, are interchangeable and use similar distribution channels.
- **Functional likeness:** both Australian export and domestic goods are functionally alike, as they have similar end uses.

2.5 List of model control codes

Xingfa Aluminium produced, sold or both produced and sold the following MCCs during the review period:

| Sales MCC | Australian sales | Domestic sales | Costs MCC |
|-----------|------------------|----------------|-----------|
| A-6A-O | Yes | Yes | A |
| A-6A-T1 | Yes | Yes | |
| A-6B-T1 | Yes | Yes | |
| A-6C-T1 | Yes | Yes | |
| A-6D-T1 | No | Yes | |
| A-O-T1 | No | Yes | |
| E-6A-T1 | No | Yes | F |
| F-6A-O | No | Yes | |
| F-6A-T1 | Yes | Yes | |
| F-6B-T1 | Yes | No | |
| F-6C-T1 | No | Yes | |
| F-O-T1 | No | Yes | |

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| Sales MCC | Australian sales | Domestic sales | Costs MCC |
|-----------|------------------|----------------|-----------|
| M-6A-O | Yes | Yes | M |
| M-6A-T1 | Yes | Yes | |
| M-6B-T1 | Yes | Yes | |
| M-6C-O | No | Yes | |
| M-6C-T1 | Yes | Yes | |
| M-6D-T1 | Yes | Yes | |
| M-O-O | Yes | No | |
| M-O-T1 | Yes | Yes | |
| PC-6A-O | Yes | No | PC |
| PC-6A-T1 | Yes | Yes | |
| PC-6B-T1 | Yes | Yes | |
| PC-6C-T1 | Yes | Yes | |
| PC-O-T1 | Yes | Yes | |
| T-6A-O | No | Yes | T |
| T-6A-T1 | No | Yes | |
| T-6C-T1 | No | Yes | |
| T-O-T1 | No | Yes | |
| W-6A-T1 | Yes | Yes | W |
| W-6B-T1 | Yes | No | |

Table 2: List of MCCs produced or sold

2.6 Like goods assessment

The team considers that goods Xingfa Aluminium produced and sold for domestic home consumption had characteristics closely resembling those of the Australian export goods and were therefore 'like goods' according to section 269T(1).

3 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

For costs incurred in the 2021 calendar year, the team verified whether the sales listings Xingfa Aluminium submitted are complete and relevant by reconciling them to audited financial statements, consistent with ADN 2016/30.

For sales recorded between January and June 2022, Xingfa Aluminium did not have corresponding audited financial statements. The team therefore verified the sales listings by reconciling them to its unaudited financial statements.

The team verified whether the sales data was complete and relevant by:

1. reconciling the 2021 calendar year total sales revenue in Xingfa Aluminium's audited financial statement to its accounting system
2. reconciling the total sales revenue for the review period in Xingfa Aluminium's unaudited half-year income statements to its accounting system
3. reconciling the total sales revenue in Xingfa Aluminium's accounting system to a listing of all sales in the review period
4. reconciling Xingfa Aluminium's listing of all sales in the review period to the Australian export and domestic sales listings submitted.

The team identified the issue outlined below. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

3.1 Sales completeness and relevance exceptions

Exception 2: Revised Australian export, domestic and third country export sales listings

Description: The team found that Xingfa Aluminium's Australian export and domestic sales listings contained information relating to third country export sales. The team also found that Xingfa Aluminium included Australian export sales that were exempt from measures because they related to samples.

Resolution: The team excluded all sales identified as known or likely third country exports from Xingfa Aluminium's Australian export sales and domestic sales listing. The team also excluded all sales identified as Australian export samples.

3.2 Sales completeness and relevance finding

The team is satisfied that Xingfa Aluminium's revised sales data is complete and relevant.

4 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue and other key data in the sales listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the export and domestic sales listings Xingfa Aluminium submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issues outlined below. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

4.1 Sales accuracy exceptions

Exception 3: Revised Australian export sales listing – date of sale

Description: Xingfa Aluminium provided 2 invoice dates for each Australian export sale. These dates corresponded to each sale's commercial invoice and subsequent VAT invoice, respectively.

During verification, Xingfa Aluminium stated that the commercial invoice date reflected the date of sale for Australian export sales. The team identified that Xingfa Aluminium's Australian export sales listing used the VAT invoice date as the 'date of sale' instead.

Resolution: The team revised Xingfa Aluminium's Australian export sales listing to use the commercial invoice date as the relevant date of sale.

Exception 4: Revised domestic sales listings

Description: The team found that Xingfa Aluminium had some domestic sales invoice numbers with an overall zero or negative amount for its invoice value or sales quantity.

Resolution: The team has excluded domestic sales invoice numbers with an overall zero or negative amount for its invoice value or sales quantity.

4.2 Sales accuracy finding

The team is satisfied that the sales data Xingfa Aluminium submitted, including any revisions outlined in the exceptions identified above, is accurate.

5 Verification of cost to make and sell completeness and relevance

The commission typically verifies 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 2016/30 further describes this verification process.

For costs incurred in the 2021 calendar year, the team verified whether the CTM and SG&A listings Xingfa Aluminium submitted are complete and relevant by reconciling them to audited financial statements, consistent with ADN 2016/30.

For costs incurred between January and June 2022, Xingfa Aluminium did not have corresponding audited financial statements. The team therefore verified the CTM and SG&A listings by reconciling them to its unaudited financial statements.

The team verified the CTM data as complete and relevant by:

1. reconciling the 2021 calendar year cost of goods sold (COGS) in Xingfa Aluminium's audited financial statement to its accounting system
2. reconciling the COGS for the review period in Xingfa Aluminium's unaudited half-yearly income statements to its accounting system
3. reconciling the COGS for the review period to the total CTM in Xingfa Aluminium's accounting system
4. reconciling the domestic and Australian export CTM listings to Xingfa Aluminium's subledger of finished goods in its accounting system.

The team verified the SG&A data as complete and relevant by:

1. reconciling the 2021 calendar year SG&A listing to Xingfa Aluminium's audited financial statement and accounting system
2. reconciling the SG&A listing for the review period to Xingfa Aluminium's unaudited half-yearly income statements and accounting system
3. reconciling accounts in the SG&A listing and Xingfa Aluminium's accounting system to ensure the listing includes relevant accounts and excludes irrelevant accounts
4. reconciling the list of direct selling expenses reported in the domestic and Australian export sales listings to Xingfa Aluminium's accounting system.

The team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

5.1 Cost to make and sell completeness and relevance finding

The team is satisfied that the CTMS data Xingfa Aluminium submitted is complete and relevant.

6 Verification of cost to make and sell accuracy

The commission typically verifies CTMS as accurate by reconciling a selection of volume, cost and other key data in the CTM and SG&A listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the CTM and SG&A listings Xingfa Aluminium submitted are accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issue outlined below. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

6.1 Cost to make and sell accuracy exceptions

Exception 5: Revised packaging costs

Description: Xingfa Aluminium stated that it incorrectly calculated packaging cost for one production facility when preparing the CTM listings.

Resolution: Xingfa Aluminium provided a set of corrected packaging costs. Based on these costs, the verification team updated the CTM listings.

6.2 Cost allocation method

Table 3 outlines how Xingfa Aluminium allocated each cost component.

| Cost component | Method applied |
|-------------------------|---|
| Raw materials | Raw material costs are allocated based on production quantity for each production stage. |
| Scrap offset | Scrap revenue is based on the quantity of scrap produced and an internal valuation formula linked to the market price of aluminium ingot. |
| Direct labour | Direct labour costs are allocated based on production quantity for each production stage. |
| Manufacturing overheads | Manufacturing overheads are allocated based on production quantity for each production stage. |
| Depreciation | Depreciation is allocated based on production quantity for each production stage. |

Table 3: Cost allocation method

6.3 Related party suppliers

During the review period, Xingfa Aluminium purchased aluminium billet from a related supplier. The volume of billet purchased from this related supplier comprised less than 1 per cent of the total volume of billet purchased during the review period.

The verification team analysed and compared the weighted average unit purchase price of aluminium billets purchased from related and unrelated suppliers. Based on the analysis, the team considers there is no major difference in the weighted average unit purchase price of aluminium billets purchased from related and unrelated suppliers.

6.4 Cost to make and sell accuracy finding

The team is satisfied that the CTMS data Xingfa Aluminium submitted is accurate and reasonably reflects the costs associated with the production and sale of the goods, including any revision outlined in an exception above.

7 Export price

7.1 Background

Section 269TAB states the general rules for calculating export price. Under this section, the commission assesses the following to identify the correct method of calculating export price:

- Who is the importer?
- Who is the exporter?
- Did the importer purchase goods from the exporter at arms length?

This chapter discusses how the team assessed Xingfa Aluminium's Australian export sales.

7.2 The importer

The team considers that the customer listed for each sale of the Australian export goods was the beneficial owner of these goods at the time of importation into Australia and, therefore, is the importer. For each sale, the relevant customer:

- was named as the customer on the commercial invoice
- was named as the consignee on the bill of lading
- was named as the importer on the importation declaration.

7.3 The exporter

The team considers Xingfa Aluminium to be the exporter² of the Australian export goods because Xingfa Aluminium:

- produced the Australian export goods
- is named as the supplier on the commercial invoice
- is named as consignor on the bill of lading
- arranged and paid for inland transport to the port of export
- arranged and paid for port handling charges at the port of export.

7.4 Australian export arms length assessment

7.4.1 Unrelated customers

The team assessed whether Xingfa Aluminium sold the Australian export goods at arms length to any unrelated customers during the review period.

The team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price appeared to be 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

² The commission generally identifies the exporter as a principal in transacting the Australian export goods, located in the country of export and either:

- gave up responsibility by knowingly placing the goods in the hands of another company, or its own vehicle, for delivery to Australia
- owned the goods, either at the time the goods were shipped or previously.

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- 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.

The team notes that Xingfa Aluminium:

- had regard to the price of aluminium ingot and billet when setting the sales price
- appeared to genuinely negotiate the price with its unrelated customer.

The team therefore considers that, for all the unrelated customer sales, Xingfa Aluminium sold the Australian export goods at arms length.³

7.4.2 Related party customers

The team did not identify any Australian export goods sales made to related customers during the review period.

7.5 Export price assessment

In respect of Australian sales of the goods by Xingfa Aluminium, the team recommends that the export price be determined under section 269TAB(1)(a), being the price paid by the importer to the exporter.

The team has calculated export price at **confidential appendix 1**.

³ See section 269TAA.

8 Domestic sales

8.1 Background

Section 269TAC states the general rules for calculating normal value.

Under section 269TAC(1), the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions or, if like goods are not so sold by the exporter, by other sellers of like goods.

Section 269TAC(2) sets out how normal value is to be ascertained if it cannot be ascertained under section 269TAC(1). In particular, if, in accordance with section 269TAC(2)(a)(ii), the Minister⁴ is satisfied that the normal value of the goods exported to Australia cannot be ascertained under section 269TAC(1) because ‘the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under [section 269TAC(1)]’⁵, the normal value is such amount as the Minister determines in accordance with sections 269TAC(2)(c) or 269TAC(2)(d).

8.1.1 Particular market situation

The current variable factors applying to exporters of the goods from China, including Xingfa Aluminium, were ascertained in Continuation Inquiry 543 (case 543). Case 543 included a finding that the situation in China was such that sales in its domestic market were not suitable for determining a price under section 269TAC(1). In case 543, normal values for cooperating exporters were calculated under section 269TAC(2)(c).

Case 609 is examining whether the particular market situation continues to apply. The commission’s findings will be outlined in the statement of essential facts (SEF).

In the interim, the team have prepared this report consistent with case 543 and have preliminarily calculated Xingfa Aluminium’s normal value under section 269TAC(2)(c). This may be subject to change.

8.2 Domestic arms length assessment

8.2.1 Unrelated customers

The team assessed whether Xingfa Aluminium sold like goods domestically at arms length to any unrelated customers during the review period.

The team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price appeared to be 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
- 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.

⁴ The Minister for Industry, Science and Resources.

⁵ The commission refers to this situation as a ‘particular market situation’.

The team notes that Xingfa Aluminium:

- sold domestic like goods at similar prices to all unrelated customers
- sold domestic like goods at similar prices to other sellers in the domestic market, based on verified sales information the commission received from other Chinese exporters for case 609
- referred to a market price index when setting the domestic like goods sales price for unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

The team therefore considers that all of Xingfa Aluminium's sales of domestic like goods to unrelated customers were at arms length.⁶

8.2.2 Related party customers

The team assessed whether Xingfa Aluminium sold like goods domestically at arms length to any related customers during the review period.

For these sales, the team found evidence that:

- Xingfa Aluminium or Xingfa Aluminium Holdings partly or wholly owned the customer during the review period
- sold similar like goods domestically to related customers at lower prices than unrelated customers, when compared at the identical sales month, MCC and level of trade.

Based on this, the team considers that the price appeared to be 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. The team therefore considers that, for its related customer domestic sales, Xingfa Aluminium did not sell at arms length.⁷

8.3 Ordinary course of trade assessment

Section 269TAA states that domestic sales of like goods are not in the OCOT if arms length transactions are both:

- unprofitable in substantial quantities over an extended period
- unlikely to be recoverable within a reasonable period.⁸

For domestic sales of like goods, the team assessed:

- if each sale was unprofitable by comparing the price to the relevant CTMS
- if each MCC had substantial quantities of unprofitable sales by calculating the volume of unprofitable sales as a percentage of total sales
- if any unprofitable sale was unlikely to be recoverable by comparing the price to the relevant weighted average CTMS.

⁶ See section 269TAA.

⁷ See section 269TAA.

⁸ The commission generally considers the inquiry, investigation or review period – whichever applies in the given case – is the relevant 'extended period' and 'reasonable period'.

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The following table summarises the figures the team used to assess OCOT:

| OCOT particulars | Details |
|-----------------------|--|
| Price | Net invoice price |
| Cost | Quarterly CTMS |
| Weighted average cost | Weighted average CTMS over the review period |

Table 4: OCOT details

8.4 Profit assessment

Where the commission is required to calculate a normal value under section 269TAC(2)(c), an amount of profit must be worked out under section 45 of the *Customs (International Obligations) Regulation 2015* (Cth) (the Regulation).

The team calculated an amount of profit based on the profit achieved on all domestic sales of like goods in the OCOT in accordance with section 45(2) of the Regulation.

The team's domestic profit calculation is at **confidential appendix 3**.

9 Adjustments

To properly compare an export price of the Australian export goods to the corresponding normal value, the team considered applying each of the following adjustments.

9.1 Rationale and method

| Adjustment type | Adjustment assessment | Calculation method and evidence | Did Xingfa Aluminium claim this adjustment? | Did the team apply the adjustment? |
|------------------------------|---|---|---|---|
| Domestic credit terms | Xingfa Aluminium's domestic customers had variable average payment days and payment terms. The team considered applying a credit terms adjustment to ensure proper comparison with equivalent Australian export price. | The team calculated the unit credit cost as equal to the net unit invoice value × interest rate × payment days/365, with the interest rate equal to Xingfa Aluminium's short-term borrowing rate. | No | No This adjustment is not required if normal value is to be determined under section 269TAC(2)(c). |
| Domestic inland transport | Xingfa Aluminium incurred different inland transport expenses for domestic and export sales. | Calculated based on the weighted average of all domestic inland transport expenses incurred during the review period. | Yes | No |
| Export inland transport | Xingfa Aluminium incurred different inland transport expenses for domestic and export sales. | Calculated based on the actual costs incurred. The team relied on source documents relating to inland transport expenses for a selected sample of invoices. | Yes | Yes |
| Export port handling charges | Xingfa Aluminium paid port handling charges for Australian export sales but not domestic sales. | Calculated based on the actual costs incurred. The team relied on source documents relating to inland transport expenses for a selected sample of invoices. | Yes | Yes |
| Export credit terms | Xingfa Aluminium provided credit terms in its Australian export | Calculated based on the payment terms of each sales invoice and Xingfa | Yes | Yes |

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| Adjustment type | Adjustment assessment | Calculation method and evidence | Did Xingfa Aluminium claim this adjustment? | Did the team apply the adjustment? |
|---------------------------------|---|--|---|------------------------------------|
| | sales but not its domestic sales. | Aluminium's weighted average interest rate from its short-term borrowings. | | |
| Export customs declaration fees | Xingfa Aluminium paid port handling charges for Australian export sales but not domestic sales. | Calculated based on the weighted average customs declaration fee expenses incurred for all export sales. | Yes | Yes |

Table 5: Assessment of adjustments

9.2 Adjustments

The team recommends the following adjustments⁹ so to properly compare export price of the Australian export goods to the corresponding normal value.

| Adjustment Type | Deduction/addition |
|---------------------------------|--|
| Export inland transport | Add an amount for export inland transport |
| Export port handling charges | Add an amount for port handling charges |
| Export credit terms | Add an amount for export credit terms |
| Export customs declaration fees | Add an amount for customs declaration fees |

Table 6: Summary of adjustments

The team calculated and applied adjustments in the normal value calculations at **confidential appendix 3**.

⁹ In accordance with section 269TAC(9).

10 Normal value

As mentioned in chapter 8, case 609 includes a claim 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), in accordance with section 269TAC(2)(a)(ii). Where section 269TAC(2)(a)(ii) is satisfied, normal value may be constructed under section 269TAC(2)(c).

However, on the basis of the commission's findings in case 543, the team has preliminarily calculated Xingfa Aluminium's normal value under section 269TAC(2)(c) for the purpose of this report, which may be subject to change.

10.1 Constructed normal value

The team has constructed Xingfa Aluminium's normal value under section 269TAC(2)(c) using the sum of:

- the cost to make that reasonably reflect competitive market costs
- SG&A on the assumption that the goods, instead of being exported, were sold for home consumption in the OCOT in the country of export based on the company's records in accordance with section 44(2) of the Regulation
- an amount for profit based on data relating to the production and sale of like goods in the domestic market in the OCOT in accordance with section 45(2) of the Regulation.

The team's normal value calculations are at **confidential appendix 3**.

10.1.1 Cost of production

The case management team has assessed the primary aluminium input costs in the Australian export CTM calculation for Xingfa Aluminium and determined that the costs do not reasonably reflect competitive market costs associated with the production of like goods.

The team has applied a competitive benchmark cost for primary aluminium provided by the case management team, consistent with that used in case 543.

10.1.2 SG&A expenses

The team has used Xingfa Aluminium's SG&A based on its records.

10.1.3 Profit

As mentioned in chapter 8, the team calculated an amount of profit based on the profit achieved on all domestic sales of like goods in the OCOT in accordance with section 45(2) of the Regulation.

11 Dumping margin

The team calculated Xingfa Aluminium's dumping margin by comparing weighted average Australian export prices to the corresponding weighted average normal values for the review period under section 269TACB(2)(a).

The team calculated Xingfa Aluminium's dumping margin as **negative 1.8%**.

The dumping margin calculation is at **confidential appendix 4**.

12 Subsidies

The commission typically verifies subsidy information as complete and relevant by reconciling the list of subsidy programs up to management accounts and then audited financial accounts. The commission typically verifies subsidy information as accurate by reconciling each subsidy program down to source documents. ADN 2016/30 further describes these verification processes.

For all financial information relating to subsidy verification that Xingfa Aluminium recorded in calendar year 2021, the team verified whether the subsidy information Xingfa Aluminium submitted is complete and relevant by reconciling them to audited financial statements, consistent with ADN 2016/30.

For financial information relating to subsidy verification recorded between January and June 2022, Xingfa Aluminium did not have corresponding audited financial statements. The team therefore verified the relevant transactions by reconciling them to its unaudited financial statements.

The team verified whether the subsidy information Xingfa Aluminium submitted is accurate by reconciling it to source documents, consistent with ADN 2016/30.

12.1 Less than adequate remuneration

The team verified the raw material purchase listing Xingfa Aluminium submitted as complete and relevant by reconciling it to Xingfa Aluminium's general ledger. The team verified the listing as accurate by reconciling it to source documents.

The team also collected information on whether a State Invested Enterprise supplied or produced the raw material Xingfa Aluminium used.

The team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

12.2 Tax benefits

The team verified the income tax information Xingfa Aluminium submitted as complete and relevant by reconciling it to Xingfa Aluminium's tax returns. The team verified the information as accurate by reconciling it to proof of payment documents.

The team did not identify any issues. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

12.3 Financial grants

The team verified the financial grants listing Xingfa Aluminium submitted as complete and relevant by reconciling it to Xingfa Aluminium's general ledger. The team did not verify Xingfa Aluminium's grants to source documents, noting that Xingfa Aluminium declined to provide these documents.

The team identified the issue outlined below. The team detailed this process in the verification work program and its relevant attachments in **confidential attachment 1**.

12.3.1 Financial grants listing exceptions

Exception 6: Revised list of grants

Description: The team found that Xingfa Aluminium’s list of grants excluded certain grants amortised during the review period.

Resolution: The team revised Xingfa Aluminium’s list of grants to reflect programs amortised during the review period.

12.4 Subsidy margin

The team found that Xingfa Aluminium received a benefit in relation to the grant programs. The team attributed and allocated the received benefit to the Australian export goods as follows:

| Program name | Attribution and allocation of the subsidy |
|--|--|
| Preferential tax for High tech enterprise | Attributed to the whole of company by value |
| 2017 'Hundreds of Enterprises Compete to Be the First' Enterprise Executive Award | Attributed to the whole of company by value |
| 2020 July to December Special Funds to Support Foreign Trade Enterprises to Actively Respond to the Novel Coronavirus Pandemic and Stable Development Support Measures | Attributed to export sales by value as it relates to a grant for exporting companies |
| 2020 Special Fund for Foreign Economic and Trade Development (Coping with Trade Friction) Project | Attributed to the whole of company by value |
| 2020 Special Fund Project for Promoting High-Quality Development of Foreign Trade (District Level) | Attributed to export sales by value as it relates to a grant for exporting companies |
| 2021 Accounts Receivable Financing Incentive Special Fund | Attributed to the whole of company by value |
| 2019 First Award for Large-Scale Backbone Enterprises Exceeding 10 Billion Yuan | Attributed to the whole of company by value |
| 2019 First Award for Large-Scale Backbone Enterprises Exceeding 10 Billion Yuan | Attributed to the whole of company by value |
| 2019 First Award for Large-Scale Backbone Enterprises Exceeding 10 Billion Yuan | Attributed to the whole of company by value |
| 2021 Special Fund for Foreign Economic and Trade Development (Coping with Trade Friction Matters) Project | Attributed to the whole of company by value |
| 2021 Technical Standards Strategic Support Award Project | Attributed to the whole of company by value |

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| Program name | Attribution and allocation of the subsidy |
|---|--|
| (Technical Standards Development) Incentives | |
| 2020 Unemployment Insurance Fund Supports Enterprises to Stabilize Job Subsidies | Attributed to the whole of company by value |
| Special funds for the research and industrialization project of environmental protection and energy saving low temperature curing polyester powder coatings | Attributed to the whole of company by value |
| Patented Technology Transaction Funding | Attributed to the whole of company by value |
| 2021 Special Fund for Foshan Industrial Internet Development Support (Industrial Internet Benchmarking Demonstration Project) | Attributed to the whole of company by value |
| 2021 First-level funding for the cultivation project of the Science and Technology Award at the provincial level or above in Chancheng District | Attributed to the whole of company by value |
| 2019 Chancheng District High-tech Enterprises' Support Fund for Quality Improvement | Attributed to the whole of company by value |
| Special funds for promoting high-quality economic development in 2021 (the second batch) | Attributed to the whole of company by value |
| 2020 Manufacturing Singles Champion Enterprise Policy Support Fund | Attributed to the whole of company by value |
| 2021 Special Fund for Foshan Economic and Technological Development | Attributed to the whole of company by value |
| 2020 Manufacturing Singles Champion Enterprise Policy (Additional deduction for research and development expenses) Support Fund | Attributed to the whole of company by value |
| 2022 Provincial special funds for promoting high-quality economic development (private economy and the development of small, medium and micro enterprises) | Attributed to the whole of company by value |
| 2022 Special subsidy for post-patent transformation | Attributed to the whole of company by value |
| 2022 'Foshan Standard' Product Support Fund | Attributed to the whole of company by value |
| New employee allowance (Sanshui District) | Attributed to the whole of company by value |
| 2017 green manufacturing system integration fund | Attributed to the whole of company by value |

PUBLIC RECORD

| Program name | Attribution and allocation of the subsidy |
|---|---|
| 2013 provincial information industry development special fund for modern information service industry special project | Attributed to the whole of company by value |

Table 7: Subsidy programs

On the basis that the commission finds these programs to be countervailable subsidies, the team has calculated the subsidy margin for Xingfa Aluminium during the review period as **0.3%**.

The team detailed the subsidy margin calculation in **confidential appendix 5**.

13 Appendices and attachments

| | |
|---------------------------|---------------------------|
| Confidential appendix 1 | Export price |
| Confidential appendix 2 | Cost to make and sell |
| Confidential appendix 3 | Normal value |
| Confidential appendix 4 | Dumping margin |
| Confidential appendix 5 | Subsidy margin |
| Confidential attachment 1 | Verification work program |