



Exporter verification report

Verification and case details

Company verified	POSCO
Case number	688
Initiation Anti-Dumping Notice (ADN)	2025/111
The goods under consideration	Certain Flat Rolled Steel Products
Case type	Dumping and Subsidy Investigation
Location	POSCO Centre, 440 Teheran-ro, Gangnam-gu, Seoul, Republic of Korea
Verification meeting dates	17/03/2026 to 19/03/2026
Investigation period	1/07/2024 to 30/06/2025

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission.

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

CONTENTS

CONTENTS..... 2

1 ABOUT THIS REPORT 3

2 KEY OUTCOMES 4

3 VARIABLE FACTORS..... 5

3.1 ABOUT THIS CHAPTER..... 5

3.2 EXPORT PRICE 5

3.3 NORMAL VALUE 7

4 VERIFICATION DETAILS..... 17

4.1 ABOUT THIS CHAPTER 17

4.2 VERIFICATION FINDINGS AND MATERIAL REVISIONS 17

4.3 TYPES OF GOODS PRODUCED OR SOLD IN THE SUBMITTED INFORMATION..... 18

4.4 CORPORATE INFORMATION 20

4.5 METHOD USED TO VERIFY INFORMATION 21

5 APPENDICES AND ATTACHMENTS..... 23

NON-CONFIDENTIAL APPENDIX 1: GENERAL DEFINITIONS AND VERIFICATION METHOD.... 24

1 ABOUT THIS REPORT

The Anti-Dumping Commission (the commission) issued a questionnaire that sought exporter data and information for Dumping and Subsidy Investigation 688 (case 688) into Certain Flat Rolled Steel Products exported from the Republic of Korea (Korea) and the People's Republic of China (China) during the investigation period.

POSCO, an exporter of the goods from Korea, submitted a questionnaire response.

The commission met with POSCO to verify the response and assessed the reliability of the information.

The commission has reviewed the information submitted by POSCO. This report details the commission's verification findings and recommendations about POSCO for case 688.

A finding made in this verification report (verification finding) and verification recommendations (verification recommendations) are made in the context of this verification only. These verification findings and verification recommendations may be referred to and relied on in the Statement of Essential Facts and Final Report for case 688.

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901 (Cth)***
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015 (Cth)***
- the term **ADN** refers to **Anti-Dumping Notice**.

The commission details its process and findings in the verification work program at **Confidential attachment 1**.

2 KEY OUTCOMES

Dumping margin	Negative 5.0%
Subsidy margin	N/A
Export price method	269TAB(1)(c).
Normal value method	269TAC(1)
Adjustment method	269TAC(8)
Sales data complete, relevant and accurate?	Yes
Cost data complete, relevant and accurate?	Yes, with material revisions

3 VARIABLE FACTORS

3.1 About this chapter

This chapter details the commission's recommendations about how to set the variable factors used to calculate the rate of dumping for goods that **POSCO** produced or sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available.

This chapter summarises the commission's recommendations about how to set:

- an **export price**
- a **normal value**
- a **dumping margin**

More information on what variable factors are and how the commission determines variable factors is in **Non-Confidential Appendix 1**.

3.2 Export price

The commission recommends setting an export price for POSCO under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation.

The commission recommends that it cannot set an export price for POSCO under sections 269TAB(1)(a) or 269TAB(1)(b) because the importer did not purchase the goods from the exporter.

The commission recommends this method because POSCO exported the goods to Australia through intermediaries. There has therefore been no purchase of the goods by the importer from the exporter.

Specifically, the commission recommends calculating an export price by adding an amount for port handling costs to the price of the goods exported to Australia by POSCO. This is because POSCO's related party intermediaries paid the port handling costs incurred at the port of export in Korea. The resulting value reflects an export price at the Free on Board (FOB) level.

Confidential appendix 1 contains the commission's export price calculations.

3.2.1 Who is the exporter?

The commission considers POSCO is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- is aware that the goods produced are being sold and shipped to Australia

POSCO sells into the Australian market through traders, including some sales through a related party. The company is aware that the goods are being manufactured and sold into the Australian market for each of these sales.

3.2.2 Who is the importer?

In respect of Australian sales of the goods by POSCO, the verification team found that the importer has purchased the goods from the exporter through unrelated entities involved in steel trading and distribution or via POSCO's related party re-seller.

3.2.3 Were the Australian export sales sold at arm's length?

3.2.3.1 Unrelated customers

For all unrelated customer transactions, the commission finds that POSCO sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that POSCO:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market.

3.2.3.2 Related customers

For all related customer transactions, the commission finds that POSCO sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission found that POSCO:

- sold goods to related and unrelated customers at similar prices
- sold goods at similar prices to other sellers in the Australian market.

3.3 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arm's length and in the ordinary course of trade to set a normal value under section 269TAC(1)

The commission recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8).

The commission recommends the following adjustments:

Adjustment description	How to apply an amount for adjustment
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic Handling and other charges	Deduct an amount for handling and other charges
Domestic after sales support (warranty claims)	Deduct an amount for warranty claims
Domestic early payment discount	Deduct an amount for early payment discount to domestic customers
Domestic warehousing costs	Deduct an amount for warehousing specific to domestic sales
Domestic inspection costs	Deduct an amount for inspection costs related to domestic sales of ship building steel.
Domestic Level of trade adjustment	Deduct an amount for differences in level of trade pricing in the domestic market
Domestic late payment fee	Add an amount for fees charged to domestic customers for late payment.
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port and handling charges
Export Brokerage	Add an amount for export brokerage charges
Export Bank Charges	Add an amount for bank charges related to export sales
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification

Table 1 Summary of adjustments

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

3.3.1 Did the verified company produce and sell like goods for the domestic market?

The commission finds that, during the investigation period, POSCO produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestic goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

3.3.1.1 Physical likeness

Company does not distinguish between domestic like goods and the Australian export goods.

3.3.1.2 Production likeness

Company produced all goods at the same facilities, using the same raw material inputs and production processes.

3.3.1.3 Commercial likeness

All goods compete in the same market sector, are interchangeable and use similar distribution channels.

3.3.1.4 Functional likeness

All goods are functionally alike, as they have similar end uses.

3.3.2 Were the domestic sales sold at arm's length?

3.3.2.1 Unrelated customers

For all unrelated customer transactions, the commission finds that POSCO sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that POSCO:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the domestic market.

3.3.2.2 Related customers

For all related customer transactions, the commission finds that POSCO sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that POSCO:

- sold goods at similar prices to related and unrelated customers

PUBLIC RECORD

- sold goods at similar prices to other sellers in the domestic market.

3.3.3 Do the accounting records comply with generally accepted accounting principles?

The commission finds that POSCO's accounting records for the investigation period comply with the generally accepted accounting principles of Korea.

EY Hanyoung audited POSCO's financial statement and included a statement that the financial accounts comply with International financial reporting statements in the annual report.

3.3.4 Did the production records reasonably reflect competitive market costs?

The commission finds that POSCO's production records reasonably reflect competitive market costs.

In making this finding, the commission had regard to the price and volume of raw materials POSCO sourced from both related and unrelated party suppliers during the investigation period.

3.3.4.1 The commission's finding about related party suppliers

POSCO reported purchasing raw materials from related parties during the investigation period.

The commission observed POSCO paid a lower price for its related purchases compared to unrelated party purchases overall and when analysed at monthly intervals. During on-site discussions, POSCO agreed with this observation.

The commission found that the volume of raw materials purchased from related parties was not at a level that materially affected the overall value of the relevant raw material when the price of all purchases from all sources was considered.

3.3.5 Were domestic sales in the ordinary course of trade?

The following table summarises the figures the commission used to assess if POSCO's domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The investigation period
Reasonable recoverability period	The investigation period
Price	Net invoice price
Cost	Quarterly cost to make and sell the like goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the like goods over the investigation period, including direct selling expenses for each transaction.

Table 2 Ordinary course of trade assessment details

3.3.6 Domestic sales volumes for each model

The table below details the commission’s findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is MCC’s domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
P1-T1-Y1-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T1-Y2-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T2-Y1-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T2-Y2-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T3-Y1-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T3-Y2-PS	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P1-T2-Y1-PC	No	No domestic sales of MCC. Surrogate model P1-T2-Y1-PS used, with specification adjustment under section TAC(8).
P1-T2-Y2-PC	No	No domestic sales of MCC. Surrogate model P1-T2-Y2-PS used, with specification adjustment under section TAC(8).
P1-T1-Y2-PC	No	No domestic sales of MCC. Surrogate model P1-T1-Y2-PS used, with specification adjustment under section TAC(8).
P1-T1-Y1-PC	No	No domestic sales of MCC. Surrogate model P1-T1-Y1-PS used, with specification adjustment under section TAC(8).

Table 3 Export models compared to domestic model by volume

The commission considers domestic sales of same MCC permits a proper comparison to exported goods for the following reasons:

- There is sufficient overall comparable domestic sales over the IP
- There are like goods available which when adjusted for specification differences, allow for proper comparison to the relevant exports to Australia.

The commission’s volume analysis is at **confidential appendix 3**.

PUBLIC RECORD

3.3.7 Adjustments to compare export price and normal value

The commission assessed all potential adjustments to properly compare the export price for Australian export goods to the corresponding normal value.

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Credit terms are provided to domestic customers. A downwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to domestic customers and interest rate based on the weighted average short-term loans.	POSCO	Yes
Domestic inland transport	Inland transport expense incurred on domestic sales was found to differ from the amount incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the actual inland transport expense, for each individual sale, with reference to the inland transport invoices.	POSCO	Yes
Deduct domestic Handling and other	Packaging expense incurred on domestic sales was found to differ from the amount incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average domestic packaging expense with reference to the relevant domestic packaging expense accounts.	POSCO	Yes
Deduct domestic after sales support	POSCO incurs cost for after sales support on domestic sales A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculation is based on actual expenses incurred in relation to after sales support.	POSCO	Yes

PUBLIC RECORD

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Deduct domestic early payment discount	POSCO offers domestic customers early payment discounts A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	The company calculates total accounts receivable * Applied discount rate * number of days of early payment / 365	POSCO	Yes
Deduct domestic warehousing costs	POSCO incurs costs associated with operating domestic warehouses used for distribution of domestic sales. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	The company runs warehouses in support of domestic sales	POSCO	Yes
Deduct domestic inspection costs	POSCO incurs costs associated with inspections related to ship building steel. It does not carry out similar functions in relation to the goods exported to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	POSCO reported the costs associated with the operation of local warehousing, with supporting documentation provided.	POSCO	Yes
Deduct domestic Level of trade adjustment	See 3.3.8 below	See 3.3.8 below	POSCO	Yes
Deduct further processing fee	The related party customer had two transactions which included further processing fees	The commission does not have enough information to determine the validity of the adjustment	POSCO	No

PUBLIC RECORD

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Add domestic late payment fees	POSCO charges domestic customers a late payment fee when customers breach payment terms. It does not apply similar fees in relation to its Australian sales of the goods. An upward adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	POSCO were able to evidence the receipts associated with late payment fees.	POSCO	Yes
Add export packaging	Packaging expense incurred on export sales to Australia was found to differ from the amount incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export packaging expense with reference to the relevant export packaging expense accounts.	POSCO	Yes
Add export inland transport	Inland transport expense incurred on export sales to Australia was found to differ from the amount incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export inland transport expenses with reference to the export inland transport invoices.	POSCO	Yes

PUBLIC RECORD

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Add export port and handling charges	<p>Port handling and other export charges were incurred on export sales to Australia however POSCO did not cover these costs. Rather, they were paid by POSCO's related party.</p> <p>Similar charges were not incurred for domestic sales. Since POSCO's export price under section 269TAB(1)(c) has been calculated to reflect a price at FOB terms, an upwards adjustment to the normal value is necessary to ensure a fair comparison to export prices.</p>	Calculated based on the weighted average export port handling expenses reported by POSCO's related customer with reference to the export port handling invoices.	POSCO	Yes
Add export brokerage	Brokerage expense incurred on export sales that were not incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export port handling expenses of POSCO's related customer with reference to the export port handling invoices.	POSCO	Yes

PUBLIC RECORD

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Add export bank charges	Bank transaction expenses were found to be incurred in relation to the goods exported to Australia. POSCO did not incur bank charges on its domestic sales of like goods. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export port handling expenses of POSCO's related customer with reference to the export port handling invoices.	The commission	Yes
Add export credit terms	Credit terms are provided to Australian customers. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to Australian customers and interest rate based on the weighted average short-term borrowings.	POSCO	Yes
Specification	Where a surrogate MCC is used for a normal value of an MCC exported to Australia, an adjustment for the specification differences is required to ensure a fair comparison.	Calculated based on the difference between the quarterly CTMS of the export MCC and the surrogate MCC, plus amount for profit based on POSCO domestic sales of like goods in OCOT.	The commission	Yes

Table 4 Assessment of adjustments

3.3.8 Level of trade adjustment

POSCO was able to evidence distinct and consistent pricing differences for sales to customers conducting business at the distributor and end user level of trade. POSCO's Australian sales were to customers at the distribution level of trade whereas POSCO's domestic sales were predominantly sold to customers at the end user level of trade.

POSCO's claim for a level of trade adjustment was outlined in its REQ at D-1 and E-5 and in supporting Exhibit E-7. POSCO cites distinct and consistent pricing differences between sales to customers engaged in the 'end-user' and 'distributor' level of trade.

The commission examined POSCO's claim and the nature of the business activities of its customers in each level of trade. This included having regard to information that outlines

PUBLIC RECORD

POSCO maintains information about its customer's business activities, price lists maintained for certain customer types and how this is considered by its sales team and financial systems. The company also tabled a comparative example of two sales transactions where all conditions are identical except for the level of trade. The prices for end-users were higher.

POSCO informed the commission it does not necessarily realise additional costs in relation to its sales that services customers at a different level of trade.

The price variations between sales at different levels of trade were material and correlate with the general understanding entities involved in the distribution of materials will likely pay a lower price compared to those who transform the materials into other items of a higher value. Based on the available information, the commission has accepted POSCO level of trade adjustment claim.

The value of the adjustment has been worked out by comparing weighted average quarterly prices for each model sold at each level of trade.

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying POSCO's questionnaire response for case 688.

This chapter first summarises the commission's assessment of POSCO submitted information. This summary includes a list of material revisions made to this information before the commission finalised the verification.

This chapter summarises verified key details about POSCO relating to:

- the range of goods produced or sold
- corporate operations and structure.

This chapter then outlines the commission's method to verify and validate POSCO's submitted information.

More information on how the commission verifies information is in **Non-Confidential Appendix 1**.

4.2 Verification findings and material revisions

The commission finds that the information POSCO submitted is complete, relevant and accurate after material revisions.

4.2.1 Sales

Material revision 1: Port handling expenses

Description: Some transactions were missing port handling expenses

Resolution: POSCO reviewed and updated the sales listing with the correct expense values

Material revision 2: Australian export sales shipping terms

Description: The terms of POSCO's Australian sales did not include certain charges relevant to the export of the goods, these were instead covered by POSCO's related party intermediary.

Resolution: The commission adjusted POSCO's export price to reflect FOB terms by using the amounts reported in relation to the related party intermediary.

Material revision 3: Domestic sales Level of trade adjustment (LOT)

Description: The original calculation was produced in relation to all sales on a weighted average basis. POSCO produced an additional analysis that looked at the MCC's sold into both the Australian and domestic markets

Resolution: POSCO produced an additional analysis that looked at the MCC's sold into both the Australian and domestic markets which lowered the LOT adjustment

4.2.2 Cost to make and sell

Material revision 4: Revised Domestic Cost to Make

Description: Original Domestic CTM included non-goods (Q&T and Q&T feed)

Resolution: POSCO recalculated the cost to make by excluding costs associated with these products

Material revision 5: Revised Export Cost to Make

Description: Original Domestic CTM included non-goods (Q&T and Q&T feed)

Resolution: POSCO recalculated the cost to make by excluding costs associated with these products

Material revision 6: SG&A Error Correction

Description: Mislabeled translation and identification of provisional or unrealised cost items in SG&A

Resolution: POSCO amended the SG&A calculation to update status of valuation of provisional cost items

Material revision 7: Short term interest rate applied to export and domestic credit

Description: Domestic credit was calculated using a different rate than the export credit. POSCO had used a notional rate for domestic credit, since it didn't have any domestic short-term domestic loans

Resolution: Commission had determined the most appropriate rate was the actual rate of Interest for international borrowings and applied to both markets.

4.3 Types of goods produced or sold in the submitted information

4.3.1 Model control code compliance and amendments

The sales and costs data POSCO submitted complies with the model control code (MCC) structure detailed in ADN 2025/111.

After comparing prices of different models of the goods, the commission does not recommend amending the MCC structure.

4.3.2 Verification of model control codes

Category	Sub-category verification method
Type	Based on the standard type shown in product code on the commercial invoice.
Thickness	Based on the ordered size shown on the product order form and the daily shipment list.
Nominal Yield Strength	Based on the specification standard codes shown on the commercial invoice, as defined in the specification book and POSCO's production ERP system. POSCO outlines how the standard/grade maps to the yield strength.
Production Process	Based on the product code shown on the order sheet, daily shipment list, and the commercial invoice.

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

Table 5 MCC sub-category determination

Product grade	MCC category: Nominal yield strength
AS-250L0	Y1
AS-350L0	Y2
HA250	Y1
HA350	Y1

Table 6: MCC mapping example

4.3.3 List of model control codes

POSCO both produced and sold the following MCCs during the investigation period:

Sales MCC	Australian sales	Domestic sales
P1-T1-Y1-PC	Yes	No
P1-T1-Y1-PS	Yes	Yes
P1-T1-Y3-PS	No	Yes
P1-T1-Y2-PC	Yes	No
P1-T1-Y2-PS	Yes	Yes
P1-T2-Y1-PC	Yes	No
P1-T2-Y1-PS	Yes	Yes
P1-T2-Y2-PC	Yes	No
P1-T2-Y2-PS	Yes	Yes
P1-T2-Y3-PS	No	Yes
P1-T3-Y1-PS	Yes	Yes
P1-T3-Y2-PS	Yes	Yes
P1-T3-Y3-PS	No	Yes
P3-T1-Y1-PS	No	Yes
P3-T1-Y2-PS	No	Yes
P3-T2-Y1-PS	No	Yes
P3-T2-Y2-PS	No	Yes

PUBLIC RECORD

P3-T2-Y3-PS	No	Yes
P3-T3-Y1-PS	No	Yes
P3-T3-Y2-PS	No	Yes
P3-T3-Y3-PS	No	Yes

Table 7: List of MCCs sold

Domestic costs MCC	Australian exports costs MCC
P1-T1-Y1-PS	P1-T1-Y1-PC
P1-T1-Y2-PS	P1-T1-Y1-PS
P1-T1-Y3-PS	P1-T1-Y2-PC
P1-T2-Y1-PS	P1-T1-Y2-PS
P1-T2-Y2-PS	P1-T2-Y1-PC
P1-T2-Y3-PS	P1-T2-Y1-PS
P1-T3-Y1-PS	P1-T2-Y2-PC
P1-T3-Y2-PS	P1-T2-Y2-PS
P1-T3-Y3-PS	P1-T3-Y1-PS
P3-T1-Y1-PS	P1-T3-Y2-PS
P3-T1-Y2-PS	
P3-T2-Y1-PS	
P3-T2-Y2-PS	
P3-T2-Y3-PS	
P3-T3-Y1-PS	
P3-T3-Y2-PS	
P3-T3-Y3-PS	

Table 8: List of MCCs produced

4.4 Corporate information

4.4.1 Company information

POSCO was founded in 1968 and is an integrated steel manufacturer. POSCO produces a wide range of steel products at its key production facilities in Pohang and Gwangyang. The company supplies steel products to the Korean domestic market and to various export markets, including Australia. POSCO performs all key functions related their steel products, including production, domestic sales, exports to Australia, and exports to other international markets.

4.4.2 Related companies

The commission examined the relationships between POSCO and the parties involved in it producing or selling the goods.

4.4.2.1 Related suppliers

POSCO has related party suppliers that include affiliates and subsidiaries within the POSCO group. These related companies supply POSCO with various raw materials and services used in the production of the goods, and many operate as trading entities that undertake purchasing activities on POSCO's behalf with an applied mark-up.

4.4.2.2 Related customers

POSCO did not sell the exported goods to any related parties in Australia, as the ultimate Australian customers were unrelated to POSCO. In the domestic market, POSCO sold goods to six related customers, with prices determined through individual negotiations and prevailing market conditions and not influenced by customer relationships

The commission assessed whether POSCO's sales to its related customers were made in arm's length transactions. This assessment is outlined in section 3.3.2.2 of this report.

4.5 Method used to verify information

4.5.1 Sales completeness and relevance

POSCO's response to the exporter questionnaire included a reconciliation of appendix 'B-4 Upwards sales' to their income statement. The commission was able to reconcile the total company revenue to the 'B-4 Upwards sales' spreadsheet to the income statement provided in POSCO's response to the exporter questionnaire.

The commission:

1. Reconciled the revenue for the 2024 financial year to the audited financial statements and trial balance.
2. Verified the first half of 2024 trial balance (to be removed from total 2024 financial year)
3. Verified the first half of 2025 trial balance (to be added to second half of 2024)
4. Reconciled the revenue for the period to the trial balance.
5. Reconciled sales listings for the period steel sales summary by product (categorisation of the goods)
6. Ran system report for flat rolled products
7. Ran system report for all non-flat rolled products
8. Balanced accounting adjustments (from auditors notes)
9. Balanced debit/credit notes which were recorded during the IP but which had original transaction dates prior to the period.

4.5.2 Cost to make completeness and relevance

The commission:

1. Reconciled the cost of goods sold for 2024 financial year to the audited financial statements and trial balance.
2. Deducted second quarter 2024
3. Added Second quarter 2024
4. Reconciled the cost of goods sold for the period to the trial balance.
5. Reconciled cost of goods sales to the total company cost to make for the period.
6. Reviewed the categorisation of the cost to make of the goods and non-goods.

7. Reconciled the cost to make of the goods to the domestic and Australian cost spreadsheets.

4.5.3 Selling, general and administrative expense completeness and relevance

The commission:

1. Reconciled the SG&A listing for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the SG&A listing for the period to the trial balance.
3. Reviewed selected accounts of the SG&A listing to ascertain whether these were relevant for the domestic SG&A calculation.
4. Verified the direct selling expenses and reconciled these to the sales listings.

4.5.4 Cost allocation

Table 9 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Raw Materials	POSCO is an integrated producer. Raw materials are allocated on an actual basis with scrap added and deducted during the process
Scrap/by-products	Scrap is valued at the prior month's purchase price of similar scrap, and further adjusted by deducting processing costs required to bring the scrap to a production-ready state
Labour	Labour costs are allocated on a per ton produced basis
Manufacturing overheads	Manufacturing overhead is allocated on a per ton basis
Depreciation	Depreciation is allocated on a per ton basis

Table 9 Cost allocation method

POSCO allocated quarterly raw material costs based on actual raw material input costs and production quantity for each workshop.

4.5.5 Sales volume unit of measure

Table 10 below outlines how the commission verified unit of measure reported for sales volume.

Sales market	Assessment
Australia	The verification team ascertained that the weight quantities (Metric Ton) listed in the Australian sales listing reported by the exporter reflects the actual weight of the goods sold.
Domestic	The verification team ascertained that the weight quantities (Metric Ton) listed in the domestic sales listing reported by the exporter reflects the actual weight of the goods sold.

Table 10 Sale volume unit of measure assessment

5 APPENDICES AND ATTACHMENTS

Confidential attachment 1: Verification work program

Confidential appendix 1: Export price

Confidential appendix 2: Cost to make and sell

Confidential appendix 3: Normal value

Confidential appendix 4: Dumping margin

Non-confidential appendix 1: General definitions and verification method

NON-CONFIDENTIAL APPENDIX 1: GENERAL DEFINITIONS AND VERIFICATION METHOD

What are variable factors?

Variable factors are numerical values that the commission uses to calculate the levels of dumping or countervailable subsidy. By verifying a company's data, the commission aims to set accurate variable factors and accurately calculate the level of dumping or countervailable subsidy.

The commission has explained some concepts relating to variable factors. These explanations are in simple terms and may not reflect the full, technical definitions.

Goods

The goods exported into Australia are **Australian export goods** or the **goods under consideration**.

Goods that are the same or similar to Australian export goods are **like goods**.

Variable factors

Dumping occurs if the price of Australian export goods (the **export price**) is less than the equivalent price of like goods in an exporter's domestic market (the **normal value**).

The **amount of dumping** is the difference between a normal value and the corresponding export price – that is, the normal value minus the export price.

A **subsidy** is a financial contribution, income support or price support, from a country of export Government, public body or a private body being directed by the Government or public body that confers a benefit to Australian export goods.

The Australian government can cancel out – that is, **countervail** – the effect of a subsidy, if that subsidy is specific to Australian export goods. In other words, a subsidy specific to Australian export goods is a **countervailable subsidy**.

The minimum export price to prevent material injury to an Australian industry is the **non-injurious price**. The commission typically relies on information from Australian industry and other sources to calculate this price, which is beyond the scope of this verification. The commission has therefore not calculated a non-injurious price in this report.

Margins calculated using variable factors

A **dumping margin** is the rate of dumping compared to the export price.

A **subsidy margin** is the rate of countervailable subsidy attributable to Australian export goods.

Export price method

Section 269TAB lists different ways to calculate an export price based on the facts available.

PUBLIC RECORD

The commission considers these questions, among others, before calculating an export price:

- Did the verified company sell goods for Australian export?
- Who is the exporter?
- Who is the importer?
- Did the exporter sell to the importer at arm's length?

In this chapter, the commission summarises its findings about facts that affect how to calculate an export price.

Who is the exporter method

The commission generally identifies an **exporter** as a company, located in the country of export, who is a principal company involved in an Australian export goods transaction. At least one of the following generally also applies for a company to be an exporter:

- the company knowingly transferred the goods to its own vehicle, or to a freight company, to deliver the goods to Australia
- at the time the goods shipped, the company owned or previously owned the goods.

To identify the exporter, the commission typically relies on information about Australian export transactions from stakeholders and Australian Border Force.

Who is the importer method

An **importer** is the beneficial owner of goods at the time of import. The beneficial owner may differ from the listed or nominal owner of the goods.

For example, a parent company can have direct control over a subsidiary company's assets and decisions. If that parent company lists its subsidiary company as the owner of goods at the time of import, the commission would find that parent company is the importer because it beneficially owns the goods.

To identify the importer, the commission typically relies on information about Australian export transactions provided by stakeholders and Australian Border Force.

Normal value method

Section 269TAC lists different ways to calculate a normal value based on the facts available.

The commission considers these questions, among others, before calculating a normal value:

- Did the verified company, or a party related to the verified company, sell like goods domestically?
- Were there any domestic sales of like goods?
- Was there a low volume of domestic like goods sales?
- Were the domestic like goods sales at arm's length?
- Does any component of the exporter's costs, or producer's costs, not reflect competitive market costs?
- Were the domestic like goods sales in the ordinary course of trade?
- Does the normal value require adjustments to properly compare it to the export price?

Why the commission assesses production records

The commission assesses if a company's production cost records reasonably reflect competitive market costs as required by Regulation 43(2) before selecting which method to recommend for setting a normal value under section 269TAC.

The commission assesses production cost records through methods including:

- analysing transactions for materials or services supplied by a related party to see if they reflect other costs in the market
- considering if the domestic country has generally competitive, or non-competitive, costs for certain materials or services.

If the commission finds that the production cost records reasonably reflect competitive market costs, the commission must use the recorded costs to calculate the cost of production. If the commission finds that production cost records do not reasonably reflect competitive market costs in some part, then the commission may use other information if appropriate to adjust that part of the costs before setting a normal value.

Ordinary course of trade method

The commission assesses if domestic like goods sold in the ordinary course of trade before selecting which method to recommend for setting a normal value under section 269TAC.

Section 269TAAD sets out which sales are in the ordinary course of trade. Under this section, a domestic like goods sale is **not** in the ordinary course of trade if the conditions below apply to the sale:

- the sale is **unprofitable in substantial quantities** over an extended period
- the sale is **unlikely to be recoverable** within a reasonable period.

The commission typically uses this method to assess each step of identifying a sale not in the ordinary course of trade.

1. A sale is **unprofitable** if its unit price is less than the corresponding unit cost to make and sell in the sales month or sales quarter
2. All sales for a model are unprofitable **in substantial quantities** if the volume of unprofitable sales is 20% or more of the total volume of sales
3. A sale is **unlikely to be recoverable** if its unit price is less than the corresponding unit cost to make and sell for the entire reasonable period.

The commission typically sets both the 'extended period' and 'reasonable period' under section 269TAAD as the inquiry, investigation or review period for a case.

Low volume of relevant domestic sales method

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods.

If the commission uses a low volume of domestic like goods to set a normal value, then the normal value does not properly compare to the export price when measuring the level of dumping and the commission cannot set a normal value under section 269TAC(1).

To assess if there is a large enough volume of domestic sales to set a normal value under section 269TAC(1), the commission must compare the domestic and Australian export sales

PUBLIC RECORD

volumes for an exporter. If the domestic sales volume is less than 5% of the Australian export sales volume, the commission must also assess if the domestic sales volume is still large enough to use in a normal value that properly compares to the export price.

The commission uses this method to compare domestic and Australian export sales volumes both overall and for each model sold as Australian export goods. When comparing sales volumes for an individual model, the commission may use a surrogate domestic sales model to calculate normal value for the Australian export sales model.

Section 269TAC(14) sets this sufficiency test for dumping investigation cases. The commission also uses this sufficiency test when setting a normal value in other case types.

The figure below summarises the possible outcomes when assessing domestic sales volumes to use in a normal value set under section 269TAC(1).

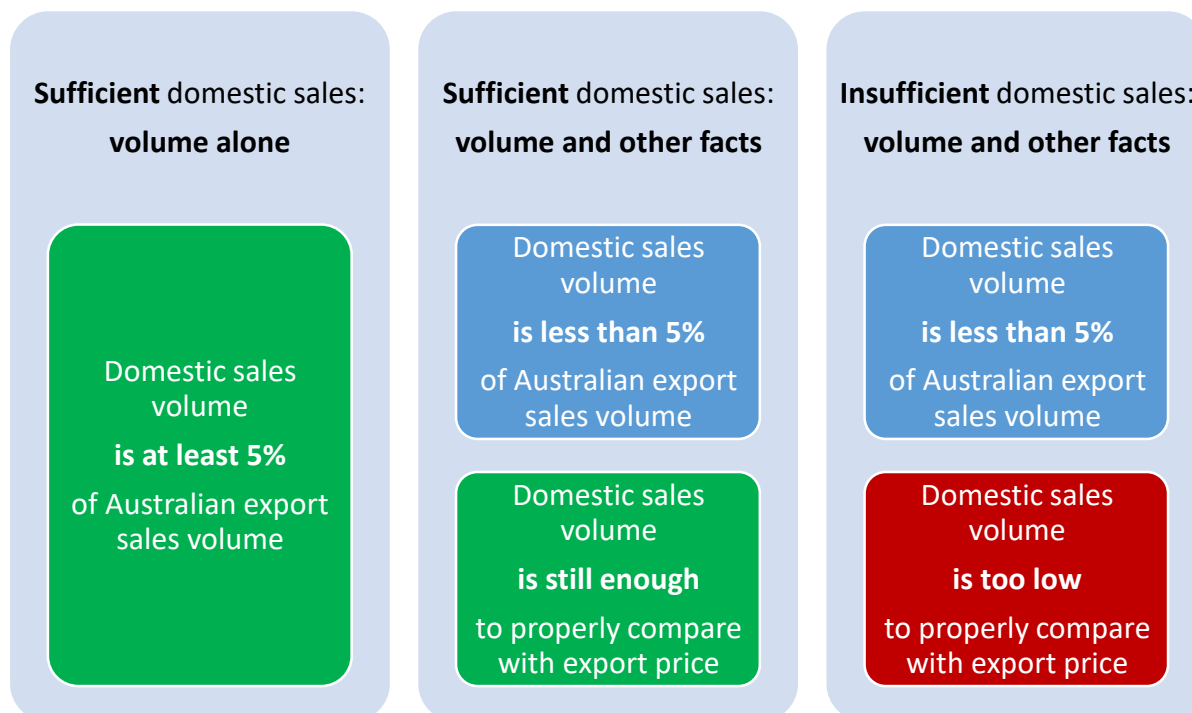


Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

Method to verify information

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs (where relevant).

Before relying on submitted data listings, the commission first verifies if these listings are:

- **complete**, as in, including all the relevant data
- **relevant**, as in, including only relevant data
- **accurate**, as in, including only correct data.

In practice, the commission typically verifies data listings as complete and relevant at the same time.

PUBLIC RECORD

[ADN 2016/30](#) describes the commission's standard procedure to verify and validate stakeholder information.

General method to verify information as complete and relevant

The commission verifies data listings as complete and relevant by reconciling each listing's sum total up to audited financial records.

The commission typically reconciles a listing to audited records incrementally. The commission typically links a listing subtotal to management accounts, then links those management accounts to the audited records.

Figure 2 outlines how the commission verifies different topics as complete and relevant.

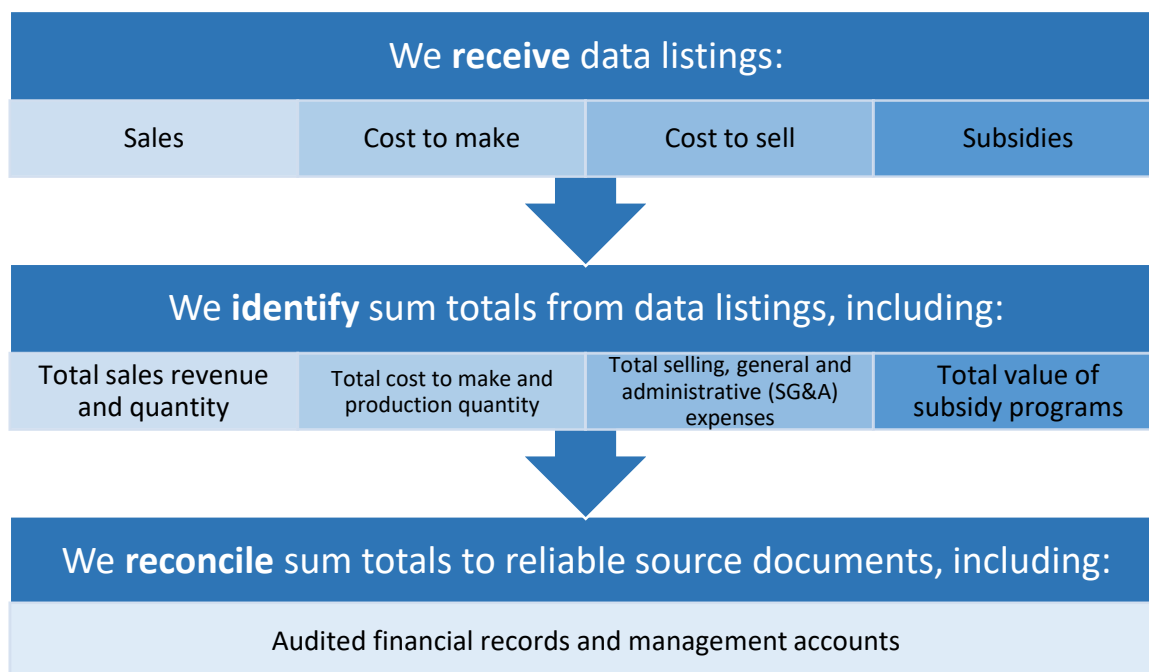


Figure 2 How the commission verifies data as complete and relevant

General method to verify information as accurate

To verify the listings are accurate, the commission typically reconciles key data from a selection of transactions in the listings down to source documents.

Figure 3 outlines how the commission verifies different topics as accurate.

PUBLIC RECORD

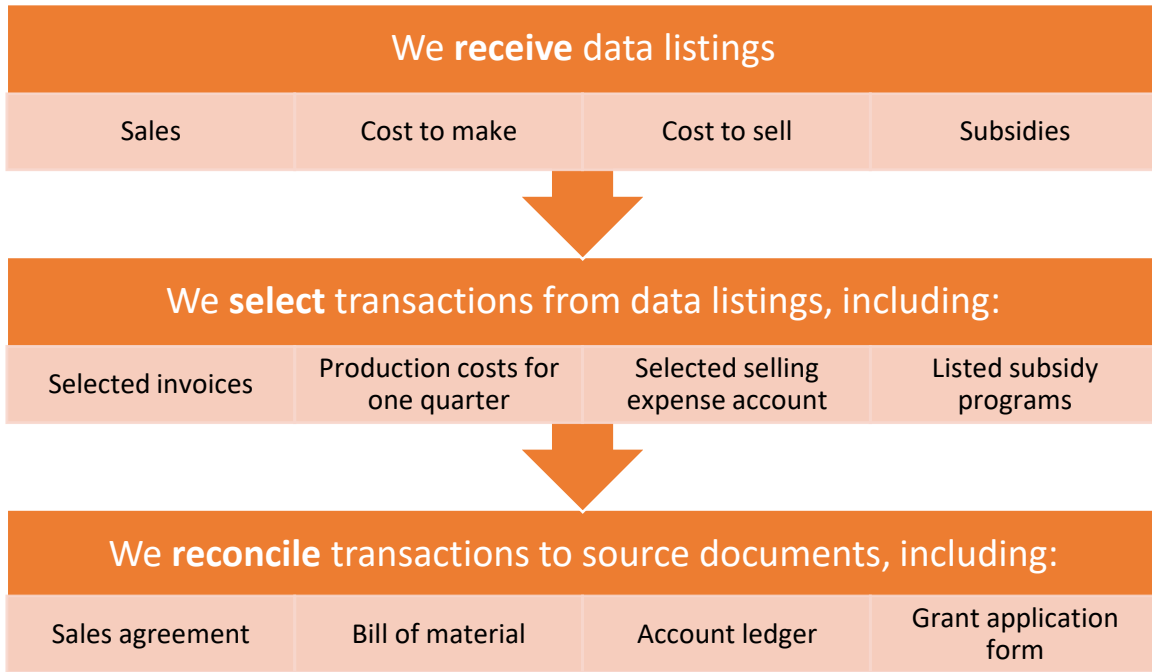


Figure 3 How the commission verifies data as accurate