



Exporter Verification Report

ADC Case: 482

Verification & Case Details

Initiation Date	12/07/2018	ADN:	2018/111
Case:	Aluminium Extrusions - Review of Measures - China		
Exporter	Guangdong Jinxiecheng AL. Manufacturing Co., Ltd (Jinxiecheng)		
Location	Nanhai District, Foshan, Guangdong, China		
Verification from	14/11/2018	to	19/11/2018
Investigation Period	01/07/2017	to	30/06/2018

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

Guangdong Jinxiecheng AL. Manufacturing Co., Ltd (Jinxiecheng) was registered in 1998, and its core business activities during the review period was the manufacture and sale of aluminium extrusions. Jinxiecheng is wholly owned by Jinxiecheng AL Co., Ltd, which is ultimately owned by three natural persons.

Jinxiecheng has one site that includes its office and manufacturing facility in Nanhai district, Foshan, Guangdong, China.

Other than its parent company, Jinxiecheng is unrelated to any other entities.

1.2 Related Parties

The verification team examined whether Jinxiecheng had any related parties involved in the manufacture and sale of the goods.

1.2.1 Related Customers

Based on the audited financial statements, verified accounts and the REQ, the verification team did not identify any information that suggests that Jinxiecheng was related to any of its customers.

1.2.2 Related Suppliers

Based on the audited financial statements, verified accounts and the REQ, the verification team did not identify any information that suggests that Jinxiecheng was related to any of its customers.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

The verification team visited Jinxiecheng's manufacturing facility and observed the goods being produced.

The manufacturing process is as follows:

- Jinxiecheng primarily purchased aluminium ingot, and a small amount of aluminium billet, which is considered a semi-finished product;
- Aluminium ingot and other materials are transferred from raw material inventories to the casting workshop to form aluminium billet;
- Aluminium billet is transferred from the billet inventory to the extrusion workshop, where the billet is squeezed through an extruding die to produce a mill finished profile;
- All mill finished extruded profiles are cut to size depending on customer requirements;
- Mill finished profiles were sold as finished product, as well as transferred into other workshops for further processing;
- For powder coated profiles, mill finished profiles are transferred to the powder coating workshop, which undertakes electrostatic spraying then heat treatment in a curing oven;
- For anodised profiles, mill finished profiles are transferred to the anodising workshop where it is sand blasted, surface treated, then sprayed with oxidation powder;
- For electrophoresis profiles, anodised profiles are transferred within the anodising workshop to the electrophoretic tank where they are coated, then transferred for heat treatment in a curing oven;
- Finished goods are transferred for packaging, then are picked-up by the customer at Jinxiecheng's factory.

Jinxiecheng provided a flow chart of the production process in its exporter questionnaire response (REQ).

2.2 Model Control Codes

The introduction of the model control codes (MCC), to be used for model matching purposes when comparing export prices and normal values, was detailed in Anti-Dumping Notice (ADN) No. 2018/128, and published on the Commission's website on 9 August 2018. As this was subsequent to the initiation of review 482, Jinxiecheng was not required to provide sales and cost data in its REQ in accordance with a specified MCC structure.

Jinxiecheng provided sales data according to finish, alloy and temper level. However, as Jinxiecheng's accounting system only captures weighted average costs at a 'finish type' level (mill finish, powder coated, anodised and electrophoresis), it was only able to cost according to finish type and was unable to breakdown costs to the alloy and temper levels.

2.3 The goods exported to Australia

The verification team is satisfied that Jinxiecheng produced and exported the goods to Australia (through unrelated traders). Jinxiecheng exported the goods to Australia with the following finish types during the review period:

- Mill finish;
- Powder coated; and
- Anodised.

2.4 Like goods sold on the domestic market

The verification team is satisfied that Jinxiecheng sold like goods, being aluminium extrusions, on the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- The goods compete in the same market sector, are interchangeable and use similar distribution channels; and
- Can be considered functionally alike, as they have similar end uses.

Jinxiecheng sold like goods on the domestic market with the following finish types during the review period:

- Mill finish;
- Powder coated;
- Anodised; and
- Electrophoresis.

2.5 Model matching

The verification team is satisfied that, consistent with previous reviews and the original investigation, that model matching in the event of normal values being established under section 269TAC(1) of the Act, should be completed on the basis of finish type.

The verification team considers the following categories are appropriate when comparing sales of domestic models with export models:

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Category	Characteristics of Category & Rationale for Model Matching to Export Models	Used in Model Matching
Finish	The following finishes were used for model matching to export models: <ul style="list-style-type: none">• Mill finish• Powder coated• Anodised These characteristics reflect different price points along the stage of production and are consistent with previous model matching criteria.	Y

2.6 Like goods – assessment

The verification team considers that the goods produced by Jinxiecheng for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore ‘like goods’ in accordance with subsection 269T(1) of the *Customs Act 1901* (the Act).¹

¹ References to any section or subsection in this report relate to provisions of the Act, unless specifically stated otherwise.

3 UPWARDS VERIFICATION OF SALES

3.1 Verification of Sales Completeness and Relevance

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The verification team verified the completeness and relevance of the export and domestic sales listings provided in the REQ by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

3.1.1 Exceptions during Verification of Sales Completeness and Relevance

No.	Exception	Resolution	Evidence Relied On
1	<p>In verifying the sales listings to Jinxiecheng’s management records, the verification team identified a minor discrepancy in value and quantity for the domestic and third country sales listings.</p> <p>The verification team found that this was because a small amount of third country export sales was incorrectly classified as domestic sales.</p>	<p>The verification team removed these sales from the domestic sales listing, and inserted them into the third country sales listing.</p>	<p>The verification team was satisfied that these trading company’s activities were solely related to exporting to third countries.</p>

3.2 Completeness and Relevance Finding

The verification team is satisfied that the sales data provided in the REQ by Jinxiecheng, including the required amendments as outlined as an exception above, is complete and relevant.

4 DOWNWARDS VERIFICATION OF SALES

4.1 Verification of Sales Accuracy

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data and cost data down to source documents. This verifies the accuracy of the data (e.g. for sales data, the volume and value of the records for selected transactions are accurate and reflect sales that did occur) The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN. No 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

4.1.1 Exceptions during Verification of Sales Accuracy

No.	Exception	Resolution	Evidence Relied On
1	The verification team identified that in the Australian sales listing, two of five transactions within one invoice number did not match the date on the commercial invoice.	The verification team amended these transactions to reflect the date on the commercial invoice. The verification team did not identify any other issues in the sales listings whereby transactions within an invoice number were inconsistent.	Commercial invoice
2	In relation to the domestic sales listing, Jinxi Cheng prescribed that credit was extended for all sales to its largest customer on the domestic market. However, the verification team analysed the accounts receivable ledger for this customer and found that, over the review period, the customer had on average paid in advance.	The verification team amended the credit terms for this domestic customer to reflect advanced payment.	Accounts receivable ledger

4.2 Sales Accuracy Finding

The verification team is satisfied that the sales data provided in the REQ by Jinxiecheng, including the required amendments as outlined as exceptions above, is accurate.

5 COST TO MAKE AND SELL

5.1 Verification of completeness and relevance of CTMS data

The verification team verified the completeness and relevance the cost to make and sell (CTMS) information provided in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The CTMS spreadsheets are at **Confidential Appendix 2**.

5.2 Completeness and Relevance Finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by Jinxicheng is complete and relevant.

The verification team identified one issue outlined below during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

No.	Exception	Resolution	Evidence Relied On
1	Small amount of delivery expenses	The verification team deducted the small amount of delivery expenses from selling, general and administration (SG&A) expenses to produce an ex-works domestic SG&A that is comparable to Jinxicheng's domestic sales.	General ledger
2	Revision of domestic SG&A allocation	The Commission's practice is to allocate SG&A to each model for the review period based on revenue, and then produce a unit SG&A based on quantity. The verification team revised the allocation from a quarterly basis to an annual basis by model.	Verified revenue amounts Verified SG&A amounts Verified quantities

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3	Production quantity did not reconcile to general ledger for Mill finish in March 2018	The verification team amended the production quantity for mill finish in March 2018 to correctly reflect kilograms, rather than tonnes. The verification team did not identify any other instances where tonnes was used instead of kilograms, and therefore does not consider the issue to be systemic.	General ledger REQ
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5.3 Completeness and Relevance Finding of CTMS data

The verification team is satisfied that the CTMS provided in the REQ, including the required amendments as outlined as exceptions above, is complete and relevant.

5.4 Verification of CTMS Allocation Methodology

The verification team verified the reasonableness of the methodology used to allocate the CTMS information provided in the REQ to the relevant models, in accordance with ADN No. 2016/30.

Cost Area	Methodology Applied	Evidence Relied On
Raw Materials	Weighted average actual cost to move goods from raw materials to finished goods.	General ledgers Cost reconciliation
Scrap Allocation	Valued at 90% of the ingot and billet monthly purchase price.	General ledger
Manufacturing Overheads	Allocation based on tonnage and an estimation rate.	General ledger Cost reconciliation
Labour	Allocation based on tonnage and an estimation rate.	Cost reconciliation
Depreciation	Straight-line method based on type, original value, estimated useful life and residual value (5%-10% of the original value) of the fixed asset.	General ledger Fixed asset register

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Packaging	Actual costs allocated to the cost to make of the good.	General ledger.
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The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

5.5 Verification of CTMS Methodology Finding

The verification team is satisfied that the allocation methodology for the CTMS data provided in the REQ by Jinxiecheng is reasonable.

5.6 Verification of Accuracy of CTMS data

The verification team verified the accuracy of the CTMS information provided in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

5.7 Accuracy Finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by Jinxiecheng is accurate.

The CTMS spreadsheets are at **Confidential Appendix 2**.

6 EXPORT PRICE

6.1 The importers

In relation to Jinxiecheng's sales of goods that are exported to Australia, the verification team considers that the Australian customers of the traders to which Jinxiecheng sold were the beneficial owners of the goods at the time of importation, and therefore were the importers of the goods.

6.2 The exporter

The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

The verification team identified that in relation to all Australian sales, Jinxiecheng sold to traders that subsequently managed the export of the goods to Australia.

Given that:

- Jinxiecheng was the manufacturer of the goods exported to Australia;
- Jinxiecheng was aware that the goods would be exported to Australia prior to giving up responsibility of the goods to the traders; and
- the traders acted as intermediaries, rather than distributors, as they did not have their own inventories for export sales;

the verification team considers that Jinxiecheng is the exporter for all Australian sales of the goods during the review period.

6.3 Arms length

As detailed in the Commission's Dumping and Subsidy Manual, in assessing the arms length nature of transactions the Commission will also examine relevant information to determine whether there has been genuine bargaining between buyer and seller.

For all Australian sales of the goods, Jinxiecheng sold to traders on the domestic market. Based on audited financial statements, verified accounts and the REQ, the verification team did not identify any information that suggests that Jinxiecheng was related to these traders. In relation to each of the traders, the verification team selected and obtained a sample of commercial invoices outlining the trader's sale to the Australian importer. The verification team worked out the profit margin for each sampled invoice for each trader by:

- taking the net sales revenue at FOB terms; and
- deducting the cost of purchase from Jinxiecheng at ex-works terms, plus an estimate of the direct selling expenses to the FOB point based on verified, contemporaneous information from exporters of aluminium extrusions.

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The verification team found that the traders were profitable in relation to all sampled invoices. As such, the verification team considers that the buyer was not directly or indirectly reimbursed, compensated or otherwise received a benefit for the whole or any part of the price. Based on the verified sales documentation and the verification team's understanding of the price negotiations, the verification team considers that there was genuine bargaining between the buyer and seller.

The verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all Australian sales made by Jinxiecheng to traders on the domestic market during the period were arms length transactions.

6.4 Export Price – assessment

In respect of Australian sales of the goods by Jinxiecheng, the verification team considers that:

- the goods have been exported to Australia otherwise than by the importer; but
- the goods were not purchased by the importer from the exporter.

As such, the verification team considers that the export price cannot be ascertained under subsection 269TAB(1).

In respect of Australian sales, the verification team found that Jinxiecheng's sales of the goods to the traders were arms length transactions.

The verification team recommends that the export price be determined under subsection 269TAB(1)(c), as the price paid or payable for the goods by the traders to Jinxiecheng in arms length transactions less the prescribed deductions.

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

7 SUITABILITY OF DOMESTIC SALES

The verification team has assessed the domestic sales to determine if the prices paid in respect of domestic sales of like goods are suitable for assessing normal value under subsection 269TAC(1).

7.1 Arms length

In respect of domestic sales of the goods made by Jinxiecheng to its customers during the review period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by Jinxiecheng to domestic customers during the period were arms length transactions.

7.2 Ordinary course of trade

Section 269TAAD of the Act provides that if like goods are sold in the country of export at a price less than the cost of such goods, and are unrecoverable within a reasonable period, then they are taken not to have been sold in the ordinary course of trade (OCOT).

The verification team compared the revenue (i.e. net sales value) for each domestic sale of like goods to the corresponding quarterly domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20 per cent for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the review period. Those sales found to be unrecoverable were considered not to be in the OCOT.

7.3 Suitability of domestic sales

Subsection 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export. Low volume is defined by subsection 269TAC(14) as less than 5 per cent of the total volume of the goods under consideration that are exported to Australia.

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The results of the verification team's testing of the OCOT are as follows.

Number of Models	Number of models with sales in the OCOT
3	3

The verification team found that there was a sufficient volume of domestic sales of like goods in the OCOT for all three models relevant to Australian exports.

7.4 Profit

Where the Commission is required to calculate a normal value under subsection 269TAC(2)(c), an amount of profit must be determined. The verification team has calculated an amount of profit as follows should a normal value be required under this provision.

The profit amount has been determined in accordance with section 45 of the *Customs (International Obligations) Regulation 2015* (the Regulations). The Regulations, at subsection 45(2), specifies that the profit must, if reasonably practicable, be worked out by using the production and sale of like goods in the exporter's domestic market, sold in the OCOT. The verification team has calculated an amount for profit in accordance with subsection 45(2) of the Regulations.

The verification team's preliminary OCOT and profit calculations are at **Confidential Appendix 3**.

8 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods at ex-works terms, the verification team has considered the following adjustments in accordance with subsection 269TAC(9).

8.1 Rationale and Methodology

Adjustment Type	Rationale for Adjustment	Calculation Methodology	Claimed in REQ?
Packaging costs	<p>Based on a submission by the Australian industry and the Commission’s industry knowledge, exported goods can have additional packaging compared to domestically sold products, such as interleave paper, wooden crates and steel trolleys.</p> <p>Jinxiecheng stated that the cost of packaging for Australian sales (sold at ex-works terms) did not differ to its domestic sales (also sold at ex-works terms). Jinxiecheng also stated that additional packaging costs for Australian sales, including wooden crates and steel trolleys, were borne by the traders that manage the export process. Within Jinxiecheng’s management accounts, the verification team tested subsidiary ledgers that recorded all of Jinxiecheng’s packaging costs for the review period. The verification team did not identify any costs relating to wooden crates or steel trolleys, nor any other export-specific packaging (with the exception of a small amount of wooden crate cost in 2018, which was verified to be related to domestic sales). This is consistent with the verification team’s observations during the factory tour. The verification team observed that Jinxiecheng’s accounting system did not capture packaging costs according to customer or destination market.</p> <p>Given the above, the verification team considers that there is no difference in packaging costs between domestic and Australian sales such that a packaging adjustment would be warranted.</p>	Not applicable.	N

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<p>Credit terms</p>	<p>Jinxiecheng stated that a credit terms adjustment was required to account for a difference in credit cost between domestic and Australian sales.</p> <p>With respect to Australian sales, the verification team found that Jinxiecheng’s claim that it did not extend credit for Australian sales was accurate based on verification of accounts receivable ledgers relating to each trader for the review period.</p> <p>With respect to domestic sales, the verification team verified that Jinxiecheng made sales with varied payment terms, including advanced payment sales and sales with credit extended.</p> <p>The verification team calculated a weighted average domestic collection days, weighted on net invoice value, using the verified payment terms in the domestic sales listing (amended as per Exception no. 2 outlined in section 4.1.1).</p> <p>In order to obtain a short-term borrowing rate, the verification team queried whether Jinxiecheng had any short-term loans from the bank or other financial institutions relevant to the review period; however, Jinxiecheng advised that it did not. As such, the verification team had regard to the Bank of China short-term borrowing rate of 4.35 per cent for the review period.</p>	<p>Weighted average number of collection days for domestic sales and short-term borrowing rate from Bank of China.</p>	<p>Y</p>
<p>Direct selling costs – inland transport, and port and handling costs</p>	<p>The verification team verified that both Jinxiecheng’s domestic and Australian sales were made at ex-works terms. As such, the verification team considers that there is no difference in direct selling costs between domestic and export sales.</p>	<p>Not applicable.</p>	<p>N</p>

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<p>Non-refundable VAT</p>	<p>The verification team identified that <i>in general</i> for exporters of the goods, the export VAT rate was 13 per cent, while the standard domestic VAT rate was 17 per cent (and 16 per cent from May 2018 due to government reform).</p> <p>The verification team verified that for Australian sales, the price paid or payable from the traders to Jinxiecheng was the standard domestic rate of 17 per cent (and 16 per cent from May 2018). Given that:</p> <ul style="list-style-type: none"> • there was no difference in non-refundable VAT liability between Jinxiecheng’s domestic and Australian sales; and • the verification team did not find any evidence that the price paid or payable by the traders to Jinxiecheng was influenced by a difference in non-refundable VAT liability; <p>the verification team considers that there is no difference in non-refundable VAT liability between Jinxiecheng domestic and Australian sales such that an adjustment would be warranted.</p>	<p>Not applicable</p>	<p>N</p>
<p>Level of trade</p>	<p>The verification team found that for certain transactions, domestic and Australian sales were made to differing levels of trade, being traders/wholesales and end users. However, as normal values are unlikely to be calculated under subsection 269TAC(1) (refer to section 9 of this report), the verification team considers that any impact on price due to differences in level of trade would not affect the calculation of normal value.</p>	<p>Not applicable.</p>	<p>N</p>

8.2 Adjustments

Adjustment Type	Deduction/addition
Domestic credit	Deduct the cost of domestic credit

9 NORMAL VALUE

In the most recent review of measures applying to Jinxiecheng, the Commission determined that a particular market situation exists (pursuant to subsection 269TAC(2)(a)(i)) in relation to domestic sales of aluminium extrusions exported to Australia from China, rendering domestic prices of those goods unsuitable for determining a normal value under subsection 269TAC(1).

Further, in relation to that review, the Commission did not consider that the records of the Chinese exporters of aluminium extrusions reasonably reflected competitive market costs associated with the production of those goods, for the purposes of section 43 of the Regulations. The Commission adjusted the cost of aluminium for Chinese exporters by referencing a market benchmark in order to establish a competitive market cost.

The case team will be reviewing these findings and determinations in preparing the statement of essential facts (SEF). The case team will determine normal values at that time. As such, the verification team has not determined normal values at this time.

10 DUMPING MARGIN

As detailed in section 9 above, normal values have not been determined as part of the verification process. As such, a dumping margin has not been assessed at this stage in respect of the goods exported to Australia by Jinxiecheng China for the review period.

Dumping margins will be determined and detailed in the SEF.

11 SUBSIDIES

11.1 Preferential Tax Programs

In its REQ, Jinxiecheng stated that it had not benefitted under any preferential tax program and had paid the standard company tax rate of 25 per cent.

The verification team verified in the audited financial statements that Jinxiecheng paid the standard company tax rate, and reconciled the amount in the audited financials to tax returns and tax certificates for financial years 2015 to 2017.

As such, the verification team found that Jinxiecheng did not benefit under any preferential tax program.

11.2 Grants

In its REQ, Jinxiecheng advised that it had received a benefit under program 9 - Training Program for Rural Surplus Labour Force Transfer Employment. Jinxiecheng stated that it received amounts under program 9 in 2015 and 2016.

The verification team observed the non-operating income ledger for the period 1 January 2017 to 30 June 2018, and found that Jinxiecheng had not received amounts for program 9, nor from any other grant, during this period. The verification team reconciled the non-operating income ledger for calendar year 2017 to the audited financial statements.

Jinxiecheng advised that it had not recently received any amounts for program 9 as the company is no longer eligible. Specifically, the company no longer employs any staff from a particular town required by the program.

Given that the last payment under program 9 was received in May 2016, and that the company no longer employs staff from the relevant town for which it had originally received the grant amounts, the verification team considers that these amounts no longer confer a benefit to Jinxiecheng. The verification team notes that the total amount received under program 9 is immaterial.

In verifying the non-operating income ledger, the verification team found that Jinxiecheng did not receive any other grants during the period 1 January 2017 to 30 June 2018.

11.3 Provision of inputs at less than adequate remuneration

In its REQ, Jinxiecheng provided a spreadsheet listing all its purchases of raw materials during the investigation period and specified whether the raw material was manufactured by state owned or invested enterprises (SOE). The verification team verified the accuracy, completeness and relevance of raw materials purchase listing.

In the spreadsheet listing, Jinxiecheng specified that none of the manufacturers of the raw material were SOE. Jinxiecheng advised that it had contacted and queried each supplier.

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Based on a search of the Hong Kong and Shanghai stock exchanges, and verified information the Commission has available to it, the verification did not identify any information that suggests the manufacturers or suppliers were SOE.

As such, the verification team found that Jinxiecheng did not receive any benefit from program 1 - provision of inputs at less than adequate remuneration.

11.4 Subsidies - conclusion

The verification team found that Jinxiecheng did not benefit from any preferential tax program, grant program or the provision of inputs at less than adequate remuneration. As such, the rate of countervailable subsidies for Jinxiecheng is **0.0 per cent**.

Details of the verification are contained within the verification work program at Confidential Attachment 1.

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales, OCOT and profitability
Confidential Attachment 1	Verification work program