



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

Exporter Questionnaire



SHANGHAI TAISHENG WIND POWER EQUIPMENT CO. LTD

Product Wind towers
From People's Republic of China
Republic of Korea
Period of Investigation: 1 January 2017 to 30 June 2018
Response due by: 22 August 2018

Extended to 5 September 2018

***Important note:** The timeliness of your response is important. Please refer below for more information.*

Case manager: Heidi Yang
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RETURN OF QUESTIONNAIRE DETAILS

Return completed questionnaire to: investigations1@adcommission.gov.au

OR

Attention: Director Investigations 1
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601
Australia

Please note that a non-confidential version of the reply to this questionnaire must also be provided.

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SECTION A – COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Shanghai Taisheng Wind Power Equipment Co.,Ltd (hereinafter “TSP”)

Name:	[CONFIDENTIAL TEXT DELETED]
Position in the company:	Finance and Accounting Supervisor
Address:	1988 Wei Qing East Road; Jinshan District Shanghai 201508 China
Telephone:	[CONFIDENTIAL TEXT DELETED]
Facsimile number:	Not available
E-mail address of contact person:	[CONFIDENTIAL TEXT DELETED]

A-2 Representative of the company for the purpose of this investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name	Charles Zhan Moulis Legal
Address	6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport Australian Capital Territory Australia 2609
Telephone	+61 2 6163 1000
Facsimile number	+61 2 6162 0606
Email address of contact person	charles.zhan@moulislegal.com
All communications in relation to this matter should be directed to Moulis Legal in the first instance.	

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

The legal name of the business concerned is Shanghai Taisheng Wind Power Equipment Co., Ltd, also known as "TSP", a company located in Shanghai, China.

TSP is registered as a limited liability company, and is listed on the Shenzhen Stock Exchange.

TSP does not use any other business names to export or sell goods.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

TSP is publicly listed on the Shenzhen Stock Exchange. Its major shareholders as of 31 December 2017 are the following individuals:

Major shareholders	Shareholding percentage
Zhicheng Liu	8.00%
Jingming Huang	7.58%
Jianrong Dou	5.93%

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

TSP is not a subsidiary of any other company.

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

TSP is not a subsidiary of any other company.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Please see TSP's corporate structure as follows:

[CONFIDENTIAL DIAGRAM DELETED]

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

No

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

TSP is an internationally recognized producer and seller of wind towers globally, including Australia and in China.

TSP is also the parent company of many subsidiaries who are also themselves manufacturers and sellers of wind towers.

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- Produce or manufacture, including the role of associated companies in the sourcing and/or purchase and payment for raw materials and other items such as flanges and internals.
- Sell in the domestic market, including the role of associated companies in marketing, contract negotiations and sales.
- Export to Australia, including the role of associated companies in marketing, contract negotiations sales and logistics including ocean freight.
- Export to other countries, including the role of associated companies in marketing, contract negotiations sales and logistics including ocean freight.

As mentioned above, TSP is a producer and seller of wind towers in both domestic and export markets.

TSP is responsible for the functions of:

- marketing;
- contract negotiation;
- sales (globally including Australia and China); and
- production/production arrangement

In terms of exports of the GUC to Australia during the POI, TSP was responsible for the whole sales process from responding to the "requests for quotation" to negotiation and sale. TSP was also responsible for the entire production process for the GUS exported to Australia, including raw material purchasing, and production of the GUC in TSP's manufacturing facilities in Shanghai. [CONFIDENTIAL TEXT DELETED – production arrangement].

TSP also takes full responsibility for the sales of wind towers on the domestic market. Depending upon requirements of individual projects, [CONFIDENTIAL TEXT DELETED – sales and production arrangement].

During the POI, the following subsidiaries of TSP provided manufacturing services in relation to TSP's domestic sales of wind towers:

- [CONFIDENTIAL TEXT DELETED – production arrangement]

As will be discussed in further detail in Section G, for the purposes of this questionnaire where a TSP subsidiary is involved in providing the manufacturing services for TSP's domestic sales of wind towers, the

actual cost of production as incurred and recorded by the subsidiary has been reported [CONFIDENTIAL TEXT DELETED – cost accounting].

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Please see TSP's organization chart as follows:
[CONFIDENTIAL DIAGRAM DELETED]

10. Provide a copy of your most recent annual report and that of your parent (if applicable) together with any relevant brochures or pamphlets on your business activities.

Please find TSP's annual report 2017 in Attachment 1.

A-4 General accounting/administration information

1. Indicate your accounting period.

TSP's accounting period is calendar year, being 1 January to 31 December.

2. Indicate the address where the company's financial records are held.

TSP's accounting records are held at its business address as indicated above. [CONFIDENTIAL TEXT DELETED – corporate arrangement concerning financial record].

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

Please find TSP's chart of accounts at Attachment 2. [CONFIDENTIAL ATTACHMENT]

Please find TSP's audited financial statements of 2017 at Attachment 3. [CONFIDENTIAL ATTACHMENT]

Please find TSP's audited half year financial statement of 2018 (1 January to 30 June, 2018), at Attachment 4. [CONFIDENTIAL ATTACHMENT]

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

TSP is required to have its financial statements audited.

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

TSP adopts the generally accepted accounting principles of China.

6. Describe the significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average);

TSP uses weighted average method to value inventory.

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc.) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc.);

Costs includes raw material, labour costs, and manufacturing costs. Raw material includes main material (such as steel plates, flanges, and paints) and accessories (such as welding wire and screws).

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding cost accounting practice and reporting]

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

There are no substandard or damaged goods.

- valuation methods for scrap, by products, or joint products;

Steel scrap is generated from the production of wind towers and related steel products. In the production of wind towers, when the skirt is produced steel plates are consumed and the edges of the steel plates are scrapped. Also for steel products, some of the remaining steel plates are scrapped. The steel scraps are temporarily stored and sold to unaffiliated companies.

TSP recognizes sales of steel scrap as “Other Business Income” in its income statements.

- valuation and revaluation methods for fixed assets;

Fixed assets are valued at the historical cost.

- average useful life for each class of production equipment and depreciation method and rate used for each;

The depreciation of fixed assets adopts the straight line method.

Class	Use Life	Residual Rate	Yearly depreciation rate
[CONFIDENTIAL TABLE DELETED]			

- treatment of foreign exchange gains and losses arising from transactions;

Foreign currency transactions are recognized at the People's Bank of China announced the central parity of RMB foreign exchange rates on the date the transaction occurs. Any foreign exchange gains and losses arising from transactions will be recognized as profit or loss for the current period.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

At the balance sheet date, foreign currency monetary items and foreign currency non-monetary items are processed according to the following methods:

- (a) Monetary items are translated at the central parity of Renminbi foreign exchange rates published by the People's Bank of China at the balance sheet date. The exchange difference arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date is recognized in profit or loss for the current period.
- (b) Non-monetary items measured at historical cost are still translated at the spot exchange rate on the date of the transaction and do not change the amount of their functional currency. The non-monetary items measured at fair value are based on the fair value. The exchange rate is converted into the difference between the amount of the functional currency and the amount of the original account currency as the fair value change (including the exchange rate) and is included in the current profit and loss or other comprehensive income according to the nature of the non-monetary item.

- inclusion of general expenses and/or interest;

The cost related to production are included in the manufacturing expenses - overhead. The expenses related to the sales are included in the sales expenses. The expenses related to the enterprise management are included in the administrative expenses and the bank charges and interest expenses are included in financial expenses.

- provisions for bad or doubtful debts;

The provision for bad debts used by TSP is the aging analysis method, as follows:

Age	% for Accounts Receivables	%for Other Receivables
[CONFIDENTIAL TABLE DELETED]		

- expenses for idle equipment and/or plant shut-downs;

TSP did not experience idle equipment or plant shut-downs during the POI.

- costs of plant closure;

TSP did not experience plant closure during the POI.

- restructuring costs;

Not applicable, in that there were no restructuring costs for TSP during the POI

- by-products and scrap materials resulting from your company's production process; and

Please see responses above for accounting policies concerning scrap and by-product.

- effects of inflation on financial statement information.

TSP did not have to account for effect of inflation during POI.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

The accounting methods for TSP has not been changed in last two years.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('goods under consideration' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information in the "Income statement" spreadsheet in the "Exporter Questionnaire – Attachment" Excel workbook.

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Please see Attachment 5 – TSP EQ Spreadsheet – Income Statement
[CONFIDENTIAL ATTACHMENT]

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

Prepare this information in the “**turnover**” spreadsheet in the “**Exporter Questionnaire – Attachment**” Excel workbook.

*This information will be used to verify the cost allocations to the goods under consideration in **Section G**.*

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Please see Attachment 5 – TSP EQ Spreadsheet – Turnover
[CONFIDENTIAL ATTACHMENT]

SECTION B – SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, however, the Commission may also compare prices at the ex-factory level.

You should provide details of **all** goods under consideration (the goods):

- *invoiced during the investigation period; and*
- *subject to tenders that were won during the investigation period, even in circumstances where the goods were **not invoiced or shipped** to Australia during the investigation period. In this circumstance, please provide details of any expenses already incurred with respect to the goods shipped outside of the investigation period.*

For tender sales, the Commission considers the contract date will normally be taken to be the date of sale. To ensure that the Commission can make a proper assessment of the date of sale, please provide the contract date, invoice date and delivery date. If you consider that a date other than the contract date is the appropriate date of sale, please provide a response outlining your reasons for this.

B-1 For each customer in Australia to whom you sold goods (or Australian projects successfully tendered for) in the investigation period, please list:

TSP exported the GUC to the following customers in Australia:

Name	Address	Contact person	Trade level
[CONFIDENTIAL TABLE DELETED]			

B-2 For each customer identified in B-1, please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

The goods were sold by TSP to Australia on [CONFIDENTIAL TEXT DELETED] term. The wind towers were then shipped to the relevant port in Australia directly.

- (b) Identify each party in the distribution chain and describe the functions performed by them (including the functions performed by your parent if applicable). Where commissions are paid, indicate whether it is a pre- or post-exportation expense having regard to the date of sale.

TSP is the exporter of the GUC, responsible for responding to the Australian customer’s request for quotation, engaging in negotiation of the terms of sales, entering into the purchase order with the Australian customer for the supply of the tower, and arranging the production and delivery of the GUC as agreed with the customers. [CONFIDENTIAL TEXT DELETED – identity of customers] are the customers.

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding Australian sales]

No commissions were involved in relation to the Australian sales of the GUC

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

All Australian sales of the GUC during the POI were made on [CONFIDENTIAL TEXT DELETED] terms.

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply a copy of the agreement if available).

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding agreements concerning Australian sales]

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are determined through a tender process, supply copies of winning tender bids.

Export prices are determined through negotiation with the Australian customers by TSP. After the negotiation, TSP receives a PO from the client.

TSP has a long term relationship and global cooperation with [CONFIDENTIAL TEXT DELETED – customers]. Therefore, TSP is approached by these customers regularly for quotations for potential projects.

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding Australian sales]

- (f) State whether your firm is related to any of its Australian customers.

TSP is not related to any of the Australian customers.

- (g) Provide details of any financial or other arrangements (e.g. free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding Australian sales].

- (h) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

TSP has [CONFIDENTIAL TEXT DELETED – forward orders].

TSP also has a PO to supply [CONFIDENTIAL TEXT DELETED – forward

orders].

Please find [CONFIDENTIAL TEXT DELETED – forward order details] at Attachments 6 and 7. [CONFIDENTIAL ATTACHMENT].

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Not applicable, in that TSP has only one distribution channel for Australian sales of the GUC during the POI, being direct sales to OEM customer/end users in Australia.

- B-4** Complete the spreadsheet titled “**Australian sales**” listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period. You must provide this list in electronic format.

Include the following export related information:

Column heading	Explanation
Customer name	Names of your customers in Australia
Related / non related	Indicate whether the customer is related or not related to your organisation
Level of trade	The level of trade of your customers in Australia
Project name	Name of project / wind farm you have tendered for
Contract number	The contract, order confirmation or purchase order number
Contract date	Date contract was agreed with Australian customer – ensure all contracts entered into during the investigation period are included, regardless of whether the goods were invoiced or delivered to your Australian customers outside of the investigation period
Model/product code	The code used in your records for the product model/grade/type identified. Explain the product codes in your submission
Items	Where the contract / sale provided for separate prices for each item please show these items separately in separate rows. E.g. for tower sections, flanges, mechanical and internals, lifts (where applicable) and for any free issue stock.
Invoice number	Invoice number
Invoice date	Invoice date - ensure details of all invoiced goods during the investigation period are included, <i>regardless of whether the contract was agreed or the goods were shipped outside of the investigation period.</i>
Delivery date (actual or	If delivery has not occurred, include the scheduled delivery

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scheduled)	date set out in the contract for sale
Shipping terms	Delivery terms e.g. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	Agreed payment terms e.g. 60 days
Quantity	Quantity in units shown on the invoice/contract
Gross invoice value	Gross invoice value shown on invoice <i>in the currency of sale, excluding taxes</i>
Discounts	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies, show that % discount applying in a separate column
Rebates	The amount of any deferred rebates or allowances paid to the importer in the currency of sale
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description
Invoice currency	The currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value	The net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of any other discounts not deducted from the invoice. Show a separate column for each type of discount
Ocean freight**	The actual amount of ocean freight incurred on each export shipment listed. If the goods are not yet shipped, provide an estimate of ocean freight
Marine insurance	Amount of marine insurance. If the goods are not yet shipped, provide an estimate of marine insurance
FOB export price**	The free on board price at the port of shipment.
Packing*	Packing expenses.
Bracing and fixture costs	Separate, and in addition, to packing expenses.
Inland transportation costs*	Inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export. If the goods are not yet shipped, provide an estimate of inland freight
Handling, loading & ancillary expenses*	Handling, loading and ancillary expenses. For example, terminal handling, export inspection, wharfage and other port charges, container tax, document fees and customs brokers fees, clearance fees, bank charges, letter of credit fees, and other ancillary charges incurred in the exporting

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	country
Warranty & guarantee expenses*	Warranty and guarantee expenses
Installation expenses	Any expenses associated with the installation of the goods if included in the contract
Technical assistance & other services*	Expenses for after sale services, such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B-2 whether the commission is a pre or post exportation expense having regard to the date of sale
Other costs*	Any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B-5.

* All of these costs are further explained in section E-1.

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period. Freight allocations must be checked for consistency.

Please see Attachment 5 – TSP EQ Spreadsheet – Australian Sales. [CONFIDENTIAL ATTACHMENT].

B-5 If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see “other factors” in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

TSP calculated credit expenses for Australian sales have been based on the average account receivable turnover for export sales. The credit expense is reported in a separate column in the Australian sales spreadsheet.

In addition, [CONFIDENTIAL TEXT DELETED – detailed explanation regarding inventory carrying practices]. The inventory carrying cost is reported in a separate column in the Australian sales spreadsheet.

B-6 For each type of discount, rebate and allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to

obtain the discount.

Where the amounts of these discounts, rebates etc. are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B-4. If they vary by customer or level provide an explanation.

Not applicable, in that no discounts, rebates or allowance were granted for Australian sales of the GUC during the POI.

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B-4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

TSP did not issue any credit notes in relation to its Australian sales of the GUC during the POI.

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

Not applicable.

B-9 For contracts where the goods were also shipped to Australia during the investigation period, please provide a complete set of all documentation related to the export sale. For example:

- the contract between your company and your Australian customer;
- the commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- copy of ocean freight contract;
- documents relating to port expenses;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

[CONFIDENTIAL TEXT DELETED – explanation regarding confidential

attachments provided].

SECTION C – EXPORTED GOODS AND LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

The GUC exported to Australia by TSP during the POI include [CONFIDENTIAL TEXT DELETED – details of wind towers exported to Australian].

Wind towers are highly customised products. They are designed by TSP’s customers on a project by project basis. The tower is designed to suit the particular wind power projects and the local geographical conditions. Wind towers are not commodity-type of products, produced in large volumes to conform to certain standardised specification/grades. Each wind tower model is defined by drawings and technical specifications in great detail.

In terms of measurement:

[CONFIDENTIAL TEXT DELETED – details of wind towers exported to Australian]

- C-2** List each type of wind tower exported to Australia (these types should cover all types listed in the “**Australian sales**” spreadsheet – refer section B of this questionnaire).

Please see above answer to C-1 for a description of the types of wind tower exported to Australia during the POI.

- C-3** If your company sells like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically.

Provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

Please see our responses above regarding the type of wind towers exported to Australia.

As advised, wind towers are customised products unique to each project. Each OEM customer also has its own engineering designs for the towers. Some of the wind towers sold in the Chinese domestic market are for offshore wind farms, which are also generally very different to wind towers used for on-shore projects. TSP confirms that there are no wind towers sold into the Chinese domestic market during the POI which were identical or which had physical specification closely resembling those exported to Australia. They do, however, all belong to the same category of “tubular wind towers”.

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

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As an example, please refer to the technical drawings of one Australian project, at Attachment 10 [CONFIDENTIAL ATTACHMENT]

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SECTION D – DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*In relation to domestic sales, the Commission requests that you provide details of all of your invoiced sales during the investigation period. You **do not need** to provide details of tenders that were won during the investigation period but invoiced outside of the investigation period.*

*If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case manager **before** completing the questionnaire.*

If the case manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If you do not have any domestic sales of like goods you must contact the case manager who will explain the information the Commission requires for determining a normal value using alternative methods.

Due to the special nature of wind tower projects, and the significant differences between wind towers designed for each project, TSP understands that its domestic sales of wind towers would not be considered as like goods.

However, TSP's domestic sales of wind towers might be relied upon for the purpose of working out the "actual amounts realised by" TSP, being the exporter of the GUC to Australia, "from the sale of the same general category of goods in the domestic market of the country of export".

D-1 Please provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

Like the Australian sales, TSP is responsible for negotiating and contracting the wind tower sales in the domestic market.

Domestic wind tower sales were all made by TSP directly to the customer. However, for domestic market, sometimes formal tenders are issued and a much more formal bidding process is required, which involves TSP

incurring additional expenses for bidding and engaging with bidding agents.

Further, as mentioned above at Section A, for TSP's domestic sales TSP may arrange for the production to be undertaken either using its own facilities in Shanghai or the facility of a sub-contractor, [CONFIDENTIAL TEXT DELETED – production arrangement].

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Not applicable, in that TSP's customers for the wind towers sold in the Chinese market during the POI were all OEM/end-users.

D-3 Please explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and receive payment, and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If export prices are determined through a tender process, supply copies of winning tender bids.

TSP's domestic projects typically involve the customer or its agent issuing a tender for the project, or request for quotation. TSP's sales team would then participate in the tender, or make a quotation with reference to the market price for steel plate and other raw materials at the time of quotation. This is then followed by further negotiation and signing of the contract with the customer.

TSP will then plan for production and purchase major raw materials, based on the expected delivery schedule of the project. Domestic sales are normally made on a "deliver to project site" basis, and the domestic projects tend to have [CONFIDENTIAL TEXT DELETED – domestic market conditions], as compared to export/Australian sales, depending upon the customer's [CONFIDENTIAL TEXT DELETED – domestic market conditions].

The wind towers will be delivered to customer's nominated site once the customer's final instruction has been received. A sale is then considered [CONFIDENTIAL TEXT DELETED – corporate and accounting practice].

D-4 Please prepare the spreadsheet "domestic sales" in the exporter questionnaire workbook listing **all** sales of like goods made during the investigation period. The listing must be provided electronically.

Include all of the following information.

Column Heading	Explanation
Customer name	Names of your domestic customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name

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Related / non related	Indicate whether your domestic customer is related to your organisation
Level of trade	The level of trade of your domestic customer
Project name	Name of project / wind farm you have tendered for
Contract number	The contract, order confirmation or purchase order number
Contract date	Date contract was agreed with your domestic customer. Do not include information relating to contracts where the goods were invoiced outside of the investigation period.
Model/product code	The code used in your records for the product model/grade/type identified. Explain the product codes in your submission
Items	Where the contract / sale provided for separate prices for each item please show these items separately in separate rows. E.g. for tower sections, flanges, mechanical and internals, lifts (where applicable) and for any free issue stock.
Invoice number	Invoice number
Invoice date	Invoice date
Delivery date	If the delivery date is different to the invoice date please specify
Delivery terms	Delivery terms e.g. free on truck, delivered into store
Payment terms	Payment terms agreed with customer e.g. 60 days
Quantity	Quantity in units shown on the invoice
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes</i>
Discounts	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies, show that % discount applying in a separate column
Rebates	The amount of any deferred rebates or allowances paid to your domestic customers in the currency of sale
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description
Net invoice value	The net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of any other discounts not deducted from the invoice. Show a separate column for each type of discount
Packing*	Packing expenses
Bracing and fixture costs	Separate and additional to packing expenses if applicable to domestic sales.

Inland transportation costs*	Inland transportation costs included in the selling price
Handling, loading & ancillary expenses*	Handling, loading and ancillary expenses
Warranty & guarantee expenses*	Warranty and guarantee expenses
Installation expenses	Any expenses associated with the installation of the goods if included in the contract
Technical assistance & other services*	Expenses for after sale services such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data
Other costs*	Any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D-5

Costs marked with * are explained in section E-2.

Please see Attachment 5 – TSP EQ Spreadsheet – Domestic Sales [CONFIDENTIAL ATTACHMENT]
[CONFIDENTIAL TEXT DELETED – explanation of information reported in the confidential attachment].

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see “other costs”). For example, certain other selling expenses incurred.

TSP incurred several types of expenses for its domestic sales of wind towers during the POI.

Firstly, TSP incurred tender fees (bidding and for winning the tender) for participating in tenders for the domestic projects. These costs are reported in a separate column entitled “Tender Fees”.

Secondly, [CONFIDENTIAL TEXT DELETED – domestic market conditions] “Royalty Fee”.

Thirdly, [CONFIDENTIAL TEXT DELETED – domestic market conditions].

Accordingly, TSP has also calculated the relevant inventory carrying expenses for domestic sales. [CONFIDENTIAL TEXT DELETED – inventory carrying practice and expense calculation], under a separate column entitled “Inventory Carrying Expenses”.

Lastly, the credit expenses for TSP’s domestic sales of wind towers during the POI have been calculated based on the average account receivable turnover for domestic sales. This is reported under a separate column entitled “Credit Expenses”.

D-6 For each type of commission, discount, rebate, allowance offered on

domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc. are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D-4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

TSP did not grant any commissions, discounts, rebates or allowances in relation to the wind towers sold in the Chinese market during the POI.

D-7 Select two domestic sales that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales.

Include, for example, the tender bid, the contract of sale, commercial invoice, discounts or rebates applicable, credit/debit notes, inland freight contract invoice and bank documentation showing proof of payment.

The Commission will select additional sales for verification at the time of the visit.

Please see Attachments 11 and 12 [CONFIDENTIAL ATTACHMENT]

SECTION E – FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

These cost adjustments will relate to your responses to question B-4, ‘**Australian sales**’.

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale (“**Inland transportation costs**”). Identify the general ledger account where the expense is recorded.

If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Inland transportation costs are reported based on actual amount for each

project.

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are recorded. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B-4, for example:

- terminal handling
- wharfage and other port charges
- container taxes
- document fees and customs brokers fees
- clearance fees
- bank charges, letter of credit fees
- other ancillary charges

Handling costs are reported based on actual amount for each project.

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales e.g., short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

In the Australian sales spreadsheet TSP has reported the date of payment according to its average account receivable turnover period for export sales.

4. Packing costs and bracing/fixture costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amounts in the listing in the columns headed “**Packing**” and “**Bracing and fixture costs.**”

Packing requirements are different for each project. In any case, such expenses – if any - have been fully accounted for in the cost of production of the project.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed “**Commissions**”. Identify the general ledger account where the expense is recorded.

Not applicable, in that no commissions were paid in relation to the Australian sales of the GUC during the POI.

6. Warranties, guarantees, installation and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**”, “**Installation expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is recorded.

TSP did not incur any warranty, guarantee, technical assistance or similar service expense in relation to the Australian sales of the GUC during the POI.

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen salaries, salesmen travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions at section G of this questionnaire (concerning domestic and export costs) would have alerted you to such other factors.

No such other factors have been identified.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange rate movements in your country over a long period that includes the investigation period.

No fluctuation of this nature has been identified at this stage.

E-2 Costs associated with domestic sales

These cost adjustments will relate to your responses to question D-4, ‘**domestic sales**’.

The following items are not separately identified in the amounts quantified at question D-4. However, you should consider whether any are applicable.

1. Physical characteristics

This adjustment recognises that differences such as quality, chemical composition, structure or design, mean that the goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling, general and administrative costs plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

The Commission will seek to verify your claimed specification adjustments during the verification visit.

EXPORTED TYPE	DOMESTIC TYPE	DIFFERENCES	CLAIMED ADJUSTMENT
Specifications of each model of the goods exported to Australia	Specifications of comparable model sold on the domestic market of the country of export	Describe the specification differences in detail. If it is impractical to detail specification differences in this table, refer to documents which outline differences	The claimed adjustment must be quantifiable and supported by evidence that is available for verification by the Commission

Please refer to our response to the questions in Section C above.

In short, TSP notes that the differences between the exported wind towers and the domestic models are significant. This renders the wind towers sold in the Chinese market by TSP as being incomparable, for margin calculation purposes, to the wind towers exported to Australia.

Accordingly, any physical-characteristics based adjustments are either inappropriate or unable to be quantified.

2. Import charges and indirect taxes

- If exports to Australia:
- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment.

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods; and
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold domestically but is not borne by the exports to Australia.

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *“Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Not applicable.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the

difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions*: the amount of the costs, expenses etc. incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc.);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

Australian sales of the GUC and TSP sales of wind towers in China during the POI were both at the level of sales to OEM/end-users.

4. **Credit**

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings

by the company; or

- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,¹ the average credit period may be determined as follows:

(a) *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable (it is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

(b) *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

TSP reported the credit expenses based on average account receivable turnover for domestic sales.

The following items are identified in the amounts quantified at question D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

associated with the domestic sales (“**Inland transportation Costs**”). Identify the general ledger account where the expense is recorded. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Inland transportation costs are reported by actual amount for each project.

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified (“**Handling, loading and ancillary Expenses**”). Identify the general ledger account where the expense is recorded. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

Handling costs are reported by actual amount for each project.

7. Packing and Bracing/fixture costs if applicable

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed “**Packing**” and “**Bracing and fixture costs if applicable**”.

As mentioned above, packing requirements are different for each project. In any case, such expenses – if any - have been fully accounted for in the cost of production of the project.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is recorded.

TSP did not pay any commissions in relation to the wind towers sold to the Chinese market. On the other hand, as mentioned above at Section D, TSP incurred royalty fees and tender fees for certain domestic sales.

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is recorded.

TSP did not incur any warranty or guarantee expenses on its domestic

sales.

On the other hand TSP provided technical assistance for the delivery and installation of towers at its customers' project site in relation to the domestic sales of wind towers. These expenses are not separately identified and charged, therefore has not been quantified for adjustment as this stage.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

As advised above, TSP did incur the following expenses in relation to its domestic sales of wind towers, which it did not incur in relation to Australian sales of the GUC during the POI:

- **Inventory carrying costs;**
- **warehousing expenses; and**
- **royalty/patent fees;**

These have been reported in the Domestic Sales spreadsheet.

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson’s salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

No duplication has been identified in the data as presented.

SECTION F – EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country
Quantity	Indicate quantity, in units, exported to the third country over the investigation period
Value of sales	Show net sales value to all customers in the third country over the investigation period
Currency	Currency used on the invoice
Payment terms	Typical payment terms with customer(s) in the country e.g. 60 days
Shipping terms	Typical shipment terms to customers in the third country e.g. CIF, FOB, ex-factory, DDP etc.

Provide this information in the “**third country**” spreadsheet in the “**Exporter Questionnaire – Attachment**” Excel workbook.

Please refer to Attachment 5 – TSP EQ Spreadsheet - Third country spreadsheet. [CONFIDENTIAL ATTACHMENT]

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

As mentioned above, wind towers are made in accordance with unique designs and specification required by customers for each project. Accordingly, there are usually significant differences in the towers supplied to different projects, which are designed for different market and conditions.

SECTION G – COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the goods under consideration (the goods) - i.e. of the goods exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general and administration costs relating to goods sold on the domestic market, the finance expenses, and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general and administration expenses, the finance expenses, and any other expenses have been calculated.

Please provide costs associated to each of the export sales identified in question B-4 and domestic sales identified in question D-4.

For export sales, this will include costs associated with tenders that may be invoiced or delivered outside of the investigation period. Where these costs have not yet been incurred, please provide an estimate of these costs such as, for example, the cost you estimated at the time of bidding for the tender.

For domestic sales, you only need to include **actual** costs incurred in relation to goods invoiced during the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1 Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

The production process can be summarised as follows:

- (a) Cutting and Beveling - cut steel plates into the shape as per technical design and bevel the edges of plates for next process
- (b) Rolling - roll the steel plates into steel "cans"
- (c) Welding - weld the long seam on each steel can and NDT inspection needed for the welding seam
- (d) Fitting-up - weld a certain amount of steel cans together as one wind tower section and install the flange on the two ends of each section
- (e) Blasting and Painting - using steel grids blasting machine to remove the rust on the inner and outer surface of each section and then spray the paint on surface

(f) **Internals - install the internal parts for each section**
Steel scrap is generated from the production of wind towers and related steel products. They are temporarily stored and sold to unaffiliated companies. Sale of steel scrap is recognised as other business income.

2. Provide information about your company's total production in the following table:

	Previous FY	Most recent FY	Investigation period
A – Production capacity (e.g. number of wind towers and sections thereof)*			
B – Actual production in volume (e.g. number of wind towers and sections thereof)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example, assuming normal levels of maintenance and repair, a number of shifts and hours of operation that is not abnormally high, and a typical production mix.

Provide this information in the “**production**” spreadsheet in the “**Exporter Questionnaire – Attachment**” Excel workbook.

Please refer to Attachment 5 – TSP EQ Spreadsheet – Production [CONFIDENTIAL ATTACHMENT]
TSP has reported the capacity and utilisation information based on [CONFIDENTIAL TEXT DELETED – production practice].

G-2 Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

TSP uses the [CONFIDENTIAL TEXT DELETED – proprietary accounting system]. This system is used for both management and financial purpose. All transactions are recorded by [CONFIDENTIAL TEXT DELETED – proprietary accounting system] at the time of occurrence. The adjusting entries are made as per the auditor at the year end to reconcile to TSP’s audited financial statements.

2. Is your company’s cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods, and describe how those variances have been allocated.

TSP adopts actual cost based accounting system. Weighted average actual costing method to move goods from raw material to finished

goods is adopted.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

There was no such significant or unusual cost variances during the POI.

4. Describe the profit/cost centres in your company's cost accounting system.

[CONFIDENTIAL TEXT DELETED – accounting practice].

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

[CONFIDENTIAL TEXT DELETED – accounting practice].

6. Describe the level of product specificity (models, grades etc.) that your company's cost accounting system records production costs.

TSP's cost accounting system records production costs by [CONFIDENTIAL TEXT DELETED – accounting practice].

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

There are no such valuation differences.

8. State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Not applicable

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

Not applicable

10. State how direct labour is allocated.

Direct labour is recorded by the project based on [CONFIDENTIAL TEXT DELETED – accounting practice].

11. State how idle time or down time is accounted for.

TSP does not account for idle time differently. The fixed labour and overhead costs are allocated to each project based on [CONFIDENTIAL TEXT DELETED – accounting practice].

G-3 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type (identified in section C) of the like goods sold on the domestic market.

Prepare this information in the “**domestic CTMS**” spreadsheet in the “**Exporter Questionnaire – Attachment**” Excel workbook.

Title of wind farm project	Project X	Project X
Customer name		
Contract number		
Contract date		
Invoice number		
Invoice date		
Item (e.g. complete tower, embed)		
Model specification / product code		
Quantity		
Delivery date		
Variable manufacturing costs		
Material – steel plate (for towers)		
Material – flanges and flange bolts (for towers)		
Material – steel plate (for embeds / foundation)		
Material – flanges and flange bolts (for embeds / foundation)		
Material – mechanical and electrical internal components		
Material – lifts (where applicable)		
Material – door frames, ladders (where applicable)		
Material – paint		
Material – packaging		

² The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

Direct labour – manufacturing / production / packaging		
Direct labour – testing, non-destructive testing (NDT) and QA		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		
Selling costs		
Administration and general costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		
Unit cost to make and sell		

Provide this information for each unique unit of the goods invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case manager for this investigation.

Please specify unit of currency.

2. Indicate the source of cost information (account numbers etc.) and/or methods used to allocate cost to the like goods. Provide documentation and worksheets supporting your calculations.

Please see Attachment 5 – TSP EQ Spreadsheet – Domestic CTMS [CONFIDENTIAL ATTACHMENT].
Please note, [CONFIDENTIAL TEXT DELETED – explanation of

information reported in confidential attachment].

G-4 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

1. Prepare this information in the “**Australian CTMS**” spreadsheet in the “**Exporter Questionnaire – Attachment**” Excel workbook.

Title of wind farm project	Project X	Project X
Customer name		
Contract number		
Contract date		
Invoice number		
Invoice date		
Item (e.g. complete tower, embed)		
Model specification / product code		
Quantity		
Delivery date (actual or scheduled)		
Variable manufacturing costs		
Material – steel plate (for towers)		
Material – flanges and flange bolts (for towers)		
Material – steel plate (for embeds / foundation)		
Material – flanges and flange bolts (for embeds / foundation)		
Material – mechanical and electrical internal components		
Material – lifts (where applicable)		
Material – door frames, ladders (where applicable)		
Material – paint		
Material – packaging		
Direct labour – manufacturing / production / packaging		
Direct labour – testing, non-destructive testing		

(NDT) and QA		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		
Selling costs		
Administration and general costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		
Unit cost to make and sell		

Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, for example, the estimate of the costs that formed the basis of your winning tender bid.

Provide this information for each unique unit of the goods contracted for sale or invoiced during the investigation period. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case manager for this investigation.

Please specify unit of currency.

2. Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.
3. Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your

general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

4. In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc.) to determine the unit cost differs from the prior practice of your company.

Please see Attachment 5 – TSP EQ Spreadsheet – Australian CTMS [CONFIDENTIAL ATTACHMENT].

G-5 Major material costs

List major material costs, which individually account for 10% or more of the total production cost. The exporter questionnaire spreadsheet identifies plate steel and flanges as being examples of such costs. However, if there are further costs which individually account for 10% or more of the total production cost please detail these in the same manner.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company, the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input, such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc.).

The term 'associate' is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

Please see Attachment 5 – TSP EQ Spreadsheet – plate steel purchase and flange purchase [CONFIDENTIAL ATTACHMENT].

SECTION H – EXPORTER’S DECLARATION



I hereby declare that **Shanghai Taisheng Wind Power Equipment Co., Ltd** did, during the period of investigation, export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name **Zhang, Fu Lin**

Signature



Position in Company **Chairman of the Board**

Date **5 September 2018**

SECTION I – CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – Australian sales	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic sales	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – exporter's declaration	<input checked="" type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	<input checked="" type="checkbox"/>
TURNOVER – sales summary	<input checked="" type="checkbox"/>
AUSTRALIAN SALES – list of sales to Australia	<input checked="" type="checkbox"/>
DOMESTIC SALES – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
THIRD COUNTRY – third country sales	<input checked="" type="checkbox"/>
PRODUCTION – production figures	<input checked="" type="checkbox"/>
DOMESTIC COSTS – costs of goods sold domestically	<input checked="" type="checkbox"/>
AUSTRALIAN COSTS – costs of goods sold to Australia	<input checked="" type="checkbox"/>
RAW MATERIAL PURCHASES	<input checked="" type="checkbox"/>