Australian Government
Department of Industry, Innovation and Science

Anti-Dumping Commission

Exporter Questionnaire

Case number: 495

Product: Steel reinforcing bar

From: the Republic of Turkey

Investigation period: 1 October 2017 to 30 September 2018

Response due by: Monday 24 December 2018[1]. **Extended to 14 January 2019.**

Case manager: Gavin Crooks

Phone: + 61 3 8593 2418

Return completed questionnaire to:
investigations3@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

[1] As the actual due date of 23 December 2018 falls on a Sunday, the effective due date is the following business day.

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is conducting a dumping and countervailing investigation into steel reinforcing bar (rebar) exported to Australia from the Republic of Turkey (Turkey).

The Commission will use the information you provide to determine normal values and export prices over the investigation period (the period). This information will determine whether rebar is dumped.

If you do not manufacture the goods

If you play a role in the export of the goods but do not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods), it is important that you forward a copy of this questionnaire to the relevant manufacturers and inform the case manager of the contact details for these manufacturers **immediately**.

The Commission will still require your company to complete this exporter questionnaire except Section G – Cost to make and sell.

What happens if you do not respond to this questionnaire?

You do not have to complete the questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem your company to be an uncooperative exporter. In that case the Commission must determine a dumping margin having regard to all relevant information.

Therefore, it is in your interest to provide a complete and accurate response to this exporter questionnaire, capable of verification.

Extension requests

If you require a longer period to complete your response to this exporter questionnaire, you must submit a request to the case manager, outlining the reasons in writing, for an extension to the due date for all or part of the questionnaire. This request must be made prior to the due date. A request for extension will be rejected if received after the due date.

When considering the extension request, the Commission will have regard to:

- the Commission's responsibility to conduct the case in a timely and efficient manner;
- the reasons why you could not provide a response within the whole period and not only the period remaining between the request and the due date;
- ordinary business practices or commercial principles;
- the Commission's understanding of the relevant industry;
- previous correspondence and previous dealings with your company; and
- information provided by other interested parties.

More information on extensions can be found in the *Customs (Extension of Time and Non-cooperation) Direction 2015* at https://www.legislation.gov.au/Details/F2015L01736.

You will be informed of the decision whether your request for an extension has been rejected, granted in full or granted in part. For example, you may be granted an extension to submit all sections except for Section A or you may be granted a shorter extension than you requested.

A summary of any requests and grants of extensions to submit a response to this exporter questionnaire will be published in the public record.

Submitting a response to the exporter questionnaire

Responses to the exporter questionnaire should be lodged by email listed on the cover page. In submitting the response to the exporter questionnaire, you must answer all questions, include all attachments and spreadsheets, and provide a non-confidential version of your response to this exporter questionnaire.

If your response to this exporter questionnaire contains major deficiencies that, in the Commissioner's view, cannot be quickly and easily rectified in a further response, then your company may be deemed as an uncooperative exporter.

Confidential and non-confidential responses

You are required to lodge a confidential version (for official use only) and a non-confidential version (for public record) of your response to this exporter questionnaire by the due date. Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

A person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information.

All submissions are required to have a bracketed explanation of deleted or blacked out information for the non-confidential version of the submission. An example of a statement to accompany deleted/blacked out text is:

[Explanation of cost allocation through the divisions, by reference to machine hours or weight].

If such an explanation is not provided, the Commission may disregard the information in the submission. Where the public record version of your response to the exporter questionnaire does not contain sufficient detail, your company may be deemed to have significantly impeded the case and be deemed an uncooperative exporter.

Verification of the information that you supply

The Commission may wish to conduct a visit to your company to verify your questionnaire response for completeness, relevance and accuracy of the information to your company's records.

The verification visit is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be relevant, complete and accurate.

Any verification visit typically commences approximately 2 to 4 weeks after the due date of the response to the exporter questionnaire. To assist with planning of a verification visit, please contact the case manager as soon as possible for a potential verification date to be scheduled.

Verification is usually conducted over 4 days. However, in complex cases, a verification visit may be scheduled over 5 days. A verification visit will include a detailed examination of your company's records and we will collect copies of relevant documents. The verification will require the participation of key staff, including your financial accountant, production manager and sales staff. A tour of the manufacturing facility may also be required during the verification visit.

Note that the Commission may disregard any data or information that is not verified, including new or additional information provided after the verification visit.

A report will be prepared following the verification visit, which details the outcomes of the visit. This report will be placed on the public record and may include the publication of the preliminarily-assessed dumping margin. The Commission considers that the dumping margin is not confidential information, but rather an aggregate figure derived from confidential data.

You will be provided with an opportunity to comment on the accuracy and confidentiality of the verification report prior to its publication on the public record.

The Commission may elect to undertake an alternative verification methodology than an on-site verification to satisfy itself of the completeness, relevance and accuracy of the data.

For information on the Commission's verification procedures, refer to Anti-Dumping Notice No. 2016/30 available on the Commission's website.

Important instructions for preparing your response

- All questions in this exporter questionnaire must be completed. If a question is not applicable to your situation, please answer the question with "Not Applicable" and provide an explanation as to why.

- All questions must be answered in English. An English translation must be provided for documents not originally in English.

- Clearly identify all units of measurement (e.g. KG) and currencies (e.g. AUD) used. Apply the same measurement consistently throughout your response to the questionnaire.

- Label all attachments to your response according to the section of the questionnaire it relates to (e.g. label the chart of accounts as Attachment A-5.6)

- The data must be created as spreadsheet files in Microsoft Excel.

- If you have used formulas to complete spreadsheets, these formulas must be retained and not hard-coded.

- You must retain all worksheets used in answering the questionnaire. Be prepared to provide these worksheets during the Commission's verification of your data.

- If you cannot present electronic data in the requested format contact the case officer as soon as possible.

- Where possible, electronic data should be emailed or shared with the Commission via SIGBOX, a secure online document repository. Please contact the case manager to request access to SIGBOX if required.

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 Company Information	☐✓
Section B Export Sales to Australia	☐✓
Section C Exported goods and like goods	☐✓
Section D Domestic sales	☐✓
Section E Due allowance	☐✓
Section F Third country sales	☐✓
Section G Cost to make and sell	☐✓
Section H Countervailing	☐✓
Exporter's declaration	☐✓
Non-confidential version of this response	☐✓

Attachments	Please tick if you have provided spreadsheet
B-2 Australian sales	☐ ✓
B-4 Upwards sales	☐ ✓
B-5 Upwards selling expenses	☐ ✓
D-2 Domestic sales	☐ ✓
F-2 Third country sales	☐ ✓
G-3 Domestic CTM	☐ ✓
G-4.1 SG&A listing	☐ ✓
G-4.2 Dom SG&A calculation	☐ ✓
G-5 Australian CTM	☐ ✓
G-7.2 Raw material CTM	☐ ✓
G-7.4 Raw material purchases	☐ ✓
G-8 Upwards costs	☐ ✓
I-1 Company Turnover	☐ ✓
I-2 Raw Material Purchases (if required)	☐
I-3 Income Tax	☐
I-4 Grants	☐

GOODS UNDER CONSIDERATION / GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods under consideration (the goods) i.e. the goods exported to Australia, that are allegedly dumped and subsidised, are:

> *The goods 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 s. The goods include all steel reinforcing bar meeting the above description regardless of the particular grade, alloy content or coating. Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.*

Proposed Model Control Code Structure

As announced in ADN No. 2018/128 published on 9 August 2018, the Commission has commenced using a model control code (MCC) structure in relation to applications received for the publication of a dumping duty and countervailing duty notice.

The Commission will undertake model matching using the proposed MCC structure outlined at Appendix 1 to this notice in order to identify key characteristics that will be used to match models of the goods exported to Australia and like goods sold domestically in the country of export. The proposed MCC structure is based on information received from the applicant and any other information the Commission considers relevant. The MCC structure shall be applied in responses to questionnaires provided by exporters.

Proposals to modify the MCC structure should be raised as soon as is practicable, but no later than the time the responses to the questionnaires are due (24 December 2018) and placed on the public record prior to any verification, otherwise the response may be deemed deficient.

Interested parties are encouraged to make submissions on whether proposed modifications to the MCC structure should be accepted by the Commission. Any changes to the MCC structure will be considered by the Commission and reported in either verification reports or in the SEF.

Full guidance regarding the Commission's application of MCC structure is provided at ADN No. 2018/128 on the Commission's website at www.adcommission.gov.au.

Model Control Codes

Details of the MCC structure for the goods are detailed in the table below. Export sales data (Section B-2), domestic sales data (Section D-2) and cost to make and sell data (Section G-3, G-4 and G-5) submitted in this response must follow this MCC structure. At a minimum, the data must report sales and cost data separately for each of the mandatory MCC categories identified by the Commission.

The Commission proposes to apply the following MCC structure in relation to *Investigation No.495*, regarding exports of rebar to Australia from Turkey.

Item	Category	Sub-category	Identifier	Sales data	Cost data	Key category
1	Prime	Prime	P	Mandatory	Optional	Yes
		Non-Prime	N			
2	Minimum yield strength specified by product standard (Mega Pascals or “MPa”)	Less than or equal to 300	A	Mandatory	Mandatory	No
		Greater than 300 but less than or equal to 480	B			
		Greater than 480 but less than 550	C			
		Equal to or greater than 550	D			
3	Finished form	Rebar in length/straight	S	Mandatory	Mandatory	No
		Rebar in coil	C			
4	Nominal diameter (millimetres or “mm”)	less than 12	A	Mandatory	Optional	No
		Greater than or equal to 12 and less than or equal to 16	B			
		Greater than 16 and less than or equal to 32	C			
		Greater than 32	D			
5	Length (metres or “m”)	less than or equal to 6	1	Mandatory	Optional	No
		Greater than 6 and less than or equal to 12	2			
		Greater than 12	3			
		Coil product	C			

As an example of how goods will be classified using this MCC structure, prime rebar of 500 MPa, in straight form, with a diameter of 12 mm, and a length of 10 metres, would receive the MCC PCSB2.

The MCCs will be used to model match export models to the identical or comparable domestic models. In addition, the MCCs will be used to determine the profitability of domestic sales in the ordinary course of trade test by comparing domestic selling prices to the corresponding cost to make and sell. The MCC may also be used to compare the export price to the cost to make the exported model as part of the constructed normal value.

If there are models manufactured and sold by your company that do not align within the MCC structure above, this should be raised by lodging a submission with the Commission as soon as is practicable, but no later than the time this questionnaire is due, otherwise the response may be deemed deficient.

SECTION A
COMPANY INFORMATION

A-1 Company representative and location

1. Please nominate a contact person within your company:
   Name: **Mr. Hamza Zeybek**
   Position in the company: **Export Sales**
   Telephone: **+90 212 253 66 30**
   E-mail address: **HamzaZeybek@dilerhld.com**

2. If you have appointed a representative, provide the their contact details:
   Name: **Mr. John Bracic**
   Address: **PO Box 3026 Manuka Act 2603,**
   Telephone: **+61 (0)499 056 729**
   E-mail address: **john@jbracic.com.au**

In nominating a representative, you are granting authority to the Commission to discuss matters relating to the case with the nominated representative, including your company's confidential information.

3. Please provide the location of the where the company's financial records are held.

All manufacturing, research, and sales activities of Diler Demir Celik Endustri ve Ticaret A.S. ("DDC") are administered from the Company's head offices in Istanbul at Tersane Cad. No.96 DILER Han Karakoy – ISTANBUL – TURKEY.

DDC would like to note that all of DDC's Australian exports are made through an affiliated trader company named Diler Dis Ticaret Anonim Sirketi ("DDT"). DDT and DDC are owned by same companies and family members, therefore they are both in same group of companies and they are associated. DDC and DDT (Collectively "Diler") will submit this questionnaire response together. DDT and DDC kindly request the same dumping rate to be applied to both companies.

4. Please provide the location of the where the company's production records are held.

Please see response to Question A.3.

A-2 Company information

1. What is the legal name of your business?

Diler Demir Celik Endustri ve Ticaret Anonim Sirketi ("DDC").

2. Does your company trade under a different name and/or brand? If yes, provide details.

DDC does not trade under a different name however as mentioned above, DDT is the foreign trade company in the DILER Group and handles all export sales

produced by DDC.

3. Was your company ever known by a different legal and/or trading name? If yes, provide details.

Other than the above mentioned titles and company name abbreviations, DDC and DDT are not known by any other different legal or trading name.

4. Provide a list of your current board of directors and any changes in the last two years.

Requested information is provided in Exhibit-A-2.4 for all group companies.

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:
   (a) A diagram showing the complete ownership structure; and

Requested information is provided in Exhibit-A-2.5a. Diler provides the shareholder's list of all group companies.

   (b) A list of all related companies and its functions

Requested information is provided in Exhibit-A-2.5b.

6. Is your company or parent company publically listed?
   If yes, please provide:
   (a) The stock exchange where it is listed; and
   (b) Any principle shareholders[2]
   If no, please provide:
   (a) A list of all principal shareholders and the shareholding percentages.

Neither DDC or DDT are publically listed. List of principal shareholders and shareholding percentages are been provided in Exhibit-A-2.5a.

7. What is the overall nature of your company's business? Include details of the products that your company manufacture and sell and the market your company sells into.

The Company was established in 1954 and produced steel billets ranging from 100x100 mm to 180x180 mm with a six way high speed continuous casting machine in the arc furnace located in Dilovasi, Gebze. The mill has an annual crude steel capacity of [redacted] MT. The billets are rolled into round and deformed reinforcing bars and wire rods ranging from 5.5 mm to 40 mm diameter in its rolling mills having an

[2] Principal shareholders are those who are 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.

annual total capacity of around [redacted] MT.

All of the companies in the Diler Group are generally owned by [redacted]. DDC itself is the functional parent company of a group of companies whose operations are concentrated in the fields of iron and steel manufacturing, energy, port operations, banking and tourism. DDC is also the locomotive manufacturing company that produces subject goods and main sales company for both domestic and export sales.

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:
   (a) produce or manufacture;
   (b) sell in the domestic market;
   (c) export to Australia; and
   (d) export to countries other than Australia.

DDC is the producer of the subject products and sell in the domestic market while exports are generally made through affiliated trader DDT.

9. Provide your company's internal organisation chart.

Requested information is provided in Exhibit-A-2.9.

10. Describe the functions performed by each group within the organisation.

An operations chart showing operations and the responsibilities of functional groups of DDC and DDT are provided in Exhibit A-2.9. DDC's operations are structured by function. The major divisions that are involved in the sale and manufacturing of subject merchandise are the steel production, accounting, domestic sales, financing and import and domestic procurement departments.

11. Does your company produce brochures, pamphlets or other promotional material? If yes, please provide them.

Product brochures and company catalogues in English are submitted in Exhibit-A-2.11.

A-4 General accounting information

1. What is your financial accounting period?

DDC and DDT's normal corporate accounting period is the calendar year.

2. Are your financial accounts audited? If yes, who is the auditor?

Statutory financial statements are prepared in line with the Turkish GAAP. Statutory books are audited and approved by sworn certified public accountants before submitting tax returns. DDC and DDT's sworn certified public accountant is [redacted]

3. What currency are your accounts kept in?

DDC's and DDT's accounting currency is kept in Turkish Lira.

4. What is the name of your financial accounting system?

DDC and DDT's financial, cost accounting and sales system is integrated with [redacted] ERP software. All the source documents are kept in this ERP system.

DDC and DDT uses [redacted] to generate all necessary sales and costs reports including:

- **Sales Analysis Reports: daily, monthly and annual basis.**
- **Purchase Analysis Reports: reports based on the input type and the customer.**
- **Accounting Reports: monitor the trial balance, sub-ledgers, and journal vouchers.**
- **Inventory Movement Reports: reports product based inventory movements.**

5. What is the name of your sales system?

Please see response to Question A.4.4.

6. What is the name of your production system?

Please see response to Question A.4.4.

7. If your financial accounting, sales and production systems are different, how do the systems interact? Is it electronically or manual? Please provide a detailed explanation and include diagrams.

As noted above, all financial, cost accounting and sales systems are traced within the same system.

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

DDC and DDT's financial accounting practices are in accordance with Turkish GAAP as prescribed by the Ministry of Finance for tax accounting ("VUK": tax procedure law).

9. Have there been any changes to your accounting practices and/or policies over the last two years? If yes, please provide details.

Not applicable. There has been no changes.

A-5 Financial Documents

1. Please provide the two most recently completed annual reports and/or financial statements for your company and any other related companies involved in the production and sale of the goods.

The audited financial statements of DDT and DDC, which are consistent with the tax returns submitted to the Government are provided in Exhibit A-5.1. DDC and DDT also provides its financial statements that covers the period of investigation.

2. If the financial statements in A-5.1 are unaudited, provide for each company:
   (a) the tax returns relating to the same period; and
   (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

As noted above, DDT and DDC's financial statements are prepared in line with the Turkish GAAP and they are audited and approved by sworn certified public accountants before submitting tax returns.

3. Does your company maintain different profit centres? If yes, provide profit and loss statements for the profit centre that the goods falls into for:
   (a) the most recent financial year; and
   (b) the period.

DDC only have cost centers for its non-subject production of wire rod. For the subject merchandise, DDC does not have any cost centers.

4. If the period is different to your financial period, please provide:
   (a) Income statements directly from your accounting information system covering the most recent financial period and the period; or
   (b) Quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the period.

DDC and DDT provided the financial statements that covers the investigation period in Exhibit-A-5.1.

5. Please provide a copy of your company's trial balance covering the most recent financial year.

   Requested information is provided for 2017 and POI in Exhibit-A-5.5.

6. Please provide your company's chart of accounts

   DDC's chart of accounts is provided in Exhibit-A-5.6

If any of the documents are not in English, please provide a complete translation of the documents.

SECTION B
EXPORT SALES TO AUSTRALIA

B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and any entities (e.g. agents) including:

   (a) Marketing and advertising activities
   (b) Price determination and/or negotiation process
   (c) Order placement process
   (d) Order fulfilment process and lead time
   (e) Delivery terms and process
   (f) Invoicing process
   (g) Payment terms and process

As noted before, all export activities including Australian sales are carried out through DDT. DDC sells the subject merchandise to DDT and DDT performs a back-to-back resale to the unaffiliated Australian customer.

Generally, the customer contacts with DDT via phone. DDT responds to the customer's inquiry and states whether any of the conditions cannot be met. After some discussion, usually by telephone, revisions may be made and agreed to, if necessary. DDT then confirms the sale and drafts a sales contract.

Once the sales contract has been signed, buyer informs DDT about details of letter of credit ("l/c") issuing bank and a draft of l/c wording before issuance of the operative l/c. Once draft l/c is received, the production-planning department is notified to include the new order in the production plan. If payment term is cash, [redacted] [payment terms of sales]. It generally takes [redacted] weeks to produce and load the order. Diler arranges a suitable vessel for the order. When goods are ready for dispatch, bank documents (commercial invoice, bill of lading, and other documents required per the agreement with the customer) are then transferred to the customer through banking channels and payment is finalized if the sale is on a cash-against-document basis. Sales to Australia are generally made on l/c basis.There are no agency or distributor agreements or contracts.

Diler is not involved in any marketing or any advertising activities in Australia. The delivery is made usually in containers and the transit period is around [redacted] days. Invoicing takes place on the same date or within a few days of the shipment. Goods are shipped within [redacted] days of the order is received.

2. In what currency do you invoice your Australian customers? If it is not in your local currency:

(a) Do your customers pay you into a foreign currency denominated account? If yes, provide details;
(b) Do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details;
(c) How is the exchange rate determined and how often is it updated in your accounting system?

Diler's customers in Australia pay in U.S. dollars into Diler's foreign currency accounts through letters of credit. No forward contracts are used. The exchange rate in accounting system is daily updated based on Turkish Central Bank exchange rates. The USD invoice is recorded in the accounting with the relevant Turkish Central Bank exchange rate on the date of booking in line with the regulations.

3. Are there any Australian customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

No, DDC does not have any related Australian customers. However, as noted above, all Australian sales are made through DDC's affiliated trading company, located in Turkey, DDT.

4. If sales are in accordance with price lists or price extras list, provide copies of these lists.

The company did not have any publicly available price lists, price schedules, base price lists or discount schedules for product concerned during the period of investigation. Rather, the company establishes its sales price in the domestic market through the negotiation with each customer on a transaction-specific basis.

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

Not applicable, in the normal course of business, DDC and DDT's selling activities and their prices do not vary based on the customer category or customer channels. In fact, during the investigation period, Diler's majority of sales were only sold to unaffiliated traders.

6. Did you provide on-invoice discounts and/or off-invoice rebates to any Australian customer or an associate of the customer in relation to the sale of the goods during the period? If yes, provide a description and explain the terms and conditions that must be met by the customer to obtain the discount.

DDC and DDT do not have discount or rebate schedules.

7. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

DDC and DDT did not issue any credit or debit notes related to the customer or associate of the customer in relation to the sale of the goods during the period of investigation.

8. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

    (a) What date are you claiming as the date of sale?
    (b) Why does this date best reflect the material terms of sale?

Diler issues the commercial invoice a few days prior to the legal export date of the goods. The legal export date is determined following issuance of an export declaration by Turkish Customs. This export declaration closing date is used for determining the relevant rate of exchange for conversion of the foreign currency to Turkish Lira. The export declaration date is approximately [redacted] days following the issuance of the commercial invoice. For this reason, Diler submits that the export declaration date is taken to be the date of sale.

B-2 Australian sales listing

1. Complete the worksheet named "B-2 Australian sales"

- This worksheet lists all export sales (i.e. transaction by transaction) to Australia of the goods invoiced within the period.
- If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the spreadsheet, add a column. For example, 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.

Requested information is provided in Exhibit-B-2. This exhibit is also provided in soft copy.

Diler also added the following fields:

- **Sequence number for the convenience of the Commission**
- **Product Description in addition to product code**
- **The quantity on the certain invoices is on theoretical weight basis, however in the normal course of business, the production and sales in home market as well as the proceedings at customs are carried out on actual weight basis. For the comparison purposes, Diler provides the actual and theoretical quantities on separate fields for DDT. If the sale is**

on actual quantity basis, Diler used the same quantity figure under actual and theoretical quantity fields. Diler also inserted fields to report both unit price based on theoretical and actual. Theoretical price will help the commission to reconcile it to commercial invoice while for price comparison and unit expense calculation, the actual quantity is used to be in the same level as the costs and home market sales.

- **Note that the reported sales are produced by DDC and exported to Australia through DDT. For the convenience of the Commission, Diler provides also DDT's actual quantities sold to DDT. In certain transactions, there are very insignificant quantity differences between the DDC sales to DDT and DDT's final shipment quantities. This is because [redacted].**
- **DDT also provides additional fields for the direct selling expenses such as:**
  - [redacted]
  - [redacted]
  - [redacted] **and**
  - [redacted]
  - [redacted]
  - [redacted]
  - **Duty drawback adjustment is also reported with a negative sign in Australian sales listings indicating that the adjustment should increase the export price by the amount of unpaid duties.**
- **DDT also provides the vessel name and customs exit declaration number for the convenience of the Commission.**

2. Provide a table listing the source of the data for each column in the export sales listing (B-2.1).

All the information reported in the export sales listing is provided from Diler's export lists traced on excel daily which are reconciled with the accounting on a monthly basis. The expenses are manually inserted to the relevant fields. All expenses reported are on an actual basis.

B-3 Sample export documents

1. Select the two largest invoices by value and provide the following documentation:

- Contracts
- Purchase order and order confirmation
- Commercial invoice and packing list
- Proof of payment and accounts receivable ledger
- Documents showing bank charges
- Invoices for inland transport
- Invoices for port handling and other export charges
- Bill of lading
- Invoices for ocean freight and marine insurance (if applicable)
- Country of origin certificates (if applicable)

If the documents are not in English, please provide a translation of the documents.

Requested information is provided in Exhibit-B-3.

2. For each document, please annotate the documents or provide a table reconciling the details in the export listing (in B-2) to the source documents (in B-3.1).

Diler provides the description on the top of each document provided in Exhibit B-3.

B-4 Reconciliation of sales to financial accounts

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listing in B-2, D-2 and F-2 are complete.
   - You must provide this list in electronic format using the template provided.
   - Please use the currency that your accounts are kept in.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

Requested information is provided in Exhibit-B-4 both for DDC and DDT.

Diler's accounting currency is in Turkish Lira. Since Diler prepares quarterly income statements, the income statement figure corresponds to the investigation period and no adjustment is required for "Difference between Investigation and Accounting Periods". Additionally, Diler's accounting is based on actual figures therefore no variances are reported. Diler also provides a more detailed additional reconciliation worksheet for its Australian Sales in Exhibit B-4.

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5, B-2 and D-2, required to complete the "Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

As noted above, Diler also provides a more detailed additional reconciliation worksheets for its Australian Sales in covering all source documents in Exhibit B-4, too

3. For any amount in the "Upwards sales" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
   - the name of the source document, including the relevant page number, in column F of the worksheet; and

- highlight or annotate the amount shown in the source document.

As noted above, Diler also provides a more detailed reconciliation worksheet for its Australian Sales in covering all source documents in Exhibit B-4.

B-5 Reconciliation of direct selling expenses to financial accounts

1. Please complete the worksheet named “B-5 Upwards selling expense” to demonstrate that the direct selling expenses (e.g. Inland transport) in B-2 and D-2 are complete.
    - You must provide this list in electronic format using the template provided.
    - Please use the currency that your accounts are kept in.
    - If you have used formulas to complete this worksheet, these formulas must be retained.

Requested information is provided in Exhibit-B-5. In addition, Diler also would like to note that all the expenses reported in Exhibit B-2 are on actual basis.

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5, B-2 and D-2, required to complete the “Upwards SG&A” worksheet. If the documents include spreadsheets, all formulas used must be retained.

Diler also provides more detailed additional reconciliation worksheets for its direct selling expenses covering all source documents in Exhibit B-5, too

3. For any amount in the “Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
    - the name of the source document, including the relevant page number, in column F of the worksheet; <u>and</u>
    - highlight or annotate the amount shown in the source document.

As noted above, Diler also provides additional and detailed reconciliation worksheets for the direct selling expenses covering all source documents in Exhibit B-5, too. Diler also kept all the links and formulas within the worksheet.

SECTION C
EXPORTED GOODS AND LIKE GOODS

C-1 Models exported to Australia

1. Fully describe all of the goods your company exported to Australia during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the goods exported to Australia.

DDT exported to Australia in accordance with Australian specification Grade 500N in lengths ranging 6 to 12 meters and diameters ranging 12 to 32 mm. A copy of the Australian specification is provided in Exhibit C-1.1.

2. Provide a list of MCCs of the goods exported to Australia. This must cover all MCCs listed in the Australian sales listing in B-2.
   - This list must be disclosed in the public record version of the response.

DDT exported to Australia the following MCCs:

P-D-S-B-1

P-D-S-B-2

P-D-S-C-1

P-D-S-C-2

P-D-S-D-2

C-2 Models sold in the domestic market

1. Fully describe all like goods your company sold on the domestic market during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the like goods sold on the domestic market.

DDT sold in the domestic market according to Turkish specification TS 708 Grades B420B, B420C, S420 in lengths ranging 6 to 12 meters and diameters ranging 8 to 40 mm. Also, a very limited amount of [redacted] products as well as [redacted] standards were sold in the domestic market. A copy of the Turkish specification TSE 708 is provided in Exhibit C-2.1.

2. Provide a list of MCCs of like goods sold on the domestic market. This must cover all MCCs listed in the domestic sales listing in D-2.
   - This list must be disclosed in the public record version of the response.

As noted before, DDC produces and sells the subject product in the domestic market. DDC sold the following MCCs for the prime products in the domestic market:

P-B-S-A-2

P-B-S-B-2

P-B-S-C-2

P-B-C-A-C

P-B-S-D-2

P-B-C-B-C

P-B-S-C-1

P-B-S-B-1

P-D-S-A-2

P-D-S-B-2

P-D-S-C-2

P-B-S-A-1

P-D-C-A-C

P-A-S-B-2

P-A-S-A-2

P-B-S-B-3

DDC also sold certain amount of non-prime goods as named as [redacted]. Since these products are gathered in a warehouse and sold from this warehouse, their specifications and size information are not tracked. Therefore, DDC is unable to report the MCCs of such products. As noted in Section G, the cost of these non-prime products are the general rebar and wire rod monthly costs as provided in cost worksheets.

C-3 Internal product codes

1. Does your company use product codes or stock keeping unit (SKU) codes?
   If yes:
   (a) Provide details of the product or SKU coding system for the goods, such as a legend or key of the meaning for each code within the product or SKU code.
   (b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.
   (c) Provide a table of showing the product or SKU codes for each MCC.

   If no:
   (a) Provide details on the method used to identify the MCC in the sales and cost spreadsheets.

Requested information is provided in Exhibit-C-3.1.

In this exhibit Diler provides the internal codes for both DDC and DDT and demonstrates how the MCCs are prepared using the information of each product code for sales and costs.

SECTION D
DOMESTIC SALES

D-1 Domestic sales process

1. Provide details (and diagrams if appropriate) of the domestic sales process of your company and any other related entities including:
   - (a) Marketing and advertising activities
   - (b) Price determination and/or negotiation process
   - (c) Order placement process
   - (d) Order fulfilment process and lead time
   - (e) Delivery terms and process
   - (f) Invoicing process
   - (g) Payment terms and process

Home market sales are always held by DDC itself. There are no advertisement activities. The sales process in the home market does not vary depending on the channel of distribution.

Shipments are carried out from inventory maintained by DDC at its production facility. Home market sales are rarely produced to order when requested merchandise is not immediately available in the inventory. Services provided by DDC in the home market are related to the requirements of the customer regardless of their category. Basic selling activities and services provided for certain customers are as follows:

- **Freight (from the manufacturing facility or warehouses to the customer's site)**
- **Packing of the cargo at the manufacturing facility**
- **Offering extended payment terms**
- **DDC does not have any agencies or distributors in the home market. Subject merchandise is directly shipped to customers from the manufacturing location of DDC.**

Basic steps in DDC's sales to home market are summarized below in chronological order:

- **Order received by phone or in written form**
- **Order confirmed by phone or in written form**
- **Agreement on the payment terms (check or wire transfer and financing options in credit sales)**
- **Release of goods from inventory**
- **Arrangement of freight if delivery is on DDC's account. Otherwise,**

freight arranged by the buyer

- **Issuing of delivery documents and invoice**
- **Shipment**
- **Settlement of payment**

2. Are any domestic customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

DDC sold an insignificant amount of subject product to [redacted], which are all sold at market values and all of these products are used for [redacted]. DDC also sold a very insignificant amount of subject product to [redacted].

Finally, a very small quantity of subject merchandise was sold to DDT as a sample product during the POI. These transactions were identified as "yes" under the additional field in home market sales listings named as "Sample".

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

The company did not have any publicly available price lists, price schedules, base price lists or discount schedules for product concerned during the POI. Rather, the company establishes its sales price in the domestic market through the negotiation with each customer on a transaction-specific basis.

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

Not applicable, in the normal course of business, DDC s selling activities and their prices do not vary based on the customer category or customer channels in the home market. Sales are made to either [redacted] and the price does not change based on the channel.

5. Did you provide on-invoice discounts and/or off-invoice rebates to the customer or an associate of the customer in relation to the sale of the like goods during the period? If yes, provide a description; and explain the terms and conditions that must be met by the importer to obtain the discount.

DDC does not have discount or rebate schedules.

6. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the like goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

DDC very rarely issues or receives credit or debit notes in relation to pricing errors. These price adjustments are captured in field "Other Charges" where applicable to subject products. All price adjustments reported, decreases the price therefore DDC reported all these sales with a negative sign under the field "Other Charges".

7. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

   (a) What date are you claiming as the date of sale?
   (b) Why does this date best reflects the material terms of sale?

The date of invoice is the date of sale for home market sales of the product concerned during the period of investigation.

D-2 Domestic sales listing

1. Complete the worksheet named "D-2 Domestic sales"
   - This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia.
   - If you have claimed in D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
   - You must provide this list in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.
   - 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-2 above, add a column for each item. For example, certain other selling expenses incurred.

Requested information is provided in Exhibit-D-2. This exhibit is also provided in soft copy.

Diler added certain fields for the convenience of the Commission:

- **Sequence number for reference**
- **Product description**
- **"[redacted]" and "[redacted]" fields are also added due to the reason that there are a [redacted] in home market.**
- **Other costs (Credit Cost): The credit cost for offering terms to the customer. Calculated by Gross invoice value (TL) x Interest Rate [redacted]%- x Payment terms (days) / 365**
- **Freight Insurance**
- **Port Expenses for the shipments through port**

- **Vessel handling Expenses for the shipments through port**
- **Sample sales field is also added in order to identify the sample sales transactions**

2. Provide a table listing the source of the data for each column in the domestic sales listing prepared for your response to question D-2.1.

All the information reported in the home market sales listing is provided from Diler's ERP system report - [redacted] - Sales Detail Report. The expenses are either manually inserted to the relevant fields on an actual basis or based on the sales order number as recorded in the system in the normal course of business.

D-3 Sample domestic sales documents

1. Select the two largest invoices by value and provide the following documentation:
   - Contracts
   - Purchase order and order confirmation
   - Commercial invoice and packing list
   - Proof of payment and accounts receivable ledger
   - Documents showing bank charges
   - Delivery invoices

If the documents are not in English, please provide a translation of the documents.

Requested information is provided in Exhibit-D-3.

2. For each document, please annotate the documents or provide a table reconciling the details in the domestic sales listing (in D-2) to the source documents (in D-3.1).

Diler provides the description on the top of each document provided in Exhibit D-3.

D-4 Reconciliation of sales to financial accounts

This section is not required if you have completed B-4.

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listing in D-2 is complete.
   - You must provide this list in electronic format using the template provided.
   - Please use the currency that your accounts are kept in.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

Requested information is provided in Exhibit-B-4.

2. Please provide all documents (e.g. general ledgers, trial balances), other than those in A-5 and D-2, required to complete the "Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

Diler's accounting currency is in Turkish Lira. Since Diler prepares quarterly

income statements, the income statement figure corresponds to the investigation period and no adjustment is required for "Difference between Investigation and Accounting Periods". Additionally, Diler's accounting is based on actual figures therefore no variances are reported. Diler also provides a more detailed reconciliation worksheet for its home market sales in Exhibit B-4.

3. For any amount in the "Upwards sales" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
   - the name of the source document, including the relevant page number, in column F of the worksheet; and
   - highlight or annotate the amount shown in the source document.

As noted above, Diler also provides a more detailed reconciliation worksheet for its Australian Sales in covering all source documents in Exhibit B-4.

SECTION E
DUE ALLOWANCE

E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
   (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
      i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
      ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover.
   (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?
   (c) Do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of interest rates?

DDC relied on its actual payment dates as traced in its system in order to report the payment terms in its home market sales. DDC does [redacted] denominated in Turkish Lira ("TL") same as its home market sales. DDC reported the Central Bank's overnight interest rate[3] average given in the POI. DDC calculated a weighted average TL short term borrowing rate and applied this rate to calculate the credit expense. The TL borrowing rate calculation is provided in Exhibit E-1.1.

DDC also has [redacted] for TL. The average interest rates for its TL denominated [redacted] during the POI was ranging between [redacted]% and [redacted]%].

2. Do you provide credit to any Australian customers in relation to sales of the goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
   (a) Do you provide a rolling credit facility to your Australian customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
      i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
      ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover.
   (b) If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):
      i. Do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?
      ii. What is the interest rate, or average of interest rates, applying to term deposits or other cash product (e.g. bonds) denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

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3 https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Temel+Faaliyetler/Para+Politikasi/Merkez+Bankasi+Faiz+Oranlari/faiz-oranlari

DDC relied on its actual payment dates as traced in its system in order to report the payment terms in its Australian Sales listings. DDC has [redacted] denominated in US Dollar same as its Australian sales. DDC calculated its own short term US Dollar borrowing rate incurred during the POI and applied this rate to calculate the credit expense. The US Dollar short-term borrowing rate calculation is provided in Exhibit E-1.2.

DDC also has time deposits for US Dollar. The average interest rates for its US Dollar denominated time deposits during the POI was around [redacted]%.

E-2 Packaging

1. What is the packaging used for your domestic sales of like goods?

2. What is the packaging used for your export sales of the goods to Australia?

3. If there are distinct differences in packaging between your domestic and export sales:
   (a) Provide details of the differences.
   (b) Calculate the weighted average packaging cost for each model sold on the domestic market.
   (c) Calculate the weighted average packaging cost for each model exported to Australia.

Common packaging used for domestic sales is very simple as tying the bundles with wire rod as well as tags and basic hooks used to attach tags to each bundle. These expenses are accumulated in GL account [redacted] and roll up to the selling and marketing expenses account.

Packaging used for export sales includes the common packaging costs as well as wooden dunnage. These expenses are also traced under GL account [redacted] in selling and marketing expenses account.

DDC provides a calculation of its per unit packing expenses in Exhibit E-2. This calculation is prepared separately for export and domestic market sales. For common packing expense calculation, the total packing expenses are divided by the total quantity of production while for the export specific packing, the total expense is divided by the total export quantity.

Diler does not trace its packing expenses on a product code basis, accordingly Diler is unable to report its packing costs on an MCC basis. On the other hand, due to the simplicity of the packing the packing is allocated based on the production and export sales quantity as explained above.

E-3 Delivery

1. Are any domestic sales of like goods delivered to the customer? If yes, how were the transportation costs calculated in the domestic sales listing in D-2?

2. What are the delivery terms of the export sales of the goods to Australia?

3. If the delivery terms of the Australian sales includes delivery to the port, how were the inland transport and port charges calculated in the Australian sales listing in B-2?

4. If the delivery terms of the Australian sales includes ocean freight, how was the ocean freight cost calculated in the Australian sales listing in B-2?

5. If the delivery terms of the Australian sales includes marine insurance, how was the marine insurance calculated in the Australian sales listing in B-2?

6. If the delivery terms of the Australian sales includes delivered duty paid, how were the Australian importation and delivery costs calculated in the Australian sales listing in B-2?

All the inland freight reported in home market sales listings is provided from Diler's ERP system. Inland freight expenses are reported on an actual basis. In its normal course of business, the inland freight expenses are entered to the ERP system based on the relevant sales order identified in the system therefore at the time when the products are shipped, Diler is able to track the linkage between its sales and inland freight expenses.

Delivery terms of all Australian sales are on [redacted] basis and all shipments are made with [redacted]. The ocean freight is calculated based on the various container charges, inclusive of all other charges such as loading to container, lashing, loading to vessel, ocean freight and marine insurance. DDT also reported inland freight to port specific for the Australian sales during the POI. Inland freight to port is paid and recorded by DDC.

Australian sales are [redacted] [export credit terms].

E-5 Other direct selling expenses

1. Do you provide sales commissions for domestic sales of like goods and/or export sales of the goods? If yes, provide details.

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:
   - What is the rate of value-added tax (VAT) on sales of the goods and like goods?
   - How is VAT accounted for in your records in relation to sales of the goods and like goods?
   - Do you receive a VAT refund in relation to sales of the goods and/or like goods?
   - Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

3. Are there any other direct selling expenses incurred by your company in relation to domestic sales of like goods?

- These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5.

4. Are there any other direct selling expenses incurred by your company in relation to export sales of the goods to Australia?
   - These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5.

DDT rarely paid commission for its Australian sales, for home market sales no commission expense was incurred. For the Australian sales, DDT rarely pays for commissions as noted in the order. Other than the order, there is no agency agreement for commissions. During the POI, DDT paid a commission of [redacted]% or [redacted]%] per metric ton.

There is no VAT for exports sales. The VAT rate is 18% for domestic sales. All reports prices and allowances are net of VAT. Accordingly, there is no tax liability difference in the reported home market and Australian sales.

Diler reports the following additional expenses for its Australian sales:

- o [redacted]
- o [redacted]
- o [redacted]
- o [redacted]
- o [redacted]
- o [redacted]

All these expenses are reported on an actual basis.

Diler reports the following additional expenses for its home market sales:

- o [redacted]
- o [redacted]
- o [redacted]
- o [redacted]

E-3 Other adjustment claims

1. Are there any other adjustments required to ensure a fair comparison between the export price and the normal value (based on domestic sales, costs and/or third country sales)? If yes, provide details.
   - An adjustment will only be made where there is evidence that the difference affects price comparability.
   - Refer to Chapter 14 of the Dumping and Subsidy Manual for more information.

DUTY DRAWBACK

Diler notes that Commission should consider the 'duty drawback' adjustment reported in DDT's Australian sales listings (Exhibit B-2) in making a price comparison between export sales and domestic sales for the reasons stated below.

Under Turkey's "Inward Processing Regime" (IPR), a company that imports raw materials and exports finished goods made from such raw materials may obtain an inward processing certificate (IPC) (Turkish acronym, DIIB). An IPC sets forth the quantity of raw material allowed to be imported without cash deposit of import duties under a given IPC and the quantity of export required to close the IPC, i.e., to satisfy the export-commitment requirements of the IPC. When an IPC has been closed, and the closure is approved by Turkish Customs, then the IPC holder is released of any liability for import duties otherwise payable on the entries under the IPC. The final approval of IPC closures is within the jurisdiction of the Turkish Ministry of Economy.

When a Turkish company imports or exports goods, it files an entry or exit declaration, respectively, with Turkish Customs. Customs verifies the accuracy of such declarations and inserts the finalized quantities, values, and related information, including IPC numbers, into a Customs database. A holder of an IPC can then query the Turkish Customs database, via an internet e-portal, to ascertain its import and export movements under its IPCs. IPC holders can also download their IPC usage tables from the Customs e-portal.

Generally, Diler imports ferro alloys, scrap and billet from various countries in significant quantities with a commitment to export the finished product that is manufactured by using the imported raw materials. Upon import, Diler is exempted from paying import duties, charges and VAT on the condition that the finished products will be exported. According to the IPR, failure to demonstrate that the finished goods are exported would result in retroactive collection of all the import customs duties and value added tax as well as fines. During the POI, Diler imported billet under [redacted] inward processing certificates (IPCs) for shipments made to Australia [redacted]. Imports and exports under all of these [redacted] certificates have been completed except [redacted], and the application to close the certificates was presented to the Turkish Government. Accordingly, the Turkish Government – Ministry of Economy – closed off these certificates after confirming that all the inputs imported under customs exemption were used for the production of the exported goods.

Diler provides all supporting documents regarding its IPR in Section H. These supporting documents include:

Turkish IPR Regulation and an English translation are provided in Exhibit H-4-1.
Raw materials imported under IPR to be used in the production of rebar in Exhibit H-4-2
Sample screenshots from the online e-portal system in Exhibit H-4-4.
Sample of copies of import entry documents in Exhibit H-4-17.
Sample correspondence regarding acceptance of application as well as confirming the closure of IPR is provided in Exhibit H-4-18.

To calculate the per unit duty drawback Diler followed the steps below:
Diler uses Ministry of Economy's online Inward Processing Regime (IPR) system to make application concerning the opening and closing of a certificate and to submit all of the requested data and information to the Government. Therefore, Diler used this online system

to identify the IPCs included in the calculation. Diler included all IPCs, relevant with Australian sales, under which imports or exports were made during the POI.

After identifying the IPCs; Diler extracted from the online system all imports and exports under each certificate. After compiling the import data, Diler created the “duty drawback calculation” worksheet provided in Exhibit E-3. Diler calculated the reported per unit amount of duty drawback by dividing total amount of import duties and charges corresponding to the imports made under the included IPCs by the total exports made as a commitment against the imports to close the IPCs. Note that Diler included all imports and exports under the IPC and did not limit the calculation to the POI imports and exports to avoid mismatches between the numerator and denominator due to timing issues. Diler identified the customs duties based on the “Tariff Classification” and “Country of Origin” and inserted the duties to the “ custom duty %” column.

Diler calculated the duties and charges exempted; as the CIF value times customs duty rate in column “K” and “M”, respectively. To come up with the total exempted duties and charges Diler summed the column “N” and “O” in the column “P”. The total of column “P” reveals the total duty and charges exempted from imports made under the IPCs [redacted].

The IPCs [redacted] under which Diler imported billet during the POI, had not been closed as of the date of this submission and Diler continues to make imports and exports. Diler calculated the estimated quantity of exports that will be made under this IPC when it is closed and provided the calculation in the same exhibit. Diler calculated the ratio of exports to imports from the IPCs that have been closed and used to import billet to obtain a reliable closing ratio that may be applied to ascertain the projected export quantity of IPCs [redacted]. Diler then applied this ratio to the total of imports made under the IPCs [redacted] (for which the import quantity that has been realized) to arrive at the quantity of exports to be made in relation to the raw materials imported.

<u>INVENTORY CARRYING</u>

As noted in earlier responses, Diler’s exports are produce to order following confirmation of l/c details, whilst domestic sales are sold from inventory. As such, a difference in the inventory carrying cost of domestic and export sales exist, which warrants adjustment to ensure proper comparison.

Diler notes the preferred methodology for calculating the opportunity cost of carrying inventory outlined in its Dumping and Subsidy Manual. Diler intends quantifying the unit cost of domestic inventory using the Commission’s preferred methodology, for presentation and verification during the verification visit.

SECTION F
THIRD COUNTRY SALES

F-1 Third country sales process

1. Are your sales processes to any third country (i.e. exports to countries other than Australia) different to the sales process described in B-1.1? If yes, provide details of the differences.

Diler's sales process to third counties are same as sales to Australia.

2. Are there any third country customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

No, DDC does not have any related third country customers.

3. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

   (a) What date are you claiming as the date of sale?
   (b) Why does this date best reflects the material terms of sale?

The date of invoice can be taken as the date of sale for sales of the product concerned to third countries during the POI.

F-2 Third country sales listing

1. Complete the worksheet named "F-2 Third country sales"
   - This worksheet lists all export sales, summarised by country and customer, to third countries of like goods invoiced within the period.
   - If you have claimed in F-1.3 that the date of sale is one other than the invoice date, then add sales with your claimed date of sale.
   - You must provide this list in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

Requested information is provided in Exhibit F-2.

2. Provide a table listing the source of the data for each column in the export sales listing (F-2.1).

Source of all fields in Exhibit F-2 is Diler' ERP System.

F-3 Differences in sales to third countries

1. Are there any differences in sales to third countries which may affect their comparison to export sales to Australia? If yes, provide details.

SECTION G
COST TO MAKE AND SELL

G-1. Production process

1. Describe the production process for the goods and 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.

In the production process, scrap is first melted in an arc furnace in the Melt-shop. The molten metal is then adjusted in a ladle furnace and cast into billets. Billets leaving the casting stage are transferred either to the rolling mills or sold to third parties.

The rolling mills generally receive their billets directly from the melt-shop. These are first re-heated to 1200 degrees C in the re-heating stage. The hot billets are then forced continuously through successive stages of shaped rollers with decreasing clearances, forming a thick continuous rod of steel. After the final diameter is reached the rebar is cut to a desired length such as 12 meters, or another length specified by the customer. These products are transported laterally by rollers to a packing area where they are bundled and stored or held for shipment.

The production process for coiled products is similar except that billets are rolled initially to obtain a diameter reduction, and then processed into coiled products that exit the mill as coils.

The flowchart of the process is provided in Exhibit-G-1.

2. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, please provide details including the product or services supplied by the related company.

DDC purchased billet from [redacted].

As it will be noted in detail below, DDC produces very high-quality non-subject plain wire rod products. DDC purchases [redacted]

As mentioned there are also insignificant amount of [redacted].

G-2. Cost accounting practices

1. Is your company's cost accounting system based on actual or standard costs (budgeted)?

DDC's cost accounting system is based on actual costs.

2. If you company uses standard costs:
   (a) Were standard costs used as the basis of actual costs in your responses G-3.1 and G-5.1?
   (b) Have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?
   (c) How were those variances allocated?
   (d) Provide details of any significant or unusual cost variances that occurred during the period.

Not applicable, DDC does not use standard or budgeted costs.

3. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation methodology used in your accounting system.

Costs are traced by different main cost centers such as meltshop, rebar rolling mill and wire rod rolling mill. Accordingly, in the normal course of business, DDC can capture the costs on a product category level such as billets, rebar and wire rod.

In DDC's system, there are also certain sub-cost centers which roll up to the product category level costs as mentioned above. These sub-cost centers are as follows;

- **For meltshop: dust collection, vehicles,**
- **For rolling mills (both for rebar and wire rod) there are also certain sub-cost centers related to the rolling mills.**
- **In addition to the above, there are also certain common sub-cost centers such as quality control, factory common, sea water facility and water facility.**

The list of all detailed sub-cost centers is listed in Exhibit G-2.3.

DDC produces both deformed (subject) and plain (non-subject) wire rods. DDC produces very high quality of non-subject plain wire rods that are used for electrodes for welding, bolts for cold forming, low carbon for deep drawing, medium-high carbon for bed springs, cold drawing and free cutting steels. During the fiscal year 2017, DDC traced above mentioned wire rod costs in [redacted]. Starting from the fiscal year 2018, DDC traced above mentioned wire rod costs in [redacted].

DDC traces all these wire rods products in different virtual warehouses in order to be able to trace the costs of each different type of high quality of non-subject plain wire rods. All the above mentioned high quality non subject merchandise is produced under [redacted]. However, since majority of deformed wire rod is produced in [redacted] and a very small amount of subject merchandise is produced in [redacted], DDC reports its relevant subject merchandise costs relying on its cost centers in [redacted]. The rest of them, which are all inclusive of non-subject merchandise, is provided in summary for reconciliation purposes.

Generally, actual costs incurred within each sub-cost center is traced in the relevant sub-cost center. DDC only allocates the cost of the common cost centers to the main cost centers meltshop, rebar and wire rod rolling mills, based on production quantities incurred in the previous fiscal year.

4. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

As noted above DDC keeps its costs on product category level such as billet, rebar and wire rod. In the normal course of business DDC does not trace its costs neither by product code level nor by size, length or grade. DDC does not trace whether the products are deformed or plain, neither.

Below in the response to question G-3-1, DDC explained in detail how it allocated its costs based on size and deformed / plain products. On the other hand, DDC was not able to allocate its costs based on the grade. In fact, Diler submits that while the yield strength is an MCC item that is specified in sales transactions, for the foregoing reasons, products with different yield strength still are comparable for dumping margin calculation purposes:

- **Desired yield strength values can easily be obtained via quenching process. Most of world's producers can obtain different yield strengths at no significant cost difference via a method commonly known as '"Quenching". Quenching is a heat treatment process widely applied for the production of high-quality rebar. Rebar produced by this method gained global acceptance by civil engineers, especially since it met their requirements for seismic zones, i.e. minimum yield strength of 500 MPa with adequate ductility.**
- **Neither Diler nor petitioners gives consideration to yield strength in**

pricing. As a result of the relatively simple method of obtaining different yield strength, except in rare cases, the industry practice is not to request different prices based on yield strength. Diler refers to Invoice numbers FAB2018000000009, FAB2018000000010 and FAB2018000000011 which show that Diler sold Grade 280N and Grade 420N products at the same price in the same invoice. Please see home market sales listings for referred invoices.

- **Similarly, for the subsequent two invoices (MST2017000005794 and MST2017000005795) Diler sold Grade 420N and Grade 500N products for which the price difference was just around [redacted]% which is in fact very insignificant and the reason of the price difference was not necessarily related with grade.**
- **Diler mostly sells TS 708 Grade S420 products in domestic market since that is the most popular product specification from customers. In Diler's production process, Diler usually aims at producing at much higher yield strengths, which results in almost all S420 products' minimum yield strength being above 500N/mm2. In practice therefore, even though the minimum yield strength as provided in the specification are different, the resultant products are still physically identical to the products sold to Australia.**

In addition to the abovementioned facts, in its normal course of business, Diler consumes same type of billets [redacted]

- **[redacted].**
- **[redacted].**
- **[redacted].**

As mentioned above, for all diameters Diler uses the same type of billet to produce both Grade 420N and Grade 500N products.

In the light of the above Diler kindly requests the Commission to exclude yield

strength from the MCC that will be used for price comparison. Similarly, length is neither a cost nor a price effected item of the MCC, accordingly length should also be excluded from the MCC structure.

5. Are there any costs for management accounting purposes valued differently to financial accounting purposes? If yes, provide details of the differences.

Not applicable.

6. Has your company engaged in any start-up operations in relation to the goods? If yes:
   (a) Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.
   (b) State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation it its accounting records.

Not Applicable—There was no start-up operation.

7. What is 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)?

Raw materials are entered into inventory at prices actually paid, including additional acquisition costs such as shipment costs and handling. The costs of raw materials and finished goods generated and consumed from inventory are calculated [redacted] calculation of beginning inventory quantities and amounts, quantities and amounts purchased and recycled, and quantities left in stock at the end of each day.

At the end of each month, cost of goods sold is booked based [redacted] costs of finished goods. On the other hand, the cost of production is calculated on a monthly basis.

Because of the speed of the company's production processes, products spend only minutes in an in-process state. Accordingly, DDC does not have work-in-process as such in its accounting. The semi-finished goods for DDC is the billets.

8. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

In the normal course of DDC's business, the value of scrap and other physical by-products such as off-cuts and defected billets generated by each rolling mill is subtracted from the cost of production of the product group in the company's calculation of production cost, except for the slag, slag dust/aggregate. Therefore DDC, offsets the slag and slag dust/aggregate from its cost of manufacturing for this

proceeding, in order to report the actual cost of manufacturing.

The actual scrap is usually recycled into scrap inventory. In the company's cost accounting, short mixed length rebar is treated as co-products.

The value of defected billets is determined based on [redacted].

The main input to the company's manufacturing operation is scrap. The company does not normally write off billets or scrap inventory. Rebar inventories are also not written off.

9. What are the valuation methods for scrap, by products, or joint products?

Please see response to the previous question.

10. Are any management fees/corporate allocations charged to your company by your parent or related company? If yes, provide details.

Diler Holding invoices insignificant amount of expense reflections to the certain Diler Group companies that are located in the same building. These expenses are mostly related with rent, office heating, office electricity and such other expenses but none of them are related with costs and none of them are related with corporate allocations.

G-3 Cost to make on domestic market

1. Complete the worksheet named "G-3 Domestic CTM".
   - This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
   - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
   - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
   - You must provide this list in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.
   - If you have claimed in D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

DDC has a single factory in which the subject merchandise is produced. DDC reports the monthly and actual production costs of the subject merchandise.

As mentioned above, DDC does not have a cost accounting system in the normal course of business. As such, DDC relied on the cost calculations in its financial accounting system and for purposes of this response. As DDC only reports costs for general categories of products such as straight products, coiled products, and billets etc. the company had to make certain adjustments to the costs in its books to account for the differences in producing different diameters. Specifically, the cost of labor, overhead, energy and depreciation costs for the rolling mill stage was distributed over all products according to the percentage of actual production time that was incurred by the products composing each model that was produced as detailed below:

a. **calculating the total rolling time and total quantity of production over all rolling mills over an extended period of time (in this case, from November 1, 2017 through September 30, 2018) for each diameter and type, and expressing that time and production quantity by diameter as a percentage of the respective total – this approach establishes averages of the allocation of overall production time and production quantity to the different diameters;**
b. **allocating materials cost by production weight (metric tons) to different diameters**
c. **allocating the aggregate direct labour, energy, overhead and depreciation expenses for each of rebar and coil to each of their respective diameter and type and months by multiplying those aggregate amounts by the respective production time percentages derived from the step (a) – this establishes total direct labor , overhead, energy and depreciation expenses for each diameter and month;**

The rolling time and production quantity data referred to in step (a) is set out in Exhibit G-3a. This information includes monthly labor hours incurred for each size and type of rebar such as straight and coil as well as deformed and plain products.

All costs are reported on an actual weight basis. Direct material costs (billets) are allocated by weight while conversion costs (rolling mill overhead, labour, depreciation and energy) are allocated by production time as explained above.

In order to calculate the reported unit costs of manufacture, after the above-

mentioned methodologies, costs were then adjusted as follows:

- **The value of by-products as listed above, i.e. slag and slag dust/aggregate, sold during the POI was offset against the cost of direct materials. By-product offset calculation has been provided in Exhibit G-3b.**

In the next step, each product code was identified with a particular product model for all products manufactured. Complete cost worksheets are provided in Exhibit G-3c.

In Exhibit G-3c, DDC provide the cost allocation cost worksheet with the formulas as much as it was linked in DDC's own working files. Some parts were copy pasted specially even in its working file as explained below. DDC explains its working methodology, tab by tab as follows:

DDC Hours Detailed Rebar & DDC Hours Detailed Wire Rod: In these tabs, DDC listed its production times and quantities on a size wise basis both for rebar and wire rod. This report has been obtained from the factory. DDC created a pivot table in order to summarize the size wise production quantities and production times. These tabs have been prepared in order to reallocate the relevant costs on a size wise basis both to rebar and wire rod. In these production hour tables, DDC is also able to trace whether the products manufactured are deformed or plain. This very same table has been provided in Exhibit G-3a.

These tabs contains formulas just for the pivot tables.

DDC Monthly: In this tab, DDC listed its monthly costs as it is recorded in its cost accounting in the normal course of business both for rebar and wire rod. For wire rod, the costs were reported based on virtual warehouse basis [redacted] as explained above. This table has been reconciled with DDC's books in Exhibit G-8. This tab has been included in order to obtain total costs that would be allocated based on production times and quantities.

This tab does not contain formulas since it has been taken from cost accounting as recorded.

DDC Monthly By Size List-Rebar & DDC Monthly-By Size List-WR: DDC repeated the format as provided in tab "DDC Monthly" for each month in order to

reallocate the relevant costs on size wise basis both for rebar and wire rod. DDC then inserted several fields to identify the MCC for each diameter and type, and the averages based on production time and quantity as determined in the tab "DDC Hours Detailed Rebar" and "DDC Hours Detailed Rebar". DDC reallocated the direct material costs on a production quantity basis, while the labor costs and overheads were allocated based on production hours in this tab.

These tabs contain formulas linked to monthly production time and quantity tabs. There are also links from "MCC" tab which actually helps to identify the model coding for certain MCC items.

<u>DDC Monthly-By Model S&C</u>: DDC then copy pasted the reallocated costs type and size which was calculated in the "DDC Monthly-By SizeList-Rebar" and "DDC Monthly-By SizeList-WR" tabs. Then removed the blanks in order to obtain a database format. In this worksheet, DDC also inserted the quarter information.

These tabs do not contain formulas since they are taken from the previous tabs and intentionally copy pasted in order to prepare a database format.

<u>DDC PVT Table</u>: In this tab, DDC provides a pivot table obtained from the data sources provided in the previous tab "DDC Monthly-By Model S&C". The pivot table has been prepared on an MCC basis to get the cost totals on a quarterly MCC basis.

This tab contains formulas just for the pivot table.

<u>DDC Quarterly -By MCC</u>: DDC then copy pasted the pivot table obtained in the previous pivot table prepared in the in the "DDC PVT Table". Then removed the subtotals in order to obtain a database format.

This tab does not contain formulas since it has been taken from the previous tab and intentionally copy pasted in order to prepare a database format.

Exhibit G-3c shows costs of manufacturing by company's each size. Then, DDC consolidated these figures by the MCC and provided this summary table as Exhibit G-3.1. This exhibit contains :

- **A tab showing total cost of manufacturing during the POI, in which the**

MCC's related with Australian and home market are identified.

- **A tab showing the unit cost of manufacturing for the Australian MCCs only**
- **A tab showing the unit cost of manufacturing for the home market MCCs only**

Diler would also like to note that, on the cost of production side, the production records cannot always be linked to markets, especially when goods are manufactured for inventory. Therefore, Diler relied on its total production costs as reported in first tab of Exhibit G-3.1. Accordingly, the costs of models which are sold in the domestic and Australian markets are separated and reported in the second tab as "G-5 Australia CTM" and in the third tab as "G-3 Domestic CTM". In other words, the reported production costs represent the production of that model for all markets, as it is not possible to determine the market on the production side.

2. Provide a table listing the source of the data for each column of the "Domestic CTM" listing (G-3.1).

All the information reported in the CTM listings is provided from Diler's ERP system. The rest of the information is identified by the abovementioned allocations and adjustments all of which have been reconciled.

G-4 Selling, General & Administration expenses

1. Complete the worksheet named "G-4.1 SG&A listing".
   - This worksheet lists all selling, general and administration expenses by account code for the most recent accounting period and the period.
   - You must provide this list in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

2. Complete the worksheet named "G-4.2 Domestic SG&A calculation".
   - This worksheet calculates the unit domestic SG&A for each MCC.
   - You must provide this list in electronic format using the template provided.
   - Please use the formulas provided.

Requested G-4.1 SG&A listing as well as G-4.2 Domestic SG&A Calculation is provided in Exhibit G-4. In this exhibit Diler provides the full trail balance of its POI on a monthly basis. At the very end of the trial balance, Diler inserted certain fields to identify:

- **"Mapping" and "mapping description" of each and every account would**

help the Commission to reconcile the trial balance to the submitted financial statements. Except for net sales revenues, cost of goods sold and dividend income, all expenses and revenues are included into SG&A calculation.

- **Whether each expense related with SG&A is "direct" or indirect.**

Diler also inserted a field to report the Indirect Expense amount for the POI. In this field Diler reports the balance as zero if the relevant expense is a direct SG&A expense.

In a separate field Diler made a very simple calculation including the formulas for the Commissions convenience. As seen from this SG&A tab, the net SG&A rate for Diler is minus.

In the first two tabs of the exhibit, Diler provides the same information in the format as requested in G-4.1 SG&A listing and G-4.2 Domestic SG&A Calculation.

G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "Australian CTM".
   - This worksheet lists the quarterly cost to make the Australian models of the goods under consideration by MCC manufactured within the period.
   - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
   - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
   - You must provide this list in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.
   - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

2. Provide a table listing the source of the data for each column of the "Australian CTM" listing (G-5.1).

Please see detailed response to question G-3.1.

G-6 Cost allocation methodology

1. What is the allocation methodology used to complete in G-3 domestic CTM and G-5 Australian CTM for:
   (a) Raw materials

(b) Labour
(c) Manufacturing overheads

Please see detailed response to question G-3.1.

2. Select the domestic model (export model if you have no domestic production of like goods) with the largest production volume over the period and provide worksheets demonstrating the allocation methodology described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

As explained in detail in the response to question G-3.1, DDC does not have a cost accounting system in the normal course of business. As such, DDC relied on the cost calculations in its financial accounting system and for purposes of this response. As DDC only reports costs for general categories of products such as straight products, coiled products, and billets etc. all the MCC based costs were made based on allocations as explained in G-3.1. Accordingly, DDC can not provide a single products reconciliation, instead DDC provides the full cost worksheet calculations with formulas in Exhibit G-3c. In addition, DDC also provides the full reconciliation of its costs and supporting documents in Exhibit G-8.

G-7 Major raw material costs

1. What are the major raw materials used in the manufacture of the goods?

The main raw materials used in the production of rebar are scrap, ferroalloys, natural gas and electricity.

2. Are any raw materials sourced as part of an integrated production process or from a subsidiary company which your company exercise control? If yes, complete the worksheet named “G-7.2 Raw material CTM” for these raw materials.

- This worksheet lists the quarterly cost to make the raw material manufactured within the period.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold).
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the raw material, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as ‘other costs’ if not already included, for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

DDC produces its own billets, and as noted before billets are treated as semi-finished products. However for the convenience of the Commission, DDC provides requested information in Exhibit G-7-2.

3. Using the domestic cost data in G-3, calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

Weighted average proportion of raw materials are as follows:

-Billet costs mostly coming from scrap raw material XX%

-Other Materials X%

4. For each raw material identified in G-7.3 which individually account for 10% or more of the total cost to make, complete the worksheet named "G-7.4 Raw material purchases"

- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the period.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

As noted above, scrap is the major input as a raw material. DDC provides the requested table in Exhibit G-7.4. DDC provides the inventory movement table for scrap that reconciles with the scrap purchases. The closing balance in the scrap inventory table also reconciles with the raw material accounts in the trial balance. In another words, DDC also provides the reconciliation of scrap purchases within the same exhibit.

5. Provide a table listing the source of the data for each column of the "Raw material purchases" listing (G-7.4).

DDC relied on its inventory control system integrated with its ERP system. DDC was not able to identify and separate the raw material and additional acquisition costs for each and every purchase which is more than [redacted] lines. Therefore, delivery costs from port to factory as well as port handling charges as an additional acquisition costs were reported in the total raw material cost.

6. For each raw material:
   (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.

Please see Exhibit G-7.6.

   (b) Reconcile the total value listed of the purchases in G-7.4 to relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

Please see Exhibit G-7.4.

7. Are any of the suppliers listed in G-7.4 related to your company? If yes, please provide details on how the price is set.

Not applicable.

G-8 Reconciliation of cost to make to audited financial statements

1. Please complete the worksheet named “Upwards costs”.
   - You must provide this list in electronic format using the template provided.
   - Please use the currency that your accounts are kept in.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

2. Please provide any documents, other than those in A-5, G-3 and G-5, required to complete the “Upwards costs” worksheet.

3. For any amount that is hard coded (i.e. not a formula), please cross-reference by providing:
   - the name of the source document, including the relevant page number, in column F of the worksheet; and
   - highlight or annotate the amount shown in the source document.

DDC provides a complete reconciliation and the supporting documents in Exhibit G-8. DDC also provides screenshots from the ERP system to reconcile certain cost items such as Direct Material, Direct Labor and Overhead Costs.

SECTION H
COUNTERVAILING

Introduction

In the application, the applicant alleged the existence of a total of 32 programs, based on the findings of previous investigations undertaken by the US Department of Commerce (USDOC). The Commission also held a consultation with the Government of Turkey in relation to the application prior to this investigation being initiated. As part of the consultation process, the Government of Turkey provided a submission regarding the operation of the subsidies alleged by the applicant. The submission forms Non-Confidential Attachment 6 to *Anti-Dumping Consideration Report No.495*.

The Commission notes that there was minimal detail in the application for some of the 32 programs. In the limited time available to examine the application, the Commission had regard to the information provided by the Government of Turkey in its consultation submission and the Government of Turkey's *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.*

The Commission observed that there appeared to be some duplication in the programs listed in the application.

Based on available information, the Commission has limited this questionnaire to investigating the following. If further information comes to hand during the course of the investigation, the Commission may choose to investigate further programs. In this event, the Commission may issue a supplementary questionnaire.

Program Category	No.	Program name
Provision of goods	1	Natural Gas for Less than Adequate Remuneration
	2	Land for Less than Adequate Remuneration
	3	Electricity for Less than Adequate Remuneration
	4	Provision of Lignite for Less than Adequate Remuneration
Preferential tax policies	5	Deductions from Taxable Income for Export Revenue
	6	R&D Income Tax Deduction
	7	Withholding of Income Tax on Wages and Salaries
	8	Exemption from property tax
	9	Exemption from Income Tax on Wages Paid to Workers
Tariff & VAT Exemptions	10	Import duty rebates/drawbacks under Article 22 of Turkey's Domestic Processing Regime (RDP) Resolution 2005/839 (RDP duty drawback program)
	11	Investment Encouragement Program VAT and Import Duty Exemptions
	12	Inward Processing Certificate Exemption Program
Preferential Loans / Financial Arrangements	13	Pre-shipment Turkish Lira Export Credits
	14	Pre-shipment Foreign Currency Export Credits
	15	Pre-export Credits
	16	Short-term Export Credit Discounts
	17	Rediscount Program

Program Category	No.	Program name
	18	Foreign Trade Company Export Loans
	19	Investments Provided under Turkish Law No. 5746
	20	Turkish Development Bank Loans
Direct Funds	21	Industrial R&D Projects Grant Program
Other	22	Assistance to Offset Costs Related to AD/CVD Investigations
	23	Social Security Premium Support (Employer's Share)
	24	Social Security Premium Support (Employee's Share)
	25	Investment Incentive Program

Table H-1: Subsidy programs

Diler Demir Çelik Endüstri ve Ticaret A.Ş. ("DDC") (producer of the subject merchandise) and Diler Dış Ticaret A.S. ("DDT") (exporter of the subject merchandise) hereby jointly submit their response to Section H of this questionnaire.

H-1 General

1. Complete the worksheet named "H-1 Company turnover":
   - This worksheet is a table of the total company revenue over the period and split into:
     - Total revenue for Australian sales, domestic sales and third country sales
     - Revenue of the goods for Australian sales, domestic sales and third country sales
   - You must provide this table in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

See Exhibit H-1.

H-2 Provision of goods (Programs 1 to 4)

Specific Questions

1. Does your business or any related business generate electricity from its own power plant facilities?

Neither DDC nor DDT generates electricity from its own power plant facilities. Even though there are group companies who are operating in energy sector; none of them produced product concerned.

2. If your business purchased natural gas in relation to the production of rebar, whether this be for power generation or other processes relating to the production of rebar, was the gas utility company a wholly state owned enterprise (SOE) or a state invested enterprise (SIE)? Please

provide the names of the companies that supplied your company natural gas during the investigation period indicating the nature of the supplier, e.g. SOE, SIE or private.

During the investigation period ("IP"), DDC did not purchase natural gas from any SOE or SIE. DDC purchased natural gas from [redacted] processes relating to the production of rebar. See [redacted] are group companies of [redacted] of which screenshot of web-page is provided in Exhibit H.2.2.

During IP, DDT purchased natural gas exclusively from [redacted], for heating of its offices. Thus, DDT's purchase of natural gas is not in relation with the production of rebar.

3. Please provide copies of any relevant contracts or purchase agreements relating to your suppliers of natural gas listed in your response to H-2.2.

DDC provides copy of the contract in Exhibit H-2-3.

4. Provide a summary of all payments made for natural gas during the investigation period in the attached spreadsheet labelled "H-2.4 Natural Gas" and provide copies of invoices and evidence of payment.

DDC provides a summary of all payments made to [redacted] during the IP as well as sample copies of invoices and evidence of payments in Exhibit H-2-4. Since DDT's natural gas purchases was not in relation with rebar production, these purchases were not provided.

5. Does your business or related business lease or purchase land use rights in relation to land from a SOE or SIE? If so provide a copy of the agreement(s).

No.

6. Does your business or related business purchase electricity for use in the production of rebar? If not, what alternative power source is used in your production of rebar?

Electricity purchased is used in the production of rebar.

7. Provide a list, including a contact name and address, of all your suppliers of electricity, including those purchased through related businesses. Indicate whether the supplier is a SOE, a SIE or private and provide evidence supporting this.

DDC purchased electricity from its group company [redacted] which is a private company.

8. Provide a summary of all payments and sales your company made for electricity during the investigation period in the attached spreadsheet labelled "H-2.8 Electricity" and provide copies of invoices and evidence of payment.

DDC provides a summary of all payments made during the IP as well as copies of invoices and evidence of payments in Exhibit H-2-8. Neither DDC nor DDT sold electricity.

9. If your company generates surplus electricity, outline how this surplus energy is used. During the investigation period, was any surplus electricity sold to a SOE or SIE? If so, provide details.

Neither DDC nor DDT generates electricity.

10. Does your business operate any form of power generation which requires lignite (also known as "brown coal")? If yes, outline how your power generation relates to the production of the rebar?

Neither DDC nor DDT generates any form of power.

11. Provide an itemised list of lignite purchases in the worksheet named "H-2.11 Lignite".

Not applicable. See response to question 10 above.

General Questions (answer in relation to each program)

12. Did your business or any related business receive any benefit under the above programs during the period? If yes, provide details.

No, DDC and DDT did not receive any benefit from the programs 1 to 4;

- ***"Program 1: Provision of Natural Gas for Less Than Adequate Remuneration"* as reported in Exhibit H-2-4, DDC and DDT did not purchase natural gas from any government entity during the IP.**
- ***Program 2: Provision of Land for Less Than Adequate Remuneration*; DDC and DDT did not lease or purchase any land from any government entity during the IP.**
- ***Program 3: Provision of Electricity for Less Than Adequate Remuneration*; DDC and DDT did not purchase electricity from any government entity during the IP.**
- ***Program 3: Provision of Lignite for Less Than Adequate Remuneration*; DDC and DDT did not purchase lignite coal from any government entity during the IP.**

Therefore, below questions are not responded.

13. Did your business receive any reduction/reduced price for the purchase of these goods/services during the investigation period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

14. Describe the application and approval procedures for obtaining a benefit under the program.

15. Provide copies of all contractual agreements that detail the obligations of the SOE or SIE and your business with reference to the granting and receipt of the assistance/benefits.

H-3 Preferential tax policies (Programs 5 to 9)

1. Did your business or any related business receive any benefit[4] under the above tax programs during the investigation period **1 October 2017 to 30 September 2018**?

Among the listed programs 5 to 9;

- **DDT used Program 5 – Deduction from Taxable Income for Export Revenue**
- **DDC used Program 8 – Exemption from Property Tax**

Therefore, below questions are responded only for Programs 5 and 8.

2. Complete the worksheet named "**H-3.2 Income Tax**":

- This worksheet is a table of your company's income tax liability over the last three income tax years.
- You must provide this table in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

See Exhibit H-3-2.

3. Provide a copy, bearing the official stamp of the appropriate level of the government, of all corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed for the last **THREE** completed income tax years. If the documents are not in English, please provide a translation of the documents or annotate documents where appropriate.

__Note:__ If your company did not file an income tax return in the last three financial years, provide an explanation stating the reasons why you were exempt from filing such a return and the applicable section[s] of the relevant law under which you were exempt from doing so.

See Exhibit H-3-3.

4. Please provide copies of any tax computations or other similar documents which support the completion of your company's income tax returns for each tax year referred to in H-3.3. If the documents are not in English, please provide a translation of the documents or annotate documents where appropriate.

There are no such documents.

5. Provide proof of your company's tax payments to your tax authority over the last three income tax years, including any progress payments made and related forms submitted to reconcile the tax returns referred to in H-3.3.

Tax accrual slips are also provided In Exhibit H-3.3.

6. What is the general tax rate for enterprises in Turkey (also referred to as the company or corporate tax rate) during the previous three financial years?

The corporate tax rate was 20 percent during the previous three financial years

[4] Refer to the Glossary of Terms for a definition of benefit in this context.

in Turkey.

7. In relation to the programs 5-9, outline:

DDC answers these questions separately for these programs below.

- **Program 5 - Deductions from Taxable Income for Export Revenue (DDT)**
- **Program 8 – Exemption from Property Tax (DDC)**

a. In which tax year was the tax paid or payable, less than the general tax rate for that particular year?

Program 5: The assistance is a deduction from taxable income. Under Article 40 of Income Tax Law 193, of January 6, 1961, as amended by Law 4108 of June 1995, taxpayers engaged in export, construction, maintenance, assembly, and transportation activities abroad may claim a "lump sum" deduction from gross income, in an amount not to exceed 0.5 percent of the taxpayer's foreign-exchange earnings. The purpose of the law is to enable exporters to have a deduction from taxable income, within the stated limit, for expenses that may lack proper documentation, such as lodging, food, and gas expenses incurred on overseas travel.

A tax payer can make this deduction from its taxable gross income in each year. There is a line item in the tax return showing the deduction. Thus, DDT highlights the deduction amount in the corporate tax returns filed for the last three completed income tax years and provides in Exhibit H-3-3. As is evident from tax returns, for the last three years DDT benefitted from this program (Note that, the benefit received in 2015 and 2016 are out of IP).

Program 8: According to Articles 4, clause (m) of Property Tax Law No. 1319, According to Articles 4, clause (m) of Property Tax Law No. 1319, property tax is exempted for buildings located in organized industry zones, free zones, industrial zones and industrial sites as of June 18, 2017. Since DDC has a building in Dilovası Organized Industrial Zone, it was exempted from property tax as of June 2017.

In Turkey, property tax is paid in two installments (first installment in first half of the year, second installment in the second half of the year). Since the exemption has entered into force in June 2017, DDC was exempted from second installment of 2017 property tax.

b. What is the name of the authority granting your company the reduced tax rate?

The programs are administered by Turkish Ministry of Finance.

c. Outline the eligibility criteria your business had to satisfy to benefit from the reduced tax rate?

Since DDC operates in Dilovası Organized Industrial Zone, it is exempted from property tax for building.

d. State whether your eligibility for the program was conditional on one or more of the following criteria:

- whether or not your business exports or has increased its exports;
- the use of domestic rather than imported inputs;
- the industry to which your business belongs; or
- the region in which your business is located.

The only criterion is locating in the organizes industrial zone.

e. Provide details of the application process, if applicable, provide a copy of the blank application from. If the documents are not in English, please provide a translation of the documents.

There is no application or approval process. Pursuant to the relevant provision of the Property Tax Law, DDC is automatically exempted.

f. Provide a copy of your company's completed application form, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

See response to question H-3-7-e.

g. Provide a copy of any confirmation or other correspondence from the authority approving your company for the reduction in tax rate. If the documents are not in English, please provide a translation of the documents.

See response to question H-3-7-e.

h. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

There is no such charges or expenses incurred.

i. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

The benefit is in relation with DDC's location in Dilovası Organized Industrial

zone.

j. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements

During the IP, DDC was exempted from second instalment of 2017 property tax plus first instalment of 2018 property tax. The amount of exemption was [redacted] TL during the IP. Since the nature of the program is an exemption, DDC does not record the exemption to its accounting system.

k. To your knowledge, does the program still operate or has it been terminated?

The program still operates.

l. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

No, the program still operates.

8. If your business currently pays income tax at a rate less than the general tax rate referred to in the previous questions, or paid at a rate less than that during the investigation period, please indicate whether the reduced rate of tax payable relates to any of the tax programs identified above.

Neither DDC nor DDT paid less income tax. As explained above, DDC was exempted from property tax under Program 8 – Exemption from Property Tax whereas DDT was exempted from Program 5 – Deduction From Taxable Income for Export Revenue.

9. **<u>IF</u>** the reduced rate of tax payable relates to programs which have **<u>NOT</u>** been identified at programs 5-9 please refer to these below.

Not applicable.

m. What tax rate did your company pay?

n. In which tax year was the tax paid or payable, less than the general tax rate for that particular year?

o. What is the name of the program?

p. What is the name of the authority granting your company the reduced tax rate?

q. Outline the eligibility criteria your business had to satisfy to benefit from the reduced tax rate?

r. State whether your eligibility for the program was conditional on one or more of the following criteria:

- whether or not your business exports or has increased its exports;
- the use of domestic rather than imported inputs;
- the industry to which your business belongs; or
- the region in which your business is located.

s. Provide details of the application process, if applicable, provide a copy of the blank application from. If the documents are not in English, please provide a translation of the documents.

t. Provide a copy of your company's completed application from, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

u. Provide a copy of any confirmation or other correspondence from the authority approving your company for the reduction in tax rate. If the documents are not in English, please provide a translation of the documents.

v. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

w. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

x. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements

y. To your knowledge, does the program still operate or has it been terminated?

z. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

H-4 Tariff & VAT Exemptions (Programs 10 to 12)

It is the Commission's understanding that certain enterprises in Turkey may be eligible for exemption from the payment of import duties and VAT in certain circumstances.

If your business or a related business received benefits under any such program during the period **1 October 2017 to 30 September 2018**, *please answer the following questions.*

Among the listed programs 10 to 12; DDC used Inward Processing Regime Program. DDC also notes that "Inward Processing Regime" is stipulated by Resolution Numbered 2005/8391; thus Program 10 and 12 are the same. Therefore, below questions are responded for Program 10 and 12.

During the IP, DDC and DDT did not use Program 11-Investment Encouragement Program.

1. Provide complete details involving the exemption of import duties or VAT received for any purchases.

DDC participates to Inward Processing Regime ("IPR") under Turkish law. IPR provides tax exemptions to the Turkish manufacturer/exporters by permitting manufacturer/exporters to import raw materials free of import duties and value added tax ("VAT") if such inputs are intended for producing final goods for export. Under this system, the beneficiary of IPR has to submit to the Customs Authorities at the time of import a letter of guarantee or pledge of money covering the total of all duties and

VAT that would otherwise be owed. The Turkish IPR Regulation and an English translation are provided in Exhibit H-4-1.

DDC imports raw materials with a commitment to export the finished product that is manufactured by using the imported raw materials under D-1 certificates. It does not participate in D-3 certificates which relate to domestic market sales. Upon import, DDC is exempted from paying import duties, charges and VAT on the condition that the finished products will be exported. The Government has an online system (e-portal) in place to confirm which inputs, and in what amounts, are consumed in the production of the exported product as explained below.

In order to apply for an IPC, DDC must first enter the products and quantities it intends to export, and then the product and quantity of imports required to produce the stated exports. The said online system never permits DDC to exceed the quantity of imports based on certain pre-set limits (waste/yield ratios) set by the Ministry of Economy within the system. If the import quantity exceeds the pre-set limit, the system automatically rejects the import quantity entered, with a notation in red indicating by how much the import figures exceed the pre-set limits. Thus, based on the objective pre-set limits an IPC with a specific number is issued by the Ministry of Economy upon DDC's application.

Once the IPC is issued DDC is allowed to begin to import the required raw materials. When the imported material arrives, Turkish Customs enters the import information, including the IPC number indicated on the Customs Entry Document, into its online system. Upon exportation, Turkish Customs enters the relevant information, including the IPC number indicated on the Customs Exit Declaration, into the online system. The Customs and the Ministry of Economy systems are linked, and all of the imports and exports under a given IPC can be viewed in the IPR e-portal; thus, the Government can track all of the imports and exports made under a particular IPC.

Upon completion of production and exportation, DDC submits realized import and export lists to the Ministry of Economy demonstrating the export of finished goods linked to the imported inputs. Accordingly, the Turkish Government – Ministry of Economy – closed off these certificates after confirming DDC fully realized its export commitments set out in the IPCs.

DDC notes that Turkey's Inward Processing Regime is compliance with World Trade Organization Subsidies and Countervailing Measures Agreement provisions

which renders this program as non-countervailable.

2. Provide information relating to your imports of plant, equipment and materials by completing the worksheet "**H-4 Imported Goods**". Has your company received exemption from payment, or refunds of import duty, for imported material inputs including technologies and equipment at any time that were used in the production of the goods during the investigation period? Please ensure this is clearly identified in the worksheet.

DDC reports the raw materials imported under IPR to be used in the production of rebar in Exhibit H-4-2. To report the importation under IPR during the IP - without paying customs duties and other charges - DDC extracted electronic realized import lists of each IPC from the online e-portal.

After processing the raw material secondary/auxiliary processed products like slag are often produced. In such a case, these secondary products must also be either exported or the applicable customs duties and charges paid when it is sold in the domestic market pursuant to Article 20 of the IPR Regulation.

3. Describe the application and approval procedures for obtaining a benefit under these programs.

As explained above, DDC uses the online e-portal system of the Ministry of Economy which is linked to Customs to make an application. DDC enters the products and quantities it intends to export, and then the product and quantity of imports required to produce the stated exports. The online system permits DDC to import based on certain waste/yield ratios embodied in the system. Once the IPC is approved by the Ministry of Economy, DDC receives a certificate (IPC) from the Ministry.

4. Where applicable, provide copies of the application form or other documentation used to apply for these programs, all attachments and all contractual agreements entered into between your business and the government in relation to the program.

Information such as importation, exportation, status, type of the IPC is kept in the online e-portal system. The application for a certificate and tracking of imports and exports is all done on-line through the portal which is linked to the Turkish Customs authority electronic entry system. DDC provides sample screenshots from the online e-portal system in Exhibit H-4-4.

5. Outline the fees charged to, or expenses incurred by your business for purposes of receiving these programs.

There is not fees or expenses incurred.

6. Outline the eligibility criteria your business had to meet in order to receive benefits under these programs.

Eligibility criteria during the application for an IPC and closing off the IPC is to make and meet this export commitment. Failure to meet the export commitment in an IPC, results in very significant penalties and possible criminal prosecution under Turkish law.

7. State whether your eligibility for these programs was conditional on one or more of the following criteria:

   - whether or not your business exports or has increased its exports;
   - the use of domestic rather than imported inputs;
   - the industry to which your business belongs; or
   - the region in which your business is located.

See response to question H-4-6, above.

8. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

See response to question H-4-6, above.

9. What records does your business keep regarding each of the benefits received under these programs? Provide copies of any records kept in relation to the program.

Information such as importation, exportation, status, type of the IPC is kept in the online e-portal system. The application for drawback and tracking of imports and exports is all done on-line through the portal which is linked to the Turkish Customs authority electronic entry system.

10. Indicate where benefits under these programs can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

There is not any record in the accounting system since DDC does not pay duties or tax upon importation.

11. To your knowledge, do these programs still operate or have they been terminated?

The program still operates.

12. If these programs have been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

    Not applicable.

13. If any of these programs have been terminated and is being substituted for by another program, identify the program and answer all the questions in this part in relation to this program.

    Not applicable.

14. Were the materials and/or equipment that were entitled to an exemption of import duty used in the production of the goods during the investigation period? If yes, provide the following information:

    - type of inputs;
    - cost of inputs;
    - quantity of inputs; and
    - amount of duty exempted.

    See Exhibit H-4-2.

15. Explain if (and how) the government determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).

As explained in response to question H-4-1, above, the government has an online e-portal system in place which enables it to track importation and exportation to prevent any over-rebate or excess drawback.

16. Explain how the government determined the percentage rate of duty exemption.

    Please note that goods consumed in the production of exported goods (inputs) include:

    - *goods incorporated into the exported goods; and*
    - *energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.*

Import duties and value added tax ("VAT") for raw materials used in the production of exported products are all exempted.

17. Provide a representative sample of copies of import entry documents listed in worksheet "**H-4 Imported Goods**" (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt or VAT exempt imports and duty-paid imports use in the manufacture of the subject goods.

DDC provides sample of copies of import entry documents in Exhibit H-4-17.

18. In addition to the import entry documents, you must also provide copies, if applicable, of any applications submitted to and/or approval document received from the government relating to the exemption from the payment of import duty on imported inputs and in relation to the amount of benefit in relation to the exportation of the subject goods.

The application for drawback and tracking of imports and exports is all done on-line through the portal which is linked to the Turkish Customs authority electronic entry system. However, after acceptance of application, Ministry of Economy sends a correspondence regarding the issuance the IPC. See Exhibit H-4-18 for the sample copy of said correspondence.

19. Provide copies of reports and audits by the government authority responsible for administering the import duty exemption scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

There are no such reports. Ministry of Economy examines each IPC to see whether a company meets export commitment against the quantity of imported goods by considering the waste ratios. If the commitments are met, afterwards the Ministry sends an official correspondence for each IPC confirming the closure of the IPC. See Exhibit H-4-18 for the sample copy of said correspondence.

H-5 Preferential Loans/Financial Assistance (Programs 13 to 20)

It is our understanding that certain enterprises in Turkey benefit from low (subsidised) interest rates or credit facilities from state owned commercial banks (SOCB) and government banks.

If your business or a related business received benefits under any such program during the period **1 October 2014 to 31 September 2018**, answer the following questions.

Among listed Programs 13 to 20; DDC and DDT used Program 17 – Rediscount Program. Additionally, DDC and DDT used "export oriented working capital loan" from Turk Eximbank which is not listed among Programs 13 to 20.

1. Provide give a general overview of how your company secures necessary financial resources on the financial market (e.g. Loans, issuance of bonds etc.)

DDC obtains short-term and long-term loans.

Provide answers to the following questions in "**H-5 Preferential Loans**".

2. Provide a list of all the loans provided to your company from banks and financial institutions which have not been fully reimbursed by the end of the investigation period.

In Exhibit H-5, DDC and DDY provide all the loans which have not been fully reimbursed by the end of the IP.

3. Provide specific details of the loan, including the start date of the loan, the principal amount of the loan, terms and conditions of the loan, purpose of the loan, the repayment terms/frequency, repayment amount, interest rate, interest type (e.g. fixed, variable etc.), if the loan has been redrawn any time during its duration, please provide the redraw date, amount and the reason for redraw.

See Attachment H-5.

4. Indicate whether each bank is Turkish or foreign-owned and give the percentage of government ownership of each bank (including ownership by entities owned or controlled by a government).

DDC provided information on the ownership of each bank in Exhibit H-5. Please note that although [redacted], [redacted] and [redacted] are owned by government, they act profit-oriented like other commercial banks. There is not any preferential (subsidized) loan given by these government-owned banks. Thus, only loans obtained from Turk Eximbank should be deemed as preferential loans.

5. In the case of each loan from government-owned or controlled bank, please explain the reason for borrowing from such a bank rather than a commercial bank. What are the differences in the terms and conditions of loans between the government and commercial banks?

DDC prefers to use Turk Eximbank financing since the procedures for obtaining a loan are easier and faster in comparison with the commercial banks'.

6. Explain how the decisions to grant the loan or its conditions are dependent on the purpose of the loan and give details on the process your company went through to apply for the loan. Please provide detail on what conditions or criteria your company needed to fulfil to be granted the loan.

<u>Rediscount Loans</u>; The loan is provided to Turkish manufacturers, exporters, and manufacturer-exporters with a maturity up to 360 days. An export commitment is required. Under this loan, promissory notes issued by exporters in favour of Turk Eximbank, which have the aval of banks possessing a short-term letter of guarantee limit with Turk Eximbank are discounted. This program covers export transactions based on cash against documents, cash against goods, and irrevocable letters of credit.

For applying the loan; DDC and DDT request a commitment letter from the commercial bank in order to receive financing from the Turk Eximbank. As the commercial bank prepares the commitment letter, DDC and DDT prepare the credit

request form to be sent to Turk Eximbank for its review. If Turk Eximbank accepts the request, the commercial bank and the company mutually prepare and eventually sign a security bond (promissory note). The credit approval form itself is used as a legally binding contract, which is signed by the company and sent to Turk Eximbank. During this time, DDC and DDT prepare a declaration, while the commercial bank prepares and signs a guarantee confirmation letter. The commercial bank collects its guarantee commission.

In rediscount loans all interest is deducted from the principal amount of the loan when it is issued. Since the interest is deducted in the receipt date, if a company receives a rediscount loan and prepares a promissory note that was availed (guaranteed) by a commercial bank with a face value of $100,000 USD, the company would receive $96,000 on the receipt date because the lender discounts the promissory note at date of issuance. On the maturity date of the rediscount loan, company would repay the $100,000 under the terms of the note.

<u>Export oriented working capital loan</u>; This is a long-term loan provided by Turk Eximbank. Under this loan, purchasing of raw materials and intermediate goods are financed based on completed procurement within the framework of invoices. The maturity for this program is 5 years with one-year grace period.

7. For each of the loans listed, provide copies of signed loan agreements between the bank which provided the loan and company which was the addressee of the loan specifying the conditions of the loan such as amount, term of repayment, interest rate etc. Also provide a copy of your application for the loan.

   *Note: If your company has more than one loan from same bank/financial Institution which were not repaid by the end of the investigation period and the loan agreements for these loans are standardised, it is sufficient **<u>at this stage</u>** to provide an English translation for one of them only (e.g. If your company has multiple loans from one particular bank which only differ in amounts you only need to translate one of them into English for your questionnaire response. However it is necessary to translate <u>all credit line agreements</u> from which loans not repaid by the end of the investigation period were drawn.*

In Exhibit H-5-7; we provide;

- **General loan agreements for rediscount loan signed with Turk Eximbank**
- **Rediscount loan credit usage note showing principal amount, interest amount, interest rate, etc.**
- **Export oriented working capital loan; application and approval documents.**

8. Please explain whether the granting of the specific loan depended on the link between the purpose of the loan and the goals specified in any government plan or development program. Provide a copy of the laws, regulations, administrative guidelines and any other acts relevant for the operation of this lending with any subsequent amendments. Also include a copy of any governmental or development plan of which the scheme represents a direct implementation.

As explicitly stated on Turk Eximbank's web-page, the purpose of the loan is to finance companies which exporting goods and foreign exchange earning services at advantageous conditions. See https://www.eximbank.gov.tr/en/product-and-services/credits/short-term-export-credits/rediscount-credit-program#general-information However, DDC is not aware whether there is a link between purpose of Turk Eximbank loans and any government plan or development program. DDC does not have any information on copy of the laws, regulations, administrative guidelines and any other acts relevant for the operation of this lending with any subsequent amendments. DDC gets information on the specifications or requirements of the loans it used from Turk Eximbank from Turk Eximbank's web-page.

9. For each loan application, please explain the involvement of third parties such as government departments, local councils, party committees in the whole process since the application for the loan up to the decision whether the loan is granted or not.

There is not any involvement of third parties. DDC and DDT directly apply to Turk Eximbank and Turk Eximbank makes the decision whether granting the loan or not.

10. In the ""H-6 Preferential Loans"" spreadsheet, provide the information requested on guarantees for the loans provided to your company.

Not applicable. There is no guarantee for any of the loan.

11. Please give details of all loan applications during the investigation period which were refused; give the name of the bank, the amount of the loan requested and the reasons for refusal.

Not applicable. None of the loan applications were refused.

12. Provide any other information you may deem necessary for the commission to make an assessment on the subsidisation of producers/exporters of the product under investigation. You may adjust the table in the "Loans" tab as necessary to include this additional information.

In Exhibit H-5, DDC also provides weighed average benchmark interest rate calculated based on short-term USD commercial loans as rediscount loan of Turk Eximbank is also short-term USD loan. DDC discounted the weighted average

benchmark interest rate since the interest is also discounted upfront in the rediscount loans obtained from Turk Eximbank.

H-6 Direct Transfer of Funds (Program 21)

Neither DDC nor DDT used Industrial R&D Project Grant Program during the IP and the two preceding years.

1. Complete the worksheet named "**H-5 Transfers**"

   - This worksheet is a table of the grants received by company over the period plus the **TWO** preceding years.
   - You must provide this table in electronic format using the template provided.
   - If you have used formulas to complete this worksheet, these formulas must be retained.

2. Provide a copy of your company's non-operating income and/or other business income ledgers, extracted directly from your accounting system, for the period covering the period plus the **TWO** preceding years.

   See Exhibit H-6.2.

3. Did your company receive any grants (or any other financial contribution) from any level of government during the investigation period and the two preceding years?

   If yes:

   a. Were any of the grants related to any program listed in the table at the top of Section H above? If yes, identify the program.

   b. Were any of the grants related to programs not listed in the table at the top of Section H above? If yes, provide the names of the programs.

No, Neither DDT nor DDC received any grant from government during the IP and two preceding years. Thus, below questions are not responded.

4. In relation to this program please address the following:

   a. What is the name of the grant?

   b. What is the name of the authority providing the grant?

   c. What is the eligibility criteria to receive the grant?

   d. Is the grant directly related to the goods under consideration, export sales to Australia and/or export sales generally?

   e. Provide details of the application process.

f. Provide a copy of the blank application from. If the documents are not in English, please provide a translation of the documents.

g. Provide a copy of your company's completed application from, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

h. Provide a copy of any confirmation or other correspondence from the authority approving the grant. If the documents are not in English, please provide a translation of the documents.

i. Provide evidence of any payments received by your company in respect of receiving the grant (e.g. bank statements).

j. Provide a copy of the accounting journal entries relating to the grant.

k. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the grant.

H-7 Other Category Programs (Programs 22 to 24)

1. Indicate whether your company benefited from any of the listed programs.

Among Programs 22 – 25, DDT used "Program 22 – Assistance to Offset Costs Related to AD/CVD Investigations". Both companies benefitted from some social security premium payment support programs like "minimum wage support", which is implemented country-wide and found non-countervailable by US. Department of Commerce. DDC, therefore, does not respond questions for these non-specific social security premium support programs.

Below questions are responded only for "Program 22 – Assistance to Offset Costs Related to AD/CVD Investigations".

2. If yes, indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).

In Turkey, exporters are obliged to be a member of an exporters' association, which are non-profit business and trade associations. Exporters' associations are organized under the jurisdiction of Turkish Exporters' Assembly (TEA) which was established by the Law No. 5910 Regarding the Establishment of Turkish Exporters' Assembly and Exporters' Associations (the Law No. 5910). TEA is a legal entity and has its own budget, which consists of contributions and dues transferred by exporters'

associations to TEA. TEA facilitates the coordination of exporters' associations and carries out activities in order to solve the problems of Turkish exporters and to develop foreign trade.

Most Turkish steel producers are members of the Turkish Steel Exporter's Association (TSEA), which is, in turn, part of the Istanbul Minerals and Metal Exporters' Association. Members of TSEA, pay nominal membership fees on a yearly basis in addition to the TSEA's charges equivalent to 0.05% of the FOB value of all exports on a transaction basis, collected upon export of steel products. Membership fees collected are then used for export promotion, education, information sharing, and to assist individual members who are investigated in antidumping and countervailing duty investigations by reimbursing a portion of the legal and consulting fees. In addition, the decision – whether to provide a legal support to a member company – is made by the Board of Directors of the relevant exporters' association, which is also comprised of representatives of the member companies. In other words, there is no approval and/or confirmation mechanism in which the government is involved. Exporters' associations are non-profit trade associations and the income of these associations are only fees collected from members.

Thus, as being a member of TSEA, during the IP DDT received negligible amount of money from TSEA to cover some portion of its expenses incurred for getting legal support in anti-dumping and countervailing duty investigations.

There is no limitation in terms of goods for accessing this funding. However, during the IP, DDT received support from TSEA for anti-dumping proceeding conducted by [redacted].

3. Describe the application and approval procedures for obtaining a benefit under the program.

DDT makes application to TSEA related with each investigation. If TSEA's Board of Directors approves DDT's application, it receives funding from TSEA.

4. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the Government of Turkey in relation to the program.

DDT does not believe this is a government sponsored program or a subsidy since the funder is not Government of Turkey instead it is a non-profit organization. In other words, DDT did not make any application to any government authority and therefore there is no approval and/or confirmation mechanism in which the

government is involved.

While making the application to TSEA, DDT submits an official letter to TSEA and provides a copy of the agreement with the relevant law firm from which consulting services were received, copy of the invoice issued for the payment to the law/consulting firm, and bank receipt of the payment made to the law/consulting firm as attachment. Thus, there is no such printed application form. DDT provides a copy of the official letter submitted to TSEA and bank slip showing the receipt of payment from TSEA in Exhibit H-7-4.

5. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

No fees charged, or expenses incurred.

6. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

The only criteria are whether DDC is a member of TSEA and has been selected as a respondent in an AD/CVD investigation. The Board of Directors of TSEA, which is composed of the representatives of the member companies, decides to provide assistance based on its budget constraints.

7. State whether your eligibility for the program was conditional on one or more of the following criteria:

    a) whether or not your business exports or has increased its exports;
    b) the use of domestic rather than imported inputs;
    c) the industry to which your business belongs; or
    d) the region in which your business is located.

The only criteria are whether DDC is a member of TSEA and has been selected as a respondent in an AD/CVD investigation.

8. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

The funding received from TSEA was related with an AD/CVD investigation conducted by [redacted] of which DDC was a respondent company. For supporting documentation see Exhibit H-7-4.

9. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

To receive this funding DDT submitted a document to TSEA for requesting support. DDT provides the document in Exhibit H-7-4.

10. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

Assistance from the Association is recorded under [redacted]. DDT provides the accounting journal entry of the assistance amount in Exhibit H-7-10. As is evident from the bank slip, DDT received USD [redacted] from TSEA on [redacted].

11. To your knowledge, does the program still operate or has it been terminated?

To DDT's knowledge, the funding of TSEA still continues.

12. If the program has been terminated, please provide details (including when and why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program and answer all the questions in category H-7 in relation to this program

Not applicable.

H-8 Investment Incentive Program (Program 25)

The application refers to the Investment Encouragement Program implemented by Customs Duty and VAT Exemptions Council Ministers' Decree 2012/3305. The existence of this program was identified as Program No. I - Investment Incentive Program by the Government of Turkey in its *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures* (the notification), dated 31 August 2017. The notification outlines the policy objective of this program.

The notification lists four different incentive schemes and nine different exemption measures that are in the scope of the program. These schemes and measures as set out in the notification are provided below. For the purpose of this questionnaire, each scheme listed in the Government of Turkey's notification will be treated as a program.

Scheme No.	Program (Scheme) Name	Measures
I.	General Investment Incentive Scheme	i. Customs duty exemption ii. VAT exemption iii. Income Tax Withholding Support (Only for Region 6)
II.	Regional Investment Incentive Scheme	i. Customs duty exemption ii. VAT exemption iii. Tax deduction iv. Social security premium support - Employer's share v. Interest support (For Region 3,4,5 and 6) vi. Land allocation vii. Social security premium support -Employee's share (Only for Region 6) viii. Income Tax Withholding Support (Only for Region 6)

Scheme No.	Program (Scheme) Name	Measures
III.	Large Scale Investment Incentive Scheme	i. Customs duty exemption ii. VAT exemption iii. Tax deduction iv. Social security premium support - Employer's share v. Land allocation vi. Social security premium support -Employee's share (Only for Region 6) vii. Income Tax Withholding Support (Only for Region 6)
IV.	Strategic Investment Incentive Scheme	i. Customs duty exemption ii. VAT exemption iii. Tax deduction iv. Social security premium support - Employer's share v. Interest support (For Region 3,4,5 and 6) vi. Land allocation vii. VAT Refund viii. Social security premium support -Employee's share (Only for Region 6) ix. Income Tax Withholding Support (Only for Region 6)

To the extent that any of the schemes and measures listed above are separately identified in Table H-1 please indicate this in your response to the questions from Section H in relation to the particular program. Otherwise complete a response to the following for each program.

1. Indicate whether your company benefited from any of the programs listed above.

Neither DDC nor DDT used investment incentive program during the IP.

Therefore, below questions are not responded.

2. If yes, indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).

3. Describe the application and approval procedures for obtaining a benefit under the program.

4. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the Government of Turkey in relation to the program.

5. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

6. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

7. State whether your eligibility for the program was conditional on one or more of the following criteria:

    a) whether or not your business exports or has increased its exports;
    b) the use of domestic rather than imported inputs;
    c) the industry to which your business belongs; or
    d) the region in which your business is located.

8. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

9. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

10. Indicate where benefits under the program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

11. To your knowledge, does the program still operate or has it been terminated?

12. If the program has been terminated, please provide details (including when and why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

H-9 Other Programs

1. Provide a list of all the provinces in which you have business operations (including locations of factories, sales offices, or other places of business).

DDC's production plant is in Kocaeli. Head office of DDC and DDT is in Istanbul.

2. Are you aware of any programs of the Government of Turkey, any of its agencies or any other authorised body, that provide benefits manufacturers of the goods that have not been accounted for in this questionnaire? Provide the name of those programs you are aware of (even if your company is not eligible to receive benefit under the program.)

To be fully cooperative, DDC and DDT would like to report support programs below which have been found non-countervailable in countervailing duty investigations conducted by the US Department of Commerce.

- **Minimum Wage Support;**
- **Employment of Unemployed**
- **5 % Exemption From social security premiums of Employers' share**

Above listed programs are being implemented country-wide and therefore not specific to any sector, region or company.

DDC is not aware of any other programs of the Government of Turkey. Therefore, remaining questions are not responded.

3. Indicate the location of the program by region, province or municipal level.

4. Indicate the type of program, for example:

- the provision of grants, awards or prizes;
- the provision of goods or services at a reduced price (e.g. electricity, gas, transport);
- the reduction of tax payable including income tax and VAT;
- reduction in land use fees;
- loans from Policy Banks at below-market rates; or

- any other form of assistance.

For **each program** that you have identified, answer the following.

5. Indicate whether your company benefited from any of the listed programs during the period.

6. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).

7. Describe the application and approval procedures for obtaining a benefit under the program.

8. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the Government of Turkey in relation to the program.

9. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

10. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

11. State whether your eligibility for the program was conditional on one or more of the following criteria:

    a) whether or not your business exports or has increased its exports;
    b) the use of domestic rather than imported inputs;
    c) the industry to which your business belongs; or
    d) the region in which your business is located.

12. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

13. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

14. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

15. To your knowledge, does the program still operate or has it been terminated?

16. If the program has been terminated, please provide details (including when and why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

    If the program terminated has been substituted for by another program, identify the program and answer all the questions that may be relevant to this new program.