



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Exporter verification report

Verification and case details

Initiation date	9/06/2023	Anti-Dumping Notice (ADN)	2023/031
Case number	626		
The goods under consideration	PVC Flat Electrical Cable		
Case type	Continuation Inquiry		
Exporter	Jiangsu Etern Electric Co Ltd		
Location	Virtual verification		
Verification date	25/10/2023	to	3/11/2023
Inquiry period	1/04/2022	to	31/03/2023

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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1 Introduction

Jiangsu Etern Electric Co Ltd (JE) submitted data to the Anti-Dumping Commission (the commission) in response to an exporter questionnaire for Continuation Inquiry 626 (case 626) into PVC Flat Electrical Cable from the People's Republic of China (China).

A verification team (the team) has verified whether the data JE submitted is complete, relevant and accurate for use in case 626. [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 JE 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 626.

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.

2 Company background

2.1 Corporate structure and ownership

JE is a Chinese manufacturer of wire and cable for industrial, new energy, and telecommunication markets.

JE is a wholly owned subsidiary of Jiangsu Etern Co Ltd, which was listed on the Shanghai Stock Exchange in 1997.

JE and its parent company are also referred to as 'Jiangsu Yongding'. 'Yongding' is a transliteration of the word that replaces 'Etern' in Mandarin Chinese.

2.2 Related parties

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

The team found no related party customers or suppliers involved in JE producing or selling the goods during the inquiry period.

2.3 Accounting records

Asia Pacific (Group) CPAs audited JE's audited financial statement and included a statement that the financial accounts comply with the Auditing Standards for Chinese Certified Public Accountants.

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

3 Goods under consideration and like goods

3.1 Production process

JE manufactures the goods at its factory in China. There are six major steps in the production process of the goods once JE receives the copper wire:

1. Bunch stranding
2. Insulation extrusion
3. Spark testing and ink jet
4. Cabling
5. Braiding
6. Adding the PVC sheath jacket and ink jet printing

Once the PVC sheath has been added, the goods are packed, inspected and stored or otherwise dispatched from the warehouse.

The team validated the JE factory as part of the verification, and is satisfied that:

- JE manufactures the Australian export goods
- the production process agrees to the description provided by JE in the REQ
- the packaging of the Australian export goods is different to the packaging of the domestic like goods. Specifically, JE uses more extensive packaging for the export goods into Australia.

3.2 Model control codes

There is no model control code (MCC) structure for this case given the specific scope of the goods. The original PVC flat electric cables investigation (Case 469) did not include a MCC structure, because the goods description is so narrow that there is no material selling price difference between models.

3.3 The Australian export goods and domestic like goods

3.3.1 Australian export goods (the goods under consideration)

The team is satisfied that, during the inquiry period, JE produced the goods under consideration and exported them to Australia.

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

JE does not have any sales of the like goods in the domestic market.

4 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.

The team verified whether the sales listings JE submitted are complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

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

1. Reconciling total sales revenue for the calendar year 2022 to audited financial statements.
2. Reconciling total sales revenue in the inquiry period from JE's U9 accounting system to the trial balance.
3. Reconciling the sales revenue for the goods under consideration in the inquiry period to the trial balance.

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 completeness and relevance exceptions

Exception 1: Revised Australian sales listing

Description: JE identified that it had omitted some sales from its Australian sales listing.

Resolution: JE provided a revised Australian sales listing that included the omitted sales.

4.2 Sales completeness and relevance finding

The team is satisfied that the sales data JE submitted is complete and relevant, including any revisions outlined in an exception above.

5 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 sales listings JE submitted was accurate by reconciling it 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**.

5.1 Sales accuracy exceptions

Exception 2: Revised Australian sale delivery term

Description: The team identified that the delivery terms identified for one sale were inconsistent between a source document and the Australian sales listing.

JE confirmed that the source document correctly stated the delivery term, not the Australian sales listing.

Resolution: The team revised JE's Australian sales listing to correct the misstated delivery term.

Exception 3: Revised inland transport expenses for Australian sales

Description: In its Australian sales listing, JE allocated inland transport expenses based on an estimate. JE also provided copies of freight invoices that detailed the actual inland transport expenses for each Australian sales invoice.

The team considers the freight invoices more accurately identify JE's inland transport expenses.

Resolution: The team revised the inland transport expenses in JE's Australian sales listing to reflect the values detailed on the freight invoices.

5.2 Sales accuracy finding

The team is satisfied that the sales data JE submitted is accurate, including any revision outlined in an exception above.

6 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.

The team verified whether the CTM and SG&A listings JE submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

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

1. Reconciling total operating costs for calendar year 2022 to audited financial statements and JE's accounting system.
2. Reconciling the reported COGS for the inquiry period to JE's accounting system.
3. Reconciling the difference between the reported COGS and cost of production over the inquiry period.
4. Reconciling total cost of production to the Australian export cost to make listing.

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

1. Reconciling the reported SG&A expenses for calendar year 2022 to audited financial reports and JE's accounting system.
2. Reconciling total costs for calendar year 2022 to audited financial reports and JE's accounting system.
3. Confirming that JE prepared its cost spreadsheets using the same accounting system reports as the calendar year 2022 and for the Q1 2023 period.
4. Reviewing JE's method for allocating transactions as SG&A expenses.

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**.

6.1 Cost to make and sell completeness and relevance exceptions

Exception 4: Revised Australian cost to make listing

Description: JE's cost to make listing grouped together production costs per quarter based on the date of sale for the finished goods. JE therefore reported cost of goods sold instead of cost to make.

Resolution: JE provided information that reported manufacturing costs based on date of production. The team revised JE's cost to make listing to group production costs based on production date, instead of finished goods sale date.

Exception 5: Revised selling, general and administrative expenses listing – double-counting

Description: JE provided a selling, general and administrative expense listing that double-counted some figures recorded twice under different sets of expense accounts.

Resolution: The team revised JE's selling, general and administrative expense listing to remove the double-counting.

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Exception 6: Revised selling, general and administrative expenses listing – direct selling expenses

Description: JE classified some expense accounts as 'direct selling expenses' in its selling, general and administrative expense listing.

The team identified that some of the accounts classified as 'direct selling expenses' were instead indirect selling expenses.

Resolution: The team revised JE's selling, general and administrative expense listing to reclassify some accounts as indirect selling expenses.

Exception 7: Revised selling, general and administrative expenses listing – excluded accounts

Description: JE excluded certain accounts relating to grants and other income from its selling, general and administrative expense listing. The team assessed these accounts as relevant to selling, general and administrative expenses.

Resolution: The team revised JE's selling, general and administrative expense listing to include grants and other income.

6.2 Cost to make and sell completeness and relevance finding

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

7 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 JE 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**.

7.1 Cost to make and sell accuracy exceptions

Exception 8: Revised raw material purchase listing

Description: JE provided a raw material purchase listing in its questionnaire response. This listing excluded purchases from some months in the inquiry period and included purchases for some item codes that JE only used to manufacture non-like goods.

JE provided an extract from its accounting system which reported raw material purchases for the entire inquiry period and included item codes.

Resolution: The team revised JE's raw material purchase listing to include purchases for all months in the inquiry period and only include items consumed to produce the goods under consideration.

7.2 Cost allocation method

Table 1 outlines how the team allocated each cost component.

Cost component	Method applied
Raw materials	JE allocated raw material costs based on the actual cost of the material allocated to each production order, valued based on the monthly average purchase price of the raw material recorded by JE's accounting system.
Scrap offset	JE allocated scrap based on a standard amount of copper and PVC scrap generated as a percent of finished goods quantity.
Direct labour	JE allocated labour costs based on monthly direct labour expenses, production quantity and a coefficient allocated to each model produced in that month.
Manufacturing overheads	JE allocated manufacturing overheads based on monthly manufacturing overhead expenses, production quantity and a coefficient allocated to each model produced in that month.
Depreciation	JE allocated depreciation costs based on monthly depreciation expenses, production quantity and a coefficient allocated to each model produced in that month.

Table 1 Cost allocation method

7.3 Cost to make and sell accuracy finding

The team is satisfied that the CTMS data JE 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.

8 Export price

8.1 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 from the exporter at arms length?

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

8.2 The importer

JE sold:

- directly to the customer in Australia
- indirectly to the customer in Australia, through the Australian customer's related party intermediary.

For sales direct to the customer in Australia, 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, 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 Certificate of Origin
- was named as the customer on the packing list
- was named as the importer on the importation declaration to ABF.

For sales indirect to the customer in Australia through the customer's intermediary, the team considers that the customer in Australia was the beneficial owner of these goods at the time of importation into Australia and, therefore, the import. For each sale, the relevant customer:

- was identified as the recipient of the goods in Australia
- was named as the importer on the importation declaration to ABF.

8.3 The exporter

The team considers JE to be the exporter of the Australian export goods² because JE:

- produced the Australian export goods
- is named as the supplier on the commercial invoice
- is named as consignor on the bill of lading
- is named as the supplier on the packing list

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.

- arranged and paid for inland transport to the port of export.

8.4 Australian export arms length assessment

8.4.1 Unrelated customers

The team assessed whether JE sold the Australian export goods at arms length to any unrelated customers during the inquiry period.

The team notes that JE:

- sold goods at similar prices to all unrelated customers
- referred to a market price index when setting export price for unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

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

8.5 Export price assessment

In respect of Australian sales of the goods by JE made directly to the Australian customer, the team recommends that the export price be determined under section 269TAB(1)(a), being the price paid by the importer to the exporter less transport and other costs arising after exportation.

In respect of Australian sales of the goods by JE made indirectly to the Australian customer through the customer's intermediary, the team found that the importer has not purchased the goods from the exporter, therefore, export price cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b).

The team recommends that the export price be calculated under section 269TAB(1)(c) having regard to all the circumstances of the exportation.

Specifically, the team recommends that the export price be calculated based on the price paid by the importer's intermediary to the exporter, less transport and other costs arising after exportation. The team recommends this method because the exporter sold at the same delivery terms to both the importer's intermediary and the importer.

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

³ See section 269TAA.

9 Domestic sales

9.1 Background

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

This chapter discusses how the team assessed JE's data for use in normal value.

9.2 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).

As there are no sales of like goods in the domestic market, the team cannot work out the profit under section 45(2) of the Regulation.

There are domestic sales of goods by the exporter in the same general category however the team determined that these sales were not profitable overall. Therefore, the team recommends that profit cannot be determined under section 45(3)(a) of the Regulation.

As there are no other known exporters or producers of like goods in the domestic market, the profit cannot be determined under section 45(3)(b) of the Regulation.

Therefore, profit must be determined under section 45(3)(c) of the Regulation, using any other reasonable method and having regard to all relevant information. The team specifically recommends working out an amount of profit based on the actual amounts realised by an exporter from the same general category of goods in the Chinese domestic market, using data obtained in case 469.

The team find this amount of profit does not exceed the amount of profit normally realised by other exporters or producers on sales of goods of the same general category in the domestic market of the country of export. Accordingly, section 45(4) of the Regulation does not require the Minister to disregard this amount.

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

10 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.

10.1 Rationale and method

Adjustment type	Adjustment assessment	Calculation method and evidence	Did JE claim this adjustment?	Did the team apply the adjustment?
Export packaging	Included to account for packaging costs incurred in the selling process.	Calculated based on accounting system records of per-metre packaging costs relating to the goods under consideration.	Y	Y
Export inland transport	Included to account for inland transport costs incurred in the selling process.	Calculated based on the actual total freight costs attributed to each sale, allocated as a proportion of the space allocated to the goods under consideration in cubic metres. Where the actual total freight costs were unavailable, calculated based on the weighted average of the actual total freight costs for other Australian export sales in the inquiry period.	Y	Y
Export credit terms	Included to account for the time between invoice date and customer payment.	Calculated based on the payment days reported on the customer's purchase order and the exporter's average short-term borrowing interest rate for the inquiry period.	Y	Y

Table 2 Assessment of adjustments

10.2 Adjustments

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

Adjustment Type	Deduction/addition
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export credit terms	Add an amount for export credit terms

Table 3 Summary of adjustments

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

11 Normal value

The team is satisfied that because of the absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1), the normal value of the Australian export goods cannot be ascertained under section 269TAC(1).

The team has therefore calculated a normal value under section 269TAC(2)(c) using the sum of all of:

- the cost to make the exported goods based on the company's records in accordance with section 43(2) of the Regulation
- SG&A on the assumption that the goods, instead of being exported, were sold for home consumption in the ordinary course of trade (OCOT) in the country of export based on the company's records of its actual amounts of SG&A costs incurred in the production and sale of the same general category of goods in China, in accordance with section 44(3)(a) of the Regulation
- an amount for profit having regard to all relevant information in accordance with section 45(3)(c) of the Regulation.

In constructing normal value under 269TAC(2)(c), the team considers that certain adjustments are necessary to ensure that the normal values are properly comparable with export prices, in accordance with section 269TAC(9) and as outlined in chapter 10.

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

12 Dumping margin

The team calculated JE's dumping margin by comparing weighted average Australian export prices to the corresponding weighted average normal values for the inquiry period.

The team calculated JE's dumping margin as **23.1%**.

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

13 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.

The team verified whether the subsidy information JE submitted is complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

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

13.1 Less than adequate remuneration

The team verified the raw material purchase listing JE submitted as complete and relevant by reconciling it to JE'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 JE used.

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**.

13.1.1 Raw material purchase listing exceptions

As noted at Exception 8 in chapter 7.1, the team relied on a revised raw material purchase listing.

13.2 Tax benefits

The team verified the income tax information JE submitted as complete and relevant by reconciling it to JE's audited financial statements. The team verified the income tax information as accurate by reviewing JE's financial 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**.

13.2.1 Income tax information exceptions

Exception 9: Revised tax benefits listing

Description: JE's response to the exporter questionnaire stated that it did not receive a preferential tax rate between the 2020 and 2022 financial years.

JE later provided financial records indicating that the company was subject to a preferential tax rate in the inquiry period.

Resolution: The team revised the tax rate relevant to JE between financial years 2020 and 2022.

13.3 Financial grants

The team verified the financial grants listing JE submitted as complete and relevant by reconciling it to JE’s general ledger. The team verified the listing as accurate by reconciling it to source 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**.

13.3.1 Financial grants listing exceptions

Exception 10: Revised financial grants listing

Description: JE’s response to the exporter questionnaire stated that it did not receive grants in the inquiry period.

JE later provided financial records detailing grants that it had received or apportioned to the inquiry period.

Resolution: The team created a list of financial grants based on JE’s financial records for the inquiry period.

13.4 Subsidy margin

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

Program number	Program name	Attribution and allocation of the subsidy
46	Public Announcement of the List of Enterprises in Wujiang District, Suzhou City, for Stable Employment and Return in 2022 (I)	Attributed to all company sales and allocated based on net revenue over the period.
47	2021 Wujiang District Industrial High-Quality Development Fund (1st Batch) Suzhou Municipal Enterprise Technology Centre	Attributed to all company sales and allocated based on net revenue over the period.
48	Survey on Enterprises' Retention and Return to Work During The 2022 Spring Festival	Attributed to all company sales and allocated based on net revenue over the period.
49	Employment Subsidy Fund	Attributed to all company sales and allocated based on net revenue over the period.
50	Subsidy for Science and Technology Insurance Premiums 2022, 23rd Batch of Science and Technology Development Plan (Science and Technology Finance Special) Project Funds in Suzhou City	Attributed to all company sales and allocated based on net revenue over the period.
51	Subsidy for High-Technology Enterprises	Attributed to all company sales and allocated based on net revenue over the period.
52	Suzhou Government Subsidy for High-Quality Policy Industries	Attributed to all company sales and allocated based on net revenue over the period.

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Program number	Program name	Attribution and allocation of the subsidy
53	One-Time Job Retention Subsidy 2022	Attributed to all company sales and allocated based on net revenue over the period.

Table 4 Subsidy programs

On the basis that the commission finds these programs to be countervailable subsidies, the team has calculated the subsidy margin for JE during the inquiry period as **0.1%**.

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

14 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