



Exporter Questionnaire

Product: Steel Reinforcing Bar (Rebar)

From: Republic of Korea (Korea) and/or Taiwan (with exception of Power Steel Co., Ltd)

Period of Review: 1 July 2017 to 30 June 2018

Response due by: **7 September 2018. Extended to 17 September 2018**

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

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Return completed questionnaire to: investigations4@adcommission.gov.au

OR

Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601
AUSTRALIA

Attention: Director Investigations 4

GOODS UNDER CONSIDERATION

The goods subject to anti-dumping measures, in the form of a dumping duty notice are:

- *Hot-rolled deformed steel reinforcing bar whether or not in coil form;*
- *Commonly identified as rebar or debar;*
- *In various diameters up to and including 50 millimetres;*
- *Containing indentations, ribs, grooves or other deformations produced during the rolling process; and*
- *Regardless of the particular grade or alloy content or coating.*

Goods excluded from the measures are:

- *Plain round bar;*
- *Stainless steel; and*
- *Reinforcing mesh.*

The goods are typically classified to the following Subheadings in Schedule 3 of the *Customs Tariff Act 1995*.

- 7213.10.00 statistical code 42;
- 7214.20.00 statistical code 47;
- 7227.90.10 statistical code 69;
- 7227.90.90 statistical codes 01, 02 and 04;
- 7228.30.10 statistical code 70
- 7228.30.90 statistical code 40; and
- 7228.60.10 statistical code 72.

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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 review:

Head Office:

Name: ***Kim, Hee-yeon***

Position in the company: ***Manager of Steel Manager Group***

Address: ***8th Floor, METRO Tower, 10, Toegye-ro, Jung-gu, Seoul, Korea (Seoul Office)***

Telephone: ***82-2-2040-9753***

Facsimile number: ***82-2-2051-3185***

E-mail address of contact person: ***hykim@idaehan.com***

Factory:

a. Shinpyeong Plant and Headquarter

Address: ***69 Hasinbeonyeong-ro, Saha-gu, Busan, Korea***

Telephone: ***82-51-220-3300***

Facsimile number: ***82-51-220-3398***

E-mail address of contact person: ***hykim@idaehan.com***

b. Noksan Plant

Address: ***333 NoksanSaneop Book-ro, Gangseo-gu, Busan, Korea***

Telephone: ***82-51-330-9200***

Facsimile number: ***82-51-330-9299***

E-mail address of contact person: ***hykim@idaehan.com***

c. Pyeongtaek Plant

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Address: **Pyeongtaek Hang-ro, 268 Beon-gil, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea**

Telephone: **82-31-650-0000**

Facsimile number: **82-31-650-0009**

E-mail address of contact person: **hykim@idaehan.com**

A-2 Representative of the company for the purpose of review

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

Name: **John Bracic (J.Bracic & Associates Pty. Ltd.)**

Address: **PO Box 3026 Manuka, ACT 2603, Australia**

Telephone: **61-0-499-056-729**

Facsimile/Telex number:

E-mail address of contact person: **john@jbracic.com.au**

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this review 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.

ANSWER: The Company's legal name is "DAEHAN STEEL CO., LTD." (hereinafter "DAEHAN STEEL"). DAEHAN STEEL is a listed company in the Republic of Korea. Please note that DAEHAN STEEL does not use any other business name while it sells the goods under consideration.

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).

ANSWER: DAEHAN STEEL provides a list showing major shareholders including the percentage of shareholding in **Appendix A-1**

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

ANSWER: This question is not applicable because DAEHAN STEEL 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.

ANSWER: This question is not applicable because DAEHAN STEEL 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.

ANSWER: DAEHAN STEEL provides a diagram of corporate structure showing all associated or affiliated companies in Appendix A-2.

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

ANSWER: This question is not applicable because there are no management fees/corporate allocations charged to DAEHAN STEEL by its related company.

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

ANSWER: DAEHAN STEEL is a steel manufacturer that produces square billet, deformed bar-in-length(DBIL), deformed bar-in-coil(DBIC), and processed rebar products sold to Korea and various export markets, including Australia.

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
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

ANSWER: DAEHAN STEEL performs the above all functions in relation to the goods under consideration.

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

ANSWER: *An organizational chart is provided in Appendix A-3.*

As described below, DAEHAN STEEL's organizational structure consists of [REDACTED]

[REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Description of internal operating structure]

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

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ANSWER: DAEHAN STEEL does not issue an annual report. Thus, DAEHAN STEEL provides its brochures in Appendix A-4.

A-4 General accounting/administration information

1. Indicate your accounting period.

ANSWER: DAEHAN STEEL's fiscal year is the calendar year, January 1 to December 31.

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

ANSWER: DAEHAN STEEL's most financial records are held in Busan branch. However, all relevant electronic information can be accessible through DAEHAN STEEL's ERP (SAP) system.

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.

ANSWER: DAEHAN STEEL provides chart of accounts in Appendix A-5. DAEHAN STEEL also provides its audited financial statements in Appendix A-6

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.

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ANSWER: *This question is not applicable because DAEHAN STEEL has the accounts audited.*

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

ANSWER: *DAEHAN STEEL maintains its financial records in accordance with the Korean International Financial Reporting Standards (K-IFRS).*

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);

ANSWER: *All relevant practices pertaining to DAEHAN STEEL's inventory valuation methodologies are detailed in DAEHAN STEEL's financial statements submitted in this response.*

Inventories are measured at the lower of cost and net realizable value. Costs are determined by using the moving-weighted average method. The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. When inventories are sold, the carrying amount of those inventories is recognized as cost of goods sold in the period in which the related revenue is recognized. Inventories are measured at the lower of cost and net realizable value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value is recognized as a reduction in the amount of inventories recognized as a cost of goods sold in the period in which the reversal occurs.

- 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.);

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ANSWER: *Please refer to DAEHAN STEEL's response of cost accounting system in Section G.*

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

ANSWER: *Damaged or sub-standard goods are valued and recorded at the net realizable value.*

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

ANSWER: *DAEHAN STEEL's cost accounting treatment of scrap is to recognize the value of the scrap as a reduction to the cost of manufacturing at the manufacturing stage in which the scrap is generated. Reused scrap is recorded as an input at net realizable value. Scrap is recorded by production process. Scrap is valued at net realizable value, with the cost deducted from the cost of manufacture.*

- valuation and revaluation methods for fixed assets;

ANSWER: *The acquisition cost of an asset consists of its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. When the estimated cost of dismantling and removing the asset and restoring the site, after the termination of the asset's useful life, meets the criteria for the recognition of provisions, the present value of the estimated expenditure shall be included in the cost of the asset. Subsequent expenditure on property, plant and equipment shall be capitalized only when it increases future economic benefits beyond its most recently assessed standard of performance; all other subsequent expenditures shall be recognized as an expense in the period in which they are incurred.*

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

ANSWER: *Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized and repairs and maintenance expenses are recognized in profit or loss in the period they are incurred.*

Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Land is not depreciated. Costs that are directly attributable to the acquisition, construction or production of a qualifying asset, including capitalized interest costs, form part of the cost of that asset and are amortized over the estimated useful lives. The Company policy is that assets should be depreciated over the following estimated useful lives:

<i>Account</i>	<i>Estimate useful lives</i>
<i>Building and structure</i>	<i>20,40 years</i>
<i>Machinery</i>	<i>10 years</i>
<i>Vehicles</i>	<i>5 years</i>
<i>Leased assets</i>	<i>10 years</i>
<i>Others</i>	<i>5 years</i>

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

ANSWER: *Foreign exchange transaction gains and losses were recognized in the year incurred and translated in Korean Won at the exchange rates of the Bank of Korea at the relevant specific date and were classified as other operating or finance income or expenses on DAEHAN STEEL's financial statements.*

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

ANSWER: Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the exchange rates prevailing at the balance sheet date, and resulting unrealized exchange translation gains or losses are recorded as financial income or expenses in DAEHAN STEEL's financial statement.

- inclusion of general expenses and/or interest;

ANSWER: DAEHAN STEEL recognizes general and interest expenses as current expenses. However, DAEHAN STEEL capitalizes those amounts which are directly related to construction in progress in accordance with Korean K-IFRS.

Financing expense on borrowing associated with certain qualifying assets during the construction period that meet certain criteria for capitalization can be either capitalized or expensed as incurred. DAEHAN STEEL has chosen to expense as a financing expense the cost of manufacturing, acquisition, and construction of property, plant, and equipment that require more than one year from the initial date of manufacture, acquisition, and construction to the date of the estimated completion of the manufacture, acquisition and construction.

- provisions for bad or doubtful debts;

ANSWER: DAEHAN STEEL makes provision of allowance for doubtful accounts by the expected future bad debt amount calculated by the analysis of the remaining balance of account receivables with percentage of the previously experienced bad debt accounts.

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

ANSWER: This question is not applicable because DAEHAN STEEL did not place in idle any significant assets nor shut down any plants.

- costs of plant closure;

ANSWER: *This question is not applicable because DAEHAN STEEL has not experienced any plant closures during the review period or prior to the review period with residual effects during the review period.*

- restructuring costs;

ANSWER: *This question is not applicable because DAEHAN STEEL has not experienced any restructuring during the review period or prior to the review period with residual effects during the review period.*

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

ANSWER: *Please refer to the response with respect to scrap and by-products above.*

- effects of inflation on financial statement information.

ANSWER: *There is no effect inflation on financial statement information during the review period.*

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.

ANSWER: *DAEHAN STEEL has not changed any of the accounting methods used by the company over the last two financial 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 on a spreadsheet named "**Income statement**".

ANSWER: *DAEHAN STEEL provides the requested information concerning income statement in **Appendix A-7**.*

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 a spreadsheet named "TURNOVER".

ANSWER: DAEHAN STEEL provides the requested information concerning company's turnover in Appendix A-8.

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, but the Commission may also compare prices at the ex factory level.

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the review period.*

The invoice date will normally be taken to be the date of sale. If you consider:

the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;

an alternative date should be used when comparing export and domestic prices

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the review period.*

B-1 For each customer in Australia to whom you shipped goods in the review period list:

name;

address;

contact name and phone/fax number where known; and

trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

ANSWER: DAEHAN STEEL has provided the requested information concerning each customer to whom DAEHAN STEEL made export sales of the goods under consideration to Australia in Confidential Appendix B-1.

B-2 For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.
- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.
- (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.

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- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).
- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.
- (f) State whether your firm is related to any of its Australian customers. Give 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).
- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

ANSWER: For export sales of the goods under consideration to Australia, DAEHAN STEEL [REDACTED]. Details of sales process are as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Detailed description and explanation of DAEHAN STEEL's export process and terms and conditions]

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.

ANSWER: *The export selling prices do not vary according to the distribution channel identified. Rather, the selling prices are determined through [REDACTED].*

[Explanation of factors affecting export prices]

B-4 Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the review period. You must provide this list in electronic format. Include the following export related information:

ANSWER: *DAEHAN STEEL submits the requested information concerning Australian sales with computerized file. The printouts of this export sales file are provided in Confidential Appendix B-2.*

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.

ANSWER: *This question is not applicable because DAEHAN STEEL did not have any other costs, charges or expenses export sales to Australia during the review period.*

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B-6 For each type of discount, rebate, 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 B4. If they vary by customer or level provide an explanation.

ANSWER: This question is not applicable because DAEHAN STEEL did not offer any discount, rebate or other allowances to its customers for export sales to Australia during the review period.

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 B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

ANSWER: This question is not applicable because DAEHAN STEEL did not issue any credit notes to its customers for export sales of the goods to Australia during the review period.

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)

ANSWER: This question is not applicable because the delivery terms for export sales to Australia between DAEHAN STEEL and its customers are all FOB basis.

B-9 Select two shipments, in different quarters of the review period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;

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- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- 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.

ANSWER: DAEHAN STEEL provides its sample documentation for two export sales to Australia during the review period in Confidential Appendix B-4.

SECTION C
EXPORTED GOODS & LIKE GOODS

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

ANSWER: *DAEHAN STEEL exported deformed Bar-in-Coil (DBIC) only to Australia during the review period.*

DAEHAN STEEL maintains a product code (material item code) system to identify the specifications and key physical characteristics of all products and for inventory control purpose. DAEHAN STEEL uses this product code in normal course of business and cost calculation. Please see Confidential Appendix C-1, detailing coding structure as well as identifying product specifications. The same product coding system is used for both the Korean market and the export markets including Australia.

Concerning the details of the goods exported to Australia including product specification, please refer to DAEHAN STEEL's company brochure provided in Confidential Appendix A-4.

- C-2** List each type of goods exported to Australia (these types should cover all types listed in spreadsheet "Australian sales" – see section B of this questionnaire).

ANSWER: *A list showing each type of goods export to Australia during the review period is provided in Confidential Appendix C-2.*

Please note that DAEHAN STEEL creates individual product model for each unique type and possible combination of product characteristics for all the goods under consideration exported to Australia as well as for those sold domestically by using the following criteria:

1. Product Type

'C' = Deformed Bar-in-Coil

2. Steel Grades

[Confidential table removed]

3. Dimension (Diameter)

[Redacted]

4. Ductility

[Redacted]

5. Alloy

[Redacted]

6. Coating

[Redacted]

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

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

Please refer to Attachment 1 for model matching criteria.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate "YES". Otherwise "NO"	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

ANSWER: DAEHAN STEEL submits the requested information concerning exported goods and like goods with computerized file named "Like goods". The printout of this file is provided in Confidential Appendix C-3.

Concerning the model comparisons, export model "[REDACTED]" is matched to the identical domestic model "[REDACTED]". [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. Supporting documents for the standard table and analysis of actual unit price variance is provided in Confidential Appendix C-4.

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.

ANSWER: Concerning any technical and illustrative material in identifying or classifying the goods, please refer to the company brochure provided in Confidential Appendix A-4.

**SECTION D
DOMESTIC SALES**

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

*All domestic sales made during the review period must be listed transaction by transaction. 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 officer **before** completing the questionnaire. If the case officer 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 review period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –

*you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the review period.*

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

D-1 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.

**ANSWER: In the domestic market, DAEHAN STEEL sold [REDACTED]
[REDACTED]. The distribution channel can be summarized as follows:**

[Confidential diagram removed]

[REDACTED]

[Detailed explanation regarding nature of barter transactions]

Quantity analysis result for domestic market by transaction type and sample supporting documents for the comparison of price and payment term between Barter Sales and Commercial Sales is provided in Appendix D-3.

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.

ANSWER: *DAEHAN STEEL's selling prices do not vary according to the distribution channel. Rather, the prices are established through [REDACTED].*

D-3 Explain in detail the sales process, including:

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

If sales are in accordance with price lists, provide copies of the price lists.

ANSWER:

[REDACTED]

[REDACTED]

D-4 Prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the review period. The listing must be provided electronically. Include all of the following information.

ANSWER: *DAEHAN STEEL submits the requested information listing all sales of like goods made by DAEHAN STEEL during the review period with a CD-ROM separately. The sample printout of this “Domestic sales” file is provided in Appendix D-1.*

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 factors”). For example, certain other selling expenses incurred.

ANSWER: *In accordance with the instruction of this questionnaire, DAEHAN STEEL has reported [four] other adjustments such as (1) [REDACTED] and (2) [REDACTED] (3) [REDACTED] and (4) [REDACTED] in the field “Other factors” in question D-4.*

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 D4.

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.

ANSWER: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. The [REDACTED] calculation is provided in Appendix E-5.

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D-7 Select two domestic sales, in different quarters of the review period, 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, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

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

ANSWER: DAEHAN STEEL provides its sample documentation for two domestic sales during the review period in Appendix D-2

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 (ie. 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 review 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 made at 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 located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

ANSWER: *DAEHAN STEEL has reported in this field the transaction-specific inland transport expense incurred to transport the goods from the factory to the port.* [REDACTED]

[REDACTED].

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 located. 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 B4, 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.

ANSWER: *DAEHAN STEEL has reported in this field the terminal handling charge, wharfage charge and other ancillary charges incurred at the port for the export.* [REDACTED]

[REDACTED].

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the review 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.

ANSWER: *This question is not applicable because DAEHAN STEEL's all payment term for the export sales to Australia were L/C at Sight.*

4. Packing 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 amount in the listing in the column headed '**Packing**'.

ANSWER: *This question is not applicable because DAEHAN STEEL generally did not incur any separate packing costs for export sales and domestic sales of the goods.*

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 located.

ANSWER: *This question is not applicable because DAEHAN STEEL did not pay any commission in relation to the export sales to Australia.*

6. 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 located.

ANSWER: *This question is not applicable because DAEHAN STEEL did not incur any warranties and guarantees expenses in relation to the export sales to Australia.*

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’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

ANSWER: *This question is not applicable because DAEHAN STEEL did not incur any other expenses in relation to the export sales to Australia.*

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 review (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 movements in your country over a long period that includes the review period.

ANSWER: *DAEHAN STEEL does not think a currency conversion is required due to the fluctuations in exchange rates for the review period in this proceeding.*

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at 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

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that 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 (S G & A) 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.

ANSWER: *Please see our response to question C-3 of Section C and Appendix C-4.*

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;
- 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.

ANSWER: This question is not applicable because DAEHAN STEEL does not claim any adjustment for duty drawback.

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.

ANSWER: This question is not applicable because DAEHAN STEEL does not claim any level of trade adjustment.

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 borrowing's 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 review 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 system¹, the average credit period may be determined as follows:

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.

1. *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.

2. *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.

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

ANSWER: For domestic sales, payment terms are agreed with the customers at the time of sale and shown on DAEHAN STEEL's order information in the operating system (SAP). DAEHAN STEEL provides in Appendix E-2 various payment terms offered to domestic customers. DAEHAN STEEL has reported in the field "Other factors (Credit expense)" its credit expenses which were calculated on a transaction-specific basis using the following formula:

Credit Expense

= Net Invoice Value (KRW) x Credit Period / 365 x Short-term Interest Rate

For the reporting purpose, DAEHAN STEEL determined the payment date on the basis of the payment terms on a transaction-specific basis.

***DAEHAN STEEL [REDACTED]
[REDACTED]. The calculation of Short-Term borrowing rate during the review period is provided in Appendix E-1.***

5. **Transportation**

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

ANSWER: *For domestic sales, DAEHAN STEEL’s terms of delivery are either “ [REDACTED] ” or “ [REDACTED] ”. [REDACTED] [REDACTED] [REDACTED] [REDACTED].*

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 located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

ANSWER: *Since DAEHAN STEEL did not pay any handling, loading and ancillary expenses in relation to the domestic sales, this question is not applicable.*

7. **Packing**

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**”.

ANSWER: *Please refer to DAEHAN STEEL’s response to question E-1.4.*

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 located.

ANSWER: *This question is not applicable because DAEHAN STEEL did not pay any commissions in relation to the 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 located.

ANSWER: *DAEHAN STEEL has provided [REDACTED]*
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The methodology used to calculate the [REDACTED] is set forth in Appendix E-4.

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.*

ANSWER: *As stated above, DAEHAN STEEL has reported “credit expense” in the “Other factor 1 (Credit expense)” field. Concerning the calculation of credit expense for domestic sales, please refer to DAEHAN STEEL’s response to question E-2.4 above.*

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. The reported [REDACTED] were calculated using the following formula:

[REDACTED]

[REDACTED]
[REDACTED]. The worksheet demonstrating the calculation of the [REDACTED] is provided in Appendix E-6.

[REDACTED]
[REDACTED]
[REDACTED] the calculation of the [REDACTED] is provided in Appendix E-7.

Except for the adjustments described above, DAEHAN STEEL does not claim any other factors for the adjustments in respect of domestic sales.

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.

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ANSWER: *This question is not applicable because there is no duplication in DAEHAN STEEL's reported adjustments for sales in both markets.*

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 review period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the review 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 review period.
Unit of quantity	Show unit of quantity e.g. kg
Value of sales	Show net sales value to all customers in third country over the review period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country e.g. 60 days=60 etc.
Shipment terms	Typical shipment terms to customers in the third country e.g. CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

ANSWER: DAEHAN STEEL submits the requested information concerning export sales to third countries with computerized file. The printouts of this export sales file are provided in Confidential Appendix F-1.

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

ANSWER: This question is not applicable because there is no difference which may affect comparison between export sales to Australia and export sales to third countries.

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.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the review 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

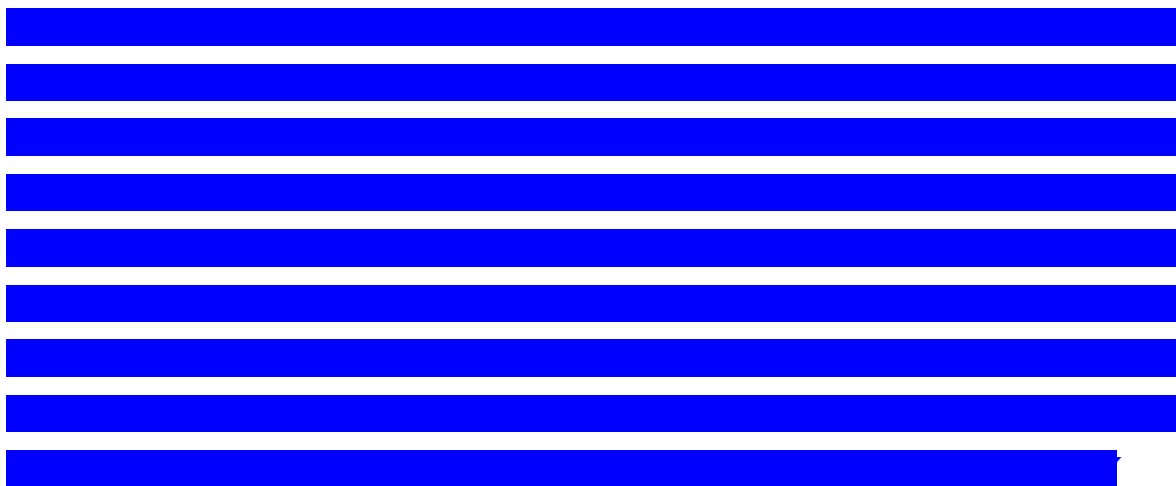
1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

ANSWER: The goods under consideration were produced at DAEHAN STEEL's three production facilities – (i) Shinpyeong Plant, (ii) Noksan Plant and, (iii) Pyeongtaek Plant.

A flow-chart of the production process for the product produced at three plants during the review period is provided in Appendix G-1.

As the chart indicates, both the GUC and non-GUC are produced at these three facilities.

The following is a brief description of each of the production lines through which the GUC pass, depending on the final product being produced.



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

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Review Period
A – Production capacity (e.g. kg, tonnes)*			
B – Actual production in volume (e.g. kg, tonnes)			
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 on a spreadsheet named "**Production**".

ANSWER: DAEHAN STEEL provides the production information as requested in Appendix G-2, named as "Production" and also included in the CD-ROM to be submitted.

G-3. Cost accounting practices

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

ANSWER: DAEHAN STEEL uses a process cost accounting system based on SAP System. The cost accounting system is an integral part of DAEHAN STEEL's accounting system used to prepare the company's normal financial statement data by providing a measure, in accordance with Korean GAAP (Generally Accepted Accounting Practice), of the cost of sales and inventory. A flow-chart of how the system records and reports costs for the merchandise throughout the production process is provided in Appendix G-3.

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.

ANSWER: DAEHAN STEEL's cost accounting system is a standard cost based system in that the SAP structure mandates that companies develop standard costs. DAEHAN STEEL utilizes these standard costs for budget and planning purposes and to evaluate results during the month. However, DAEHAN STEEL calculates actual costs at month's end and adjusts the standard cost for the difference between the standard and actual costs. DAEHAN STEEL has used the actual costs recorded in its normal cost accounting system as the basis for the reported product costs.

Each inventory code has a standard cost and the variances (purchase price and cost variances) are calculated by production order, accumulated and tracked through the production process by material code.

[REDACTED]

[REDACTED]

The methodologies used to allocate the costs incurred in these centers to the direct cost centers are summarized in [Appendix G-5](#).

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

ANSWER: *During review period, there are no significant or unusual cost variances.*

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

ANSWER: *DAEHAN STEEL already provides a list of cost center in the cost accounting system in [Appendix G-4](#).*

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.

ANSWER: *Please see the response to question [G-3.2](#) above.*

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

ANSWER: *As explained in question G-3.2, DAEHAN STEEL’s cost accounting system records its production cost by inventory (material) code level. Inventory codes contain the information of item type, product group, steel grade, nominal size, and item's attribute. Description of DAEHAN STEEL’s material item code is provided in Appendix C-1.*

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

ANSWER: *There is no production cost which is valued differently for cost accounting purposes than for financial accounting purposes.*

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.

ANSWER: *This question is not applicable because DAEHAN STEEL did not engage in any start-up operation.*

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.

ANSWER: *This question is not applicable because DAEHAN STEEL did not engage in any start-up operation.*

G-4 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 Prepare this information in a spreadsheet named "**Domestic CTMS**". Please refer to Attachment 1 to this questionnaire for the model criteria and the minimum breakdown of the criteria for which cost to make and sell information must be provided.

	Quarter X	Quarter X	Quarter X	Quarter X	Review Period
Like Domestic Model/Type – from spreadsheet LIKE GOOD (section C-3)					
Material Costs ¹					

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.

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Direct Labour					
Manufacturing Overheads					
Other Costs ²					
Total Cost to Make					
Production Volume					
Unit Cost to Make					
Selling Costs					
Administration Costs					
Financial Costs					
Delivery Expenses ³					
Other Costs ³					
Total SG&A					
Sales Volume					
Unit SG&A					
Unit Cost to Make and Sell					

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods under consideration** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) and over the period of the review.

If you are unable to supply this information in this format, please contact the case officer for this review at the address shown on the cover of this questionnaire.

Please specify unit of currency.

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

ANSWER: Please find the attached computer file “Domestic CTMS” listing in CD-Rom accompanying this response. The printouts of Domestic cost file are provided in Appendix G-6. DAEHAN STEEL provides the supporting documentation and worksheet for a sample product extracted from its cost accounting system in Appendix G-7.

For unit cost of selling, administration, non-operating and financing, DAEHAN STEEL provides the table to show the calculation of unit cost of selling, administration, non-operating and financing in [Appendix G-8](#)

G-5 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 a spreadsheet named "**Australian CTMS**". Please refer to Attachment 1 to this questionnaire for the model criteria and the minimum breakdown of the criteria for which cost to make and sell information must be provided.

	Quarter X	Quarter X	Quarter X	Quarter X	Review Period
Model/Type exported to Australia – from spreadsheet LIKEGOOD					
Material Costs ¹					
Direct Labour					
Manufacturing Overheads					
Other Costs ²					
Total Cost to Make					
Production Volume					
Unit Cost to Make					
Selling Costs					
Administration Costs					
Financial Costs					
Delivery Expenses ³					
Other Costs ³					
Total SG&A					
Sales Volume					
Unit SG&A					
Unit Cost to Make and Sell					

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

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³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) and over the period of the review.

If you are unable to supply this information in this format, please contact the case officer for this review at the address shown on the cover of this questionnaire.

Please specify unit of currency.

ANSWER: Please find the attached computer file “Australian CTMS” listing in CD-Rom accompanying this response. The printouts of Australian cost file are provided in Appendix G-9.

- 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.

ANSWER: There is no difference in unit cost of manufacturing for the same model sold in both domestic market and Australian market because there is no separate classification between the production for exporting market and for domestic market.

However, for reporting cost of production, unit SG&A is different between goods sold to the domestic market and those sold for export to Australia because of difference in direct selling expense between domestic and Australian market. Please refer to Appendix G-8.

- 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.

ANSWER: This question is not applicable because there is no any difference between the production cost data supplied in reply to this question and costs normally determined by DAEHAN STEEL’s accounting system.

- 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.

ANSWER: *This question is not applicable because there is no any difference between the production cost data supplied in reply to this question and costs normally determined by DAEHAN STEEL's accounting system.*

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw 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.

ANSWER: *For production of the goods under consideration, [REDACTED] is used as the major raw materials. During the review period, DAEHAN STEEL purchased [REDACTED].*

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DAEHAN STEEL has provided in Appendix G-10 the total value of the raw materials purchased from [REDACTED] suppliers during the review period and the percentage of the total cost of manufacturing accounted for by these inputs.

As demonstrated in Confidential Appendix G-10, the purchase of major raw materials by DAEHAN STEEL [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED].

Concerning the raw material purchases, purchases of [REDACTED], is also provided in Appendix G-11.

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	<ul style="list-style-type: none">• sold on theoretical weight basis		applicable
Coating	<ul style="list-style-type: none">• painted (Polyvinylidene Fluoride or PVDF)• painted (other than PVDF)• laminated but not painted• galvanised• no coating	Mandatory	Mandatory

Attachment 1 - Model matching criteria

Variable	Parameter	Sales data	Cost data
Quality	<ul style="list-style-type: none"> • prime • non-prime (secondary) 	Mandatory	Not applicable
Production method	<ul style="list-style-type: none"> • Specify the method used to achieve mechanical properties (eg. Water-quenched & self-tempered OR microalloyed OR cold-worked) 	Mandatory	Optional
Form	<ul style="list-style-type: none"> • in coil • straight lengths 	Mandatory	Mandatory
Diameter	Nominal cross sectional diameter	Mandatory	Optional
Specification/Standard	<p>Specification/designation/type. e.g. AS/NZS 4671.</p> <p>If products are made to a grade only but not a specification, report the full name of the grade.</p>	Mandatory	Optional
Grade	<p>Grade, e.g. 500N.</p> <p>If products are made to a grade only but not a specification, report the full name of the grade, e.g. "SAE grade 1006", not simply "1006".</p>	Mandatory	Mandatory
Ductility	Specify the ductility class the rod in coil is manufactured to (Low, Normal or Seismic)	Mandatory	Mandatory
Carbon content	Maximum specified carbon equivalent content	Mandatory	Optional
Alloy	<p>Specify any alloys present.</p> <p>Examples include Vanadium, Niobium, Ferrovanadium (FeV) and Ferroniobium (FeNb).</p>	Mandatory	Mandatory
Alloy content	Minimum specified alloy content	Mandatory	Mandatory
Sales quantity method	<ul style="list-style-type: none"> • sold on actual weight basis 	Mandatory	Not

**SECTION H
EXPORTER'S DECLARATION**

I hereby declare that... DAEHAN STEEL CO., LTD.... (company) 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 : KIM , Hee-yeon

Signature : heeyeon kim

Position in Company : Manager of Steel Manager Group

Date : 17 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 type="checkbox"/>
Section B – export price	<input type="checkbox"/>
Section C – like goods	<input type="checkbox"/>
Section D – domestic price	<input type="checkbox"/>
Section E – fair comparison	<input type="checkbox"/>
Section F – exports to third countries	<input type="checkbox"/>
Section G – costing information	<input type="checkbox"/>
Section H – declaration	<input type="checkbox"/>

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

APPENDIX GLOSSARY OF TERMS

This glossary is intended to provide you with a basic understanding of technical terms that appear in the questionnaire.

Adjustments

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: *sales occurring at different times* (it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); *specification differences*; *packaging*; *taxes*; *level of trade*; *advertising*; *servicing/warranty*; *inland freight*; *warehousing*; *export charges*; *credit terms*; *duty drawback*; *commissions*.

Adjustments may also be required where the normal value is based upon costs to make and sell.

Arms length

Sales are not considered to be at “arms length” on your domestic market if there is any consideration payable for the goods other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

Constructed value

In cases where domestic prices paid for the goods under consideration in the country of export cannot be used for the determination of normal value, i.e. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the goods under consideration plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

Cost of production/manufacturing

The cost of production or manufacture consists of all manufacturing costs associated with the goods. It is the sum of direct materials, direct labour and factory overheads.

Cost to make and sell

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

Country of origin

The country in which the last significant process in the manufacture or production of the goods was performed.

Date of sale

The Commission will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

Direct labour cost

Direct labour is categorised as a variable cost, i.e. the value varies with the level of production.

Dumping

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

Dumping margin

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

Export price

The export price of the goods is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

Exporting country

The country of export is normally the country of origin from which the goods are shipped. The country of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

Factory overheads

Factory overheads consist of variable costs e.g. power, supplies, indirect labour and fixed costs e.g. factory rent, factory insurance, factory depreciation etc.

Goods under consideration (the goods)

The goods which are subject to anti-dumping measures and this review. That is, the goods that you have exported to Australia during the review period.

Incoterms

The following abbreviations are commonly used (comment is provided concerning costs that are normally borne by the seller):

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the sellers premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc. paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc. payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc. payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance) the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CPT	carriage paid to
CIP	carriage and insurance paid to the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc.
DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customer's disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc. incurred upon importation)

Review period

A period defined by the Commission over which importations of the goods are examined.

Like goods

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the goods under consideration or that, although not alike in all respects have characteristics closely resembling those of the goods under consideration. The term 'like goods' also refers to the goods produced by the Australian industry that are alike.

Normal value

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based upon all costs to make and sell the goods. Profit may also be included if the sales on the domestic market are profitable. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, the Commission will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by the Commission and the normal value is determined as if the surrogate country were the export source.

Ordinary course of trade

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

Selling, general and administration expenses (SG&A)

The selling, general and administration expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the goods were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- . domestic sales of like goods;
- . sale of goods of the same general category by the exporter; or
- . sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.