Exporter verification report

Verification and case details

Company verified	KG Dongbu Steel Co Ltd.		
Case number	698		
Initiation ADN	2026/027		
The goods under consideration	Aluminium zinc coated steel (≥ 600mm)		
Case type	Continuation inquiry		
Location	Virtual verification		
Verification meeting dates	24/06/2026	to	30/06/2026
Inquiry period	1/01/2025	to	31/12/2025

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.

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1 ABOUT THIS REPORT

The Anti-Dumping Commission (the commission) issued a questionnaire that sought exporter data and information for Continuation Inquiry 698 (case 698) into Aluminium Zinc Coated Steel (≥ 600mm) exported from the Republic of Korea (Korea) and the Socialist Republic of Vietnam (Vietnam) during the inquiry period.

Lodgement of the exporter questionnaire and initial submission were due by 19 March 2026.

The commission received a request from KG Dongbu for an extension of time to submit an exporter questionnaire and due consideration was given to the extension request.[1]

When considering the extension request, the Customs (Extensions of Time and Non-Cooperation) Direction 2015 requires the Commissioner to:

- take into account the responsibility to conduct the case in a timely and efficient manner
- reject a request for an extension if the request has not been made before the due date and
- consider the reasons provided for the extension, having regard to:
  - the reasons why it could not provide its response within the whole period and not only the period remaining between the request and the due date
  - ordinary business practices or commercial principles
  - the commission's understanding of the relevant industry and
  - previous correspondence from the entity, previous dealings with the entity and information provided by other interested parties.

Consequently, the commission granted KG Dongbu the following extension to submit a response to the exporter questionnaire, on the requirement that the response was submitted by the revised due date, was reasonably complete and accurate and included both confidential and public record versions.

Exporter	Extension Requested	Extension Granted	Revised due date
KG Dongbu	21 days	21 days	9 April 2026

KG Dongbu submitted a response to the exporter questionnaire by the revised due date.

The exporter questionnaire response contained deficiencies that could be quickly and easily rectified in a further response, in which case a reasonable timeframe was provided to rectify the deficiencies. [2] The non-confidential version of the full exporter questionnaire response was placed on the public record date stamped as received on the revised due date.
The commission met with KG Dongbu to verify the response and assessed the reliability of the information.

The commission has reviewed the information submitted by KG Dongbu. This report details the commission's verification findings and recommendations about KG Dongbu for case 698.

[1] This is consistent with Article 6.1.1 of the Anti-Dumping Agreement
[2] Section 6 of the *Customs (Extensions of Time and Non-Cooperation) Direction 2015.*

Case 698 includes a claim that hot rolled coil (HRC) prices in Korea, including KG Dongbu's records, do not reasonably reflect competitive market costs. The HRC price comprises part of the cost to make the goods.

The claim was made by BlueScope Steel Limited in a submission received on 19 June 2026[3], one week prior to the commencement of the verification.

The commission is continuing to consider this submission. For this verification report, and subject to the outcome of that consideration, the commission has calculated the normal value under section 269TAC(1).

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 698.

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**.

[3] Bluescope Steel Limited submission, Electronic Public Record (EPR) No. 8

2 KEY OUTCOMES

Dumping margin	**2.2%**
Export price method	269TAB(1)(a)
Normal value method	269TAC(1)
Adjustment method	269TAC(8)
Sales data complete, relevant and accurate?	Yes, with material revisions
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 KG Dongbu 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 KG Dongbu under section 269TAB(1)(a).

Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

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

3.2.1 Who is the exporter?

The commission considers KG Dongbu is the exporter of the Australian export goods when trading directly to the importer because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices
- is named as consignor on bills 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.

The commission considers KG Dongbu is the exporter of the Australian export goods when trading through a domestic trader because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices
- is named as consignor on bills of lading
- arranged and paid for inland transport to the port of export.

3.2.2 Who is the importer?

In respect of Australian sales of the goods by KG Dongbu, the verification team found that for transactions sold directly to its Australian customers, each Australian customer was the beneficial owner of the goods at the time of importation.

For each transaction, the Australian customer:

- is named as the consignee on bills of lading
- is named as the importer on import declarations to Australian Border Force (ABF)
- paid for all the importation charges
- arranged delivery from the port of arrival in Australia

The verification team considers that, for the remaining transactions made by KG Dongbu to Australian customers via Korean-based intermediary traders, the Australian customers are the beneficial owner of the goods at the time of importation and therefore the importer as:

- KG Dongbu knows that the goods are destined for Australia; and
- the Australian customers were declared as the importer on the importation declaration to ABF, having purchased from the Korean-based trader identified by KG Dongbu.

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 KG Dongbu 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 KG Dongbu:

- appeared to genuinely negotiate the price with unrelated customers
- sold goods at similar prices to all unrelated customers.

3.2.3.2 Related customers

The commission finds that KG Dongbu did not sell the exported goods to related customers in Australia during the inquiry period.

3.2.4 What is the date of sale for export sales?

KG Dongbu claimed that, for all export sales, the bill of lading date should be used as the date of sale instead of the invoice date. The commission considered the following when assessing this claim:

- The price and quantity set at the order date
- Whether any variation in price or quantity occurred between the order date and the invoice date

- Whether material prices materially differed between the order date and invoice date
- Whether material contracts were entered into when the order was made

The commission verified that the material terms of sale, including price and quantity, were not fixed until shipment and that no material changes occurred between the bill of lading date and invoicing. The commission further verified that the bill of lading date better reflected the point at which the material terms of sale became final.

The commission is satisfied that the bill of lading date should be the date of sale based on this evidence.

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 Type	Deduction/addition
Domestic packaging	Deduct an amount for domestic packaging
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic warranty	Deduct an amount for domestic warranty expenses.
Domestic credit terms	Deduct an amount for domestic credit terms
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port handling	Add an amount for export port handling
Export brokerage	Add an amount for export brokerage
Export bank charges	Add an amount for export bank charges
Export credit terms	Add an amount for export credit terms
Specification	Either add or deduct an amount for specification
Timing	Either add or deduct an amount for timing adjustment

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 inquiry period, KG Dongbu 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

KG Dongbu's domestic like goods are not distinguished from the Australian exported goods.

3.3.1.2 Production likeness

KG Dongbu's domestic like goods are produced at the same facilities as the exported goods, using the same raw material inputs and product processes.

3.3.1.3 Commercial likeness

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

3.3.1.4 Functional likeness

All goods are considered 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 KG Dongbu 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 KG Dongbu:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

3.3.2.2 Related customers

For all related customer transactions, the commission finds that KG Dongbu 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 KG Dongbu:

- sold goods at similar prices to related and unrelated customers
- appeared to genuinely negotiate the price with related customers.

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

The commission finds that KG Dongbu's accounting records for the inquiry period comply with the generally accepted accounting principles of Korea.

KPMG audited KG Dongbu's financial statement and included a statement in the annual report that the financial accounts comply with the generally accepted accounting principles (GAAP) in Korea.

3.3.4 Did the production records reasonably reflect competitive market costs?

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

The commission did not identify related party suppliers in the production of the goods under consideration or any other evidence of non-competitive market costs.

3.3.5 Were domestic sales in the ordinary course of trade?

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

Component	Details
Extended unprofitability period	The inquiry period
Reasonable recoverability period	The inquiry 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 inquiry period, including direct selling expenses for each transaction.

Table 2 Ordinary course of trade assessment details

3.3.5.1 Domestic sales volumes for each model

Table 3 details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export model control code (MCC)	Is the MCC's domestic sales volume 5% or greater than the export sales volume?	Treatment of normal value
P-2-D-3-2-C	No	No domestic sales of P-2-D-3-2-C. Surrogate model P-2-D-5-2-C used, with specification adjustment under section 269TAC(8).
P-2-D-4-2-C	No	No domestic sales of P-2-D-4-2-C. Surrogate model P-2-D-5-2-C used, with specification adjustment under section 269TAC(8).
P-2-D-5-2-C	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods

Export model control code (MCC)	Is the MCC's domestic sales volume 5% or greater than the export sales volume?	Treatment of normal value
P-2-F-2-2-C	No	No domestic sales of P-2-F-2-2-C. Surrogate model P-2-A-2-2-C used, with specification adjustment under section 269TAC(8).
P-2-F-3-2-C	No	No domestic sales of P-2-F-3-2-C. Surrogate model P-2-B-3-2-C used, with specification adjustment under section 269TAC(8).
P-2-F-4-2-C	No	No domestic sales of P-2-F-4-2-C. Surrogate model P-2-B-4-2-C used, with specification adjustment under section 269TAC(8).
P-2-F-5-2-C	No	No domestic sales of P-2-F-5-2-C. Surrogate model P-2-D-5-2-C used, with specification adjustment under section 269TAC(8).

Table 3 Export models compared to domestic model by volume

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

3.3.6 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. Domestic sales are paid for on an open account/rolling basis. This payment method is different for export sales. As payment is not made at the time of the sale, Dongbu incurred a domestic credit expense. A downwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Credit days were calculated using the annual account receivable turnover ratio of each customer in the period. The domestic interest rate was calculated using the interest paid on Dongbu's short-term borrowings.	The verified company	Yes

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 inland transport	KG Dongbu incurred domestic inland transport expenses. 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.	The verified company	Yes
Domestic early payment discounts	KG Dongbu provided discounts to domestic customers for cash payments. The discount is applied against an outstanding balance at the end of the month.	Calculated based on a ratio for each customer determined by dividing the total cash discount amount during the period by the total reviewed period sales. The existing balance is made up of sales of all types of products sold - not just the goods under consideration. The verification team has accepted the allocation method as a revenue offset in the domestic sales list but has not accepted this as an adjustment to the normal value.	The verified company	No – instead the commission treated the domestic early payment discount as an off-invoice rebate and reduced the net invoice price by that amount.

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 warranty expenses	KG Dongbu claimed that it occasionally made warranty payments to customers who had received defective goods. KG Dongbu recorded the compensation either as an expense or as a credit against receivables.	These expenses occurred after the sale had taken place and therefore after the conditions and terms of sale had taken effect. Dongbu stated that the method of compensation was either a customer payment (company expense) or a credit applied to the customer's existing balance. Dongbu also did not provide written warranty agreements with customers and instead the application of the warranty is taken on an ad hoc basis and after investigation by Dongbu into whether the goods are defective. The warranty expenses are compensation to Dongbu's customers.	The verified company	Yes
Domestic packaging	Packaging expense incurred on domestic sales was found to differ from the amount incurred on exports to Australia.	Calculated based on the actual domestic packaging expense, for each individual sale, with reference to the packaging invoices. Exporter has reported actual domestic packing costs.	The verified company	Yes
Export packaging	Packaging expense incurred on export sales to Australia was found to differ from the amount incurred on domestic sales	Calculated based on the actual export packaging expense, for each individual sale, with reference to the packaging invoices. Exporter has reported actual export packing costs	The verified company	Yes

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?
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 actual export inland transport expense, for each individual sale, with reference to the inland transport invoices.	The verified company	Yes
Export port handling charges	Port handling and other export charges expense incurred on export sales to Australia was found, which was 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 actual export port charges, for each individual sale, with reference to the export port charges invoices.	The verified company	Yes
Export brokerage charges	Export brokerage 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 actual export brokerage charges, for each individual sale, with reference to the export brokerage charges invoices.	The verified company	Yes
Bank charges	Bank charges incurred on export sales to Australia were found, which was 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 bank charges with reference to proof of payment documents.	The verified company	Yes

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?
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.	The verified company	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 an amount for profit.	The commission	Yes
Timing	Where there is no quarterly normal value in a particular quarter, and the normal value from another quarter was used, then an adjustment for the timing difference is required to ensure a fair comparison.	Calculated based on the relative change in quarterly normal values of a surrogate model.	The commission	Yes

Table 4 Assessment of adjustments

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying KG Dongbu's questionnaire response for case 698.

This chapter first summarises the commission's assessment of KG Dongbu's 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 KG Dongbu, 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 KG Dongbu'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 KG Dongbu submitted is complete, relevant and accurate after material revisions.

4.2.1 Sales

Material revision 1: Revised port handling charges

Description: The port handling charges reported in the Australian sales listing included port handling charges and bank charges. As a result, bank charges were not separately identified in the original sales data. **Resolution:** KG Dongbu revised the Australian sales listing to report port handling charges and bank charges as separate expenses.

Material revision 2: Revised domestic sales listing

Description: The verification team identified that the domestic sales listing included transactions for products that fell outside the goods description and were therefore not goods under consideration. **Resolution:** KG Dongbu provided a revised sales listing excluding the non-subject goods. The verification reviewed the revised listing and confirmed that only goods under consideration remained in the dataset.

4.2.2 Cost to make and sell

Material revision 3: Change of selling, general and administrative (SG&A) account classifications

Description: During verification, the verification team reviewed several SG&A accounts to assess whether the reported amounts represented expenses related to the sale of the goods under consideration. Through this review, the verification team identified that certain accounts included amounts that were not directly attributable to the sale of the goods under consideration, including unrealised or provisional amounts and transactions relating to export activities or non-goods operations. As a result, the original classification of these accounts within the SG&A reconciliation required adjustment.

Resolution: The verification team reviewed supporting account information with KG Dongbu and reclassified or excluded the relevant accounts from the SG&A calculation.

Material revision 3: Removal of non-goods costs in domestic cost to make

Description: The verification team identified that, the domestic cost to make spreadsheet included costs for products that fell outside the goods description and were therefore not goods under consideration.

Resolution: At the verification team's request, KG Dongbu removed costs relating to non-subject goods from the domestic G-3 cost to make spreadsheet.

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 KG Dongbu submitted complies with the model control code (MCC) structure detailed in ADN 2026/027.

4.3.2 Verification of model control codes

Table 5 details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Prime/non-prime	Verified to the accounting system, mill certificate and commercial invoice
Coating mass	Verified to the accounting system, product code and commercial invoice
Steel grade	Verified to the accounting system, product code and commercial invoice
Base metal thickness	Verified to the accounting system, product code and commercial invoice
Width	Verified to the accounting system, product code and commercial invoice
Form	Verified to the accounting system, product code and commercial invoice

Table 5 MCC sub-category determination

4.3.3 List of model control codes

KG Dongbu both produced and sold the following MCCs during the inquiry period:

Sales MCC	Australian sales	Domestic sales	Costs MCC
P-2-D-3-2-C	Yes	No	2-D-3-2-C
P-2-D-4-2-C	Yes	No	2-D-4-2-C
P-2-F-2-2-C	Yes	No	2-F-2-2-C
P-2-F-4-2-C	Yes	No	2-F-4-2-C
P-2-F-5-2-C	Yes	No	2-F-5-2-C
P-2-D-5-2-C	Yes	Yes	2-D-5-2-C
P-2-F-3-2-C	Yes	No	2-F-3-2-C
N-1-A-1-2-C	No	Yes	1-A-1-2-C
N-1-A-2-2-C	No	Yes	1-A-2-2-C
N-1-A-3-2-C	No	Yes	1-A-3-2-C
N-1-A-4-2-C	No	Yes	1-A-4-2-C
N-1-A-5-2-C	No	Yes	1-A-5-2-C
N-1-B-1-2-C	No	Yes	1-B-1-2-C
N-1-B-2-2-C	No	Yes	1-B-2-2-C
N-1-F-1-2-C	No	Yes	1-F-1-2-C
N-1-G-1-2-C	No	Yes	1-G-1-2-C
N-1-G-2-2-C	No	Yes	1-G-2-2-C
N-2-A-1-2-C	No	Yes	2-A-1-2-C
N-2-A-2-2-C	No	Yes	2-A-2-2-C
N-2-A-3-2-C	No	Yes	2-A-3-2-C
N-2-A-4-2-C	No	Yes	2-A-4-2-C
N-2-A-5-2-C	No	Yes	2-A-5-2-C
N-2-B-2-2-C	No	Yes	2-B-2-2-C
N-2-B-3-2-C	No	Yes	2-B-3-2-C
N-2-B-4-2-C	No	Yes	2-B-4-2-C
N-2-B-5-2-C	No	Yes	2-B-5-2-C
N-2-D-1-2-C	No	Yes	2-D-1-2-C
N-2-D-2-2-C	No	Yes	2-D-2-2-C
N-2-D-3-2-C	No	Yes	2-D-3-2-C
N-2-D-5-2-C	No	Yes	2-D-5-2-C
N-2-F-1-2-C	No	Yes	2-F-1-2-C
N-2-F-2-2-C	No	Yes	2-F-2-2-C
N-2-F-3-2-C	No	Yes	2-F-3-2-C
N-2-G-1-2-C	No	Yes	2-G-1-2-C
N-2-G-2-2-C	No	Yes	2-G-2-2-C
N-2-G-3-2-C	No	Yes	2-G-3-2-C
N-2-G-5-2-C	No	Yes	2-G-5-2-C
N-3-A-4-2-C	No	Yes	3-A-4-2-C
N-3-B-3-2-C	No	Yes	3-B-3-2-C
N-3-D-3-2-C	No	Yes	3-D-3-2-C
N-3-F-2-2-C	No	Yes	3-F-2-2-C

N-3-G-3-2-C	No	Yes	3-G-3-2-C
P-1-A-1-2-C	No	Yes	1-A-1-2-C
P-1-A-2-2-C	No	Yes	1-A-2-2-C
P-1-A-3-2-C	No	Yes	1-A-3-2-C
P-1-A-4-2-C	No	Yes	1-A-4-2-C
P-1-A-5-2-C	No	Yes	1-A-5-2-C
P-1-A-6-2-C	No	Yes	1-A-6-2-C
P-1-B-1-2-C	No	Yes	1-B-1-2-C
P-1-B-1-2-S	No	Yes	1-B-1-2-S
P-1-B-2-2-C	No	Yes	1-B-2-2-C
P-1-B-3-2-C	No	Yes	1-B-3-2-C
P-1-B-4-2-C	No	Yes	1-B-4-2-C
P-1-B-5-2-C	No	Yes	1-B-5-2-C
P-1-D-1-2-C	No	Yes	1-D-1-2-C
P-1-D-2-2-C	No	Yes	1-D-2-2-C
P-2-A-1-2-C	No	Yes	2-A-1-2-C
P-2-A-2-2-C	No	Yes	2-A-2-2-C
P-2-A-3-2-C	No	Yes	2-A-3-2-C
P-2-A-4-2-C	No	Yes	2-A-4-2-C
P-2-A-5-2-C	No	Yes	2-A-5-2-C
P-2-A-6-2-C	No	Yes	2-A-6-2-C
P-2-B-2-2-C	No	Yes	2-B-2-2-C
P-2-B-3-2-C	No	Yes	2-B-3-2-C
P-2-B-4-2-C	No	Yes	2-B-4-2-C
P-2-B-5-2-C	No	Yes	2-B-5-2-C
P-2-G-2-2-C	No	Yes	2-G-2-2-C
P-3-G-2-2-C	No	Yes	3-G-2-2-C

Table 6 List of MCCs produced or sold

4.4 Corporate information

4.4.1 Company information

KG Dongbu is an integrated steel manufacturer that produces a wide range of steel products at its key production facilities in Dangjin and Incheon. The company supplies steel products to the Korean domestic market and to various export markets, including Australia. KG Dongbu performs all key functions related to its steel products, including production, domestic sales, exports to Australia and exports to other international markets.

KG Dongbu was acquired by the KG group in December 2019 and the company's name changed from Dongbu Steel Co., Ltd in March 2020. During the verification, KG Dongbu advised the commission that it included incorrect dates in its response to the exporter questionnaire. KG Dongbu noted that KG Steel refers to the Korean trading name, while KG Dongbu Steel is the company's English name.

4.4.2 Related companies

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

4.4.2.1 Related suppliers

KG Dongbu has related party suppliers that include affiliates and subsidiaries within the KG Group. These related companies supply KG Dongbu with packing and maintenance services and freight services used in the production of the goods.

4.4.2.2 Related customers

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

The commission assessed whether KG Dongbu's sales to its related customers were made in arms length transactions. The 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

The commission:

1. Reconciled the revenue for the 2025 financial year to the income statement in the audited financial statements and trial balance.
2. Reconciled the revenue for the inquiry period to the trial balance.
3. Reconciled the sales master listing for the period to the trial balance.
4. Reviewed the categorisation of the goods in the master sales listing.
5. Reconciled the sales value of the goods from the master sales listing to the domestic and Australian sales listings.

4.5.2 Cost to make completeness and relevance

The commission:

1. Reconciled the cost of goods sold for 2025 financial year to the audited financial statements, income statement and trial balance.
2. Reconciled the cost of goods sold to the total company cost to make for the inquiry period to the trial balance.
3. Reviewed the categorisation of the cost to make of the goods and non-goods.
4. 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 selling, general and administrative (SG&A) listing for the 2025 financial year to the audited financial statements.
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.

4.5.4 Cost allocation

Cost component	Allocation method applied
Raw materials	Costs are allocated through KG Dongbu's normal cost accounting system and traced through production orders and material codes. Actual costs are calculated using standard costs adjusted for purchase price variances and tracked throughout the production process
Scrap offset	Scrap proceeds are recorded through KG Dongbu's normal cost accounting system and allocated as a credit against production costs through the cost allocation methodology used for the cost to make calculation.
Direct labour	Labour costs are allocated based on the actual processing time consumed by each production line and product.
Manufacturing overheads	Common and indirect costs are allocated to direct cost centres and subsequently allocated to products through activity-based cost drivers.

Table 7 Cost allocation method

4.5.5 Sales volume unit of measure

Table 8 outlines how the commission verified unit of measure reported for sales volume.

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

Table 8 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.

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 (ABF).

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 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).

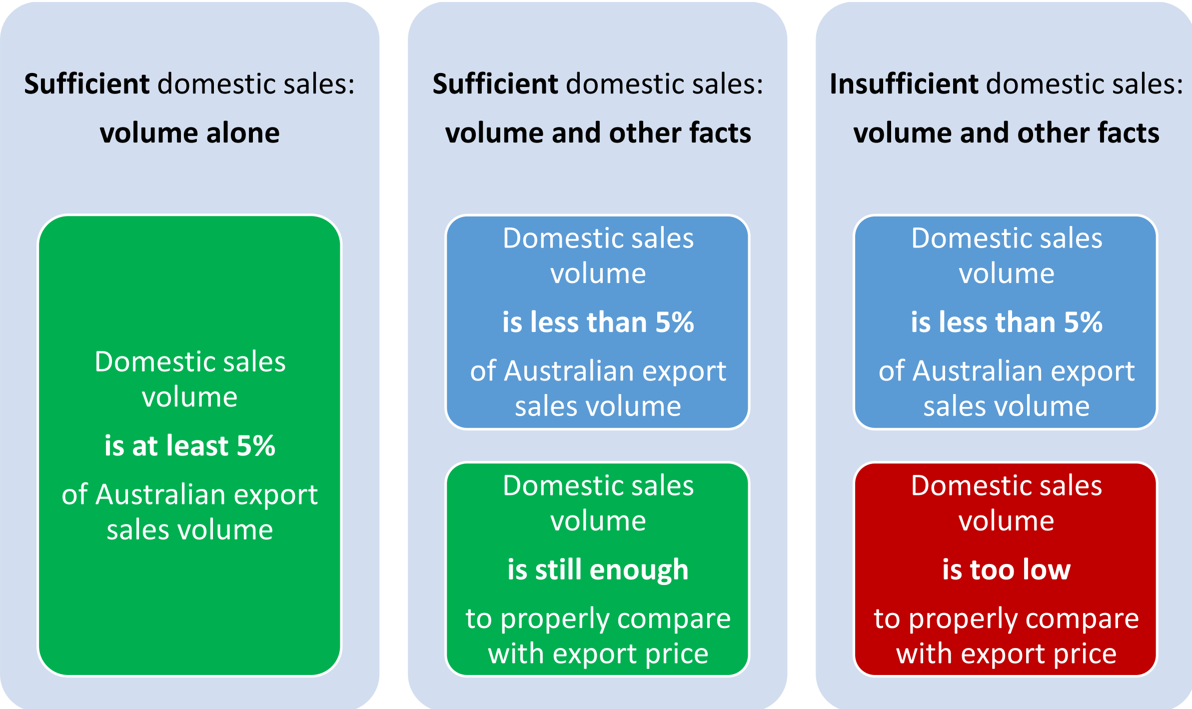

Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

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.

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.

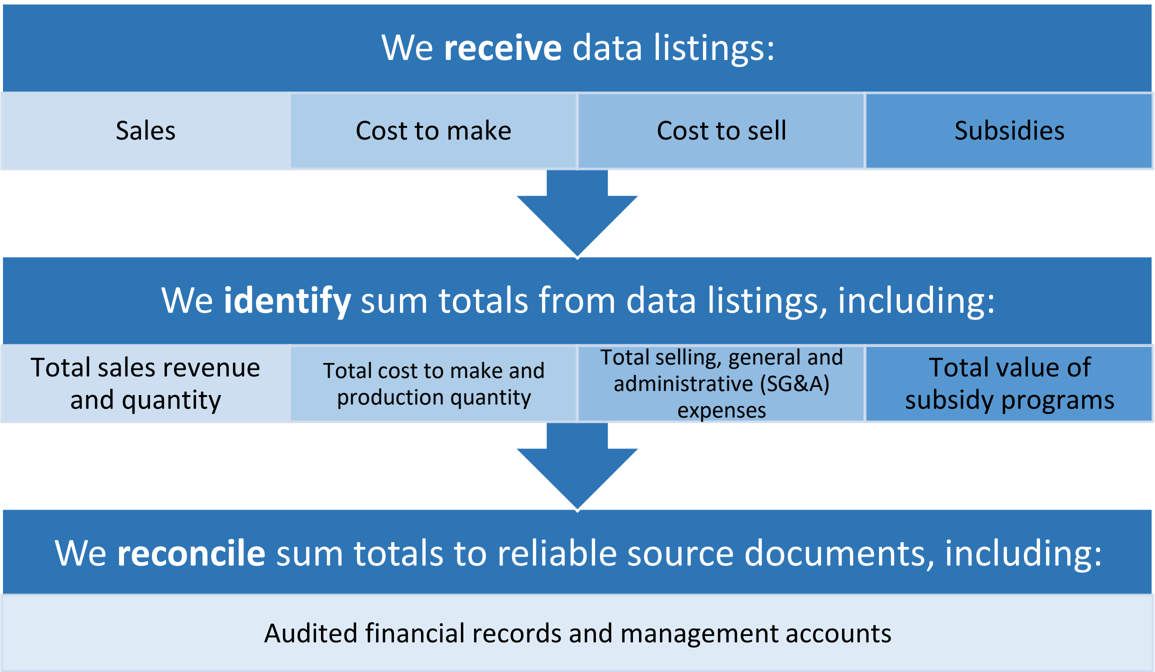

Figure 2 How the commission verifies data as complete and relevant

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.

We **receive** data listings

Sales	Cost to make	Cost to sell	Subsidies

We **select** transactions from data listings, including:

Selected invoices	Production costs for one quarter	Selected selling expense account	Listed subsidy programs

We **reconcile** transactions to source documents, including:

Sales agreement	Bill of material	Account ledger	Grant application form

Figure 3 How the commission verifies data as accurate