



Exporter Questionnaire

Case number: 515

Product: High density polyethylene (HDPE)

From: Republic of Korea, the Republic of Singapore, the Kingdom of Thailand and the United States of America

Investigation period: 1 April 2018 to 31 March 2019 (the period)

Response due by: **07 August 2019 (Original Due: 31 July 2019)**

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Return completed questionnaire to:
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Anti-Dumping Commission website: www.adcommission.gov.au

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is conducting an investigation into high density polyethylene (HDPE) exported to Australia from Republic of Korea, the Republic of Singapore, the Kingdom of Thailand and the United States of America.

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 HDPE 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, 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

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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-

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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-4.6)
- 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	<input type="checkbox"/>
Section B Export sales to Australia	<input type="checkbox"/>
Section C Exported goods & like goods	<input type="checkbox"/>
Section D Domestic sales	<input type="checkbox"/>
Section E Due allowance	<input type="checkbox"/>
Section F Third country sales	<input type="checkbox"/>
Section G Cost to make and sell	<input type="checkbox"/>
Exporter's declaration	<input type="checkbox"/>
Non-confidential version of this response	<input type="checkbox"/>

Attachments	Please tick if you have provided spreadsheet
B-2 Australian sales	<input type="checkbox"/>
B-4 Upwards sales	<input type="checkbox"/>
B-5 Upwards selling expenses	<input type="checkbox"/>
D-2 Domestic sales	<input type="checkbox"/>
F-2 Third country sales	<input type="checkbox"/>
G-3 Domestic CTM	<input type="checkbox"/>
G-4.1 SG&A listing	<input type="checkbox"/>
G-4.2 Dom SG&A calculation	<input type="checkbox"/>
G-5 Australian CTM	<input type="checkbox"/>
G-7.2 Raw material CTM	<input type="checkbox"/>
G-7.4 Raw material purchases	<input type="checkbox"/>
G-8 Upwards costs	<input type="checkbox"/>

GOODS UNDER CONSIDERATION / GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices are:

High density polyethylene (HDPE). HDPE is a polymer of ethylene in primary form having a specific gravity of 0.94 grams or more per cubic centimetre.

Model Control Code

Details of the model control code (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 & 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.

Item	Category	Sub-category	Identifier	Sales Data	Cost Data	Key Category
1	Specification	Prime	A	Mandatory	Mandatory	Yes
		Non-Prime	B			
2	Application	Pipe	P	Mandatory	Optional	Yes
		Injection	I			
		Blow moulding	B			
		Film	F			
		Tape and monofilament (may also be described as Yarn)	T			
3	Other additives	Colour	C	Mandatory	Mandatory	Yes
		Other	O			
		None	N			

In constructing a MCC, use a "-" between each category. For example: **A-P-C**

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.

Additionally, you will be required to provide the specification details for each sale including grades, melt index and density, as well as information concerning typical end uses of the relevant grade.

SECTION A COMPANY INFORMATION

A-1 Company representative and location

1. Please nominate a contact person within your company:

Korea Petrochemical Ind. Co., Ltd. is a manufacturer and KPIC Corporation is an exporter of the goods under consideration, HDPE, in this investigation.

Korea Petrochemical Ind. Co., Ltd. (hereinafter "KPI")

Name: **Il Joo Kim**
Position in the company: **Senior Manager, Marketing Support Team**
Telephone: **+82-2-2122-1533 / +82-10-3759-4065**
E-mail address: **kjx4@kpic.co.kr**

KPIC Corporation. (hereinafter "KPICC")

Name: **Jaden Kim**
Position in the company: **Sales & Marketing Team 1**
Telephone: **+82-2-3706-0849 / +82-10-9032-0233**
E-mail address: **jwkim@kpicc.com**

2. If you have appointed a representative, provide the their contact details:

Name:
Address:
Telephone:
E-mail address:

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 financial records for production and sales are accessible from the exporter's headquarters building in Seoul.

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

Production which bases the calculation of the production cost are generated in Onsan plant located in 134 Onsan-ro, Onsan-eup, Ulju-gun, Ulsan 44994, Rep. of KOREA (inside Onsan Petrochemical Industry Complex) and Ulsan plant located in 260-158 Cheoyong-ro, Nam-gu, Ulsan 44785, Rep. of KOREA (inside Ulsan Petrochemical Industry Complex).

Please note that KPI uses [REDACTED].

A-2 Company information

1. What is the legal name of your business?

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The legal name of the company with the goods under consideration is KPI and KPICC.

KPI is a manufacturer of the goods under consideration and sells the goods under consideration to the customer in the domestic market. Also, KPI exported it to Australian market through affiliated Korean trader, KPICC, during the investigation period.

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

As explained, KPI directly sold the goods under consideration in the domestic market and exported it to Australian market through affiliated Korean trader, KPICC, during the period of investigation.

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

Not applicable. KPI is a manufacturer and KPICC is an exporter of the goods under consider for the exports to Australian market.

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

Please see Attachment 1 for the board of directors of KPI.

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

Both KPI and KPICC is not the part of any group. They are separate entities and have some subsidies under their control.

Please see Attachment 2 for the affiliated company structures for the ownership and functions.

Among the affiliated companies, the followings are related with the production and sales of the goods under consideration.

KPI: As stated, as a manufacturer of the goods under consideration, sells the goods under consideration to the customer in the domestic market. Also, KPI exported it to Australian market through affiliated Korean trader, KPICC, during the investigation period.

KPICC: As a domestic trading company, it purchased the goods under consideration from KPI and sold to Australian market. And, it provided the logistics service for the sales of the goods under consideration in the domestic market and Australian market.

Hanju Corporation: It is engaged in providing general utilities services including the production of steam, electric power and industrial water generation in Ulsan Petrochemical Industry Complex as a district energy company. Because district energy system is an environment-friendly, high-efficiency business that involves producing and selling both heat and electricity from concentrated energy production facilities, most of the companies located in Ulsan Petrochemical Industry Complex are provided utilities services from Hanju Corporation. Hanju Corporation was incorporated by the Korean government and it was changed to the privately owned company in 1987 as a result of

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the acquisition of shares by the private companies located in Ulsan Petrochemical Industry Complex. This the reason why KPI has shares of Hanju Corporation.

KPI could not exercise the influence for preferential treatment in the supply of utilities because Hanju Corporation is co-owned by other producers of petrochemical products.

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 shareholders¹

KPI is a publically listed company in Korea Stock Exchange. But, KPICC is not a publically listed company.

Please see Attachment 3 for the shareholders list of KPI & KPICC.

If no, please provide:

(a) A list of all principal shareholders and the shareholding percentages.

Please see Attachment 3 for the shareholders list of KPI & KPICC.

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.

KPI:

As stated, as a manufacturer of the goods under consideration, sells the goods under consideration to the customer in the domestic market. Also, KPI exported it to Australian market through affiliated Korean trader, KPICC, during the investigation period.

KPI has two production plants in southeastern Korea.

- **Onsan plant: It is located in Onsan Petrochemical Industry Complex and produces joint products through naphtha cracking process such as ethylene, propylene, BTS products, EO, EG and other sub products. Ethylene, Propylene, C9+, Hexane, 1-Butene are sold to customers or transferred to Ulsan plant for the production of poly-ethylene (PE) and poly-propylene (PP).**
- **Ulsan plant: It is located in Ulsan Petrochemical Industry Complex) and produces poly-ethylene (PE) and poly-propylene (PP). All PEs and PPs are sold to customers.**

Please see Attachment 4 for the production flow and list of product and by-product.

KPICC:

As a domestic trading company, it purchased the goods under consideration from KPI and sold to Australian market.

¹ 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.

For both KPI and KPICC's accounting practices, there has been no changes of accounting practices and/or policies over the last two years.

A-4 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.

Please see:

Attachment 7 - KPI's Unconsolidated Financial Report 2018-2017 (English and Korean versions).

Attachment 8 - KPICC's Unconsolidated Financial Report 2018-2017 (English and Korean versions).

2. If the financial statements in A-4.1 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.

Not applicable. KPI and KPICC are required to have their financial statements audited.

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

Not applicable. KPI and KPICC do not maintain separate profit centres. Rather, they have company-wide income statements.

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.

As described, the financial accounting period for KPI is the calendar year, 1 January to 31 December. Therefore, KPI provides 2018 yearly, 2018 1Q and 2019 1Q income statements in Attachment 9.

5. Please provide a copy of your company's trial balance (in Excel) covering the period and the most recent financial year.

As instructed, KPI provides 2018 yearly, 2018 1Q and 2019 1Q trial balances in Attachment 10.

6. Please provide your company's chart of accounts (in Excel).

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

Please see Attachment 11 – The chart of accounts.

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

Please see **Attachment 12** – Sales Process for Export Sales to Australia.

Channel of distribution to export to Australian market consists of two:

- Channel 1: KPI → KPICC → End-User or Trading Company in Australia
- Channel 2: KPI → KPICC → Trading Company in Korea → End-User in Australia

For all Australian customers, the goods were shipped directly from KPI even though the documents issued as above flow.

[Confidential export terms]

For the answer (b) through (g), please refer to below description.

1. Receiving orders of products and price determination:

[Confidential export terms]

2. Purchase order confirmation:

[Confidential export terms]

3. Shipment of product and issue of shipping documents:

[Confidential export terms]

[Confidential export terms]

[Confidential export terms]

4. Payment:

[Confidential export terms]

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 in your accounting system and how often is it updated?

Both KPI invoices to KPICC and KPICC invoices to Australian customers with US dollars. Customers pays with invoice currency (US\$) and it is converted into accounting currency, Korean Won (KRW), with daily exchange rate announced by the Bank of Korea.

Sales values and payment are booked with exchange rate on shipment date and payment date, respectively. The difference of exchange rate is recorded as gain/loss on foreign currency transaction.

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.

Not applicable. All Australian sales were made to KPICC and KPICC invoiced to unaffiliated customers.

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

Not applicable. [Confidential pricing policy]

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. [Confidential pricing policy]

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.

Not applicable. KPI provides no discounts nor rebates.

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.

Not applicable. KPI issues no credit nor debit notes.

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:
- What date are you claiming as the date of sale?
 - Why does this date best reflect the material terms of sale?

Not applicable. KPI reports the invoice date as 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.

Please see “B-2 Australian sales” spread sheet.

2. Provide a table listing the source of the data for each column in the “B-2 Australian sales” listing.

Please see Attachment 13 - Source of The Data for Each Column in B-2 Australian Sales.

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 & marine insurance (if applicable)
 - Country of origin certificates (if applicable)

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

Two largest invoices by value are SN 12 and SN 19.

Please see Attachment 14 - Sample Sales Documents for the First Largest Australian Sales - KPI & KPICC. (SN 19)

Please see Attachment 15 - Sample Sales Documents for the Second Largest Australian Sales - KPI & KPICC. (SN 12)

KPI provides offer sheet (order confirmation), written confirmation of purchase, tax invoice, account receivable ledger, proof of payment.

KPICC provides proforma invoice (order confirmation), commercial invoice, packing list, bill of lading, export declaration, certificate of origin, account receivable ledger, proof of payment.

With regard to the related sales expenses,

KPI provides invoices for inland transport, invoices for port handling and other export charges and invoices for ocean freight.

KPICC provides invoices for marine insurance.

2. For each document, please annotate the documents or provide a table reconciling the details in the "B-2 Australian sales" listing to the source documents in B-3.1.

Please see Attachment 16 - Linkage between Sales Documents and the First Largest Australian Sales - KPI & KPICC.

Please see Attachment 17 - Linkage between Sales Documents and the Second Largest Australian Sales - KPI & KPICC.

B-4 Reconciliation of sales to financial accounts

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listings 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.

Please see "B-4 Upwards sales" spread sheet.

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the "B-4 Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

Please see the attached tabs in "B-4 Upwards sales".

3. For any amount in the "B-4 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 D of the worksheet; and
 - highlight or annotate the amount shown in the source document.

Please see “B-4 Upwards sales” spread sheet.

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.

Please see “B-5 Upwards selling expense” spread sheet.

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-5 Upwards selling expense” worksheet. If the documents include spreadsheets, all formulas used must be retained.

Please see “Direct Expense Allocation” tab in B-5 Upwards selling expense spread sheet.

3. For any amount in the “B-5 Upwards selling expense” 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 C of the worksheet; and
 - highlight or annotate the amount shown in the source document.

Please see “B-5 Upwards selling expense” spread sheet.

domestic sale]

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.

Not applicable. All domestic sales were made to unaffiliated customers.

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

Not applicable. [Confidential pricing policy]

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. There is only one channel of distribution in the domestic market.

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.

Not applicable. KPI provides no discounts nor rebates.

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.

Yes, KPI issue credit memo, exceptionally.

[Confidential terms/conditions of domestic sale]

For the reporting purpose of D-2 Domestic sales, KPI reported the net sales data by offsetting the original with the cancelled data.

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?

Not applicable. KPI reported shipment date as the date of sales.

KPI issues the invoice when the goods are shipped or at the end of shipment month. Even though the invoice are issued at the end of month, they exist in the same month. Therefore, KPI believes that shipment date is appropriately in accordance with invoice

date.

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 B-1.8 and/or 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.

Please see "D-2 Domestic sales" spread sheet.

2. Provide a table listing the source of the data for each column in the "D-2 domestic sales" listing.

Please see Attachment 22 - Source of The Data for Each Column in D-2 Domestic Sales

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.

Two largest invoices by value are SN916 and SN 965.

Please see Attachment 23 - Sample Sales Documents for the First Largest Domestic Sales. (SN 916)

Please see Attachment 24 - Sample Sales Documents for the Second Largest Domestic Sales. (SN 965)

With regard to the related sales expenses, KPI provides invoices for inland transport.

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

Please see Attachment 25 - Linkage between Sales Documents and the First Largest Domestic Sales.

Please see Attachment 26 - Linkage between Sales Documents and the Second Largest Domestic Sales.

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 listings in 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.

Please see "B-4 Upwards sales" spread sheet.

2. Please provide all documents, other than those in A-4, D-2 and F-2, required to complete the "B-4 Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

Please see "B-4 Upwards sales" spread sheet.

3. For any amount in the "B-4 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 D of the worksheet; and
 - highlight or annotate the amount shown in the source document.

Please see "B-4 Upwards sales" spread sheet.

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

KPI has various payment terms for the sales of the goods of consideration and it is determined by individual negation on a customer specific basis. So as to clearly identify the payment terms, KPI included new spreadsheet, "customer information", show the payment terms by the customer in "D-2 Domestic sales" spread sheet.

KPI also added new column "Payment Type" and "Payment Date" in D-2 Domestic sales spread sheet.

(1) Payment Type:

[Redacted content]

(2) Payment Date:

[Redacted content]

[Confidential terms/conditions of domestic sale]

- (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?

KPI has short term borrowings denominated in KRW. For the calculation of average interest rate on short term borrowings during the period, the actual short term interest expense booked in the accounts are divided by the weighted average balance of principle for each borrowings.

Please see Attachment 27 - Calculation of Interest Rate on Short-Term Borrowings.

- (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?

KPI has short-term deposits to gain interest income. Please refer to Attachment 28 for the details of deposits.

PUBLIC VERSION

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?

For the delivery terms CIF, KPI has to pay marine insurance. KPI reported the actual incurred expenses on a transaction specific basis. Please note that marine insurance was paid by KPICC not KPI.

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?

Because the delivery terms are FOB, CFR and CIF, KPI and KPICC is not obliged to pay Australian importation and delivery costs.

E-4 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.

KPI did not pay any commissions in relation to the export sales to Australia during the investigation period.

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?

<VAT>

Like Australia and other country, the tax authority charges VAT for the domestic sales.

Korean National Tax Office charges 10% of sales value as VAT when the company issues invoice (actually, VAT tax invoice in the domestic transaction). [REDACTED] (Account code: [REDACTED]).

But, exceptionally, KPI issues tax free invoices (zero rate tax invoice) when the like goods are subject to used further the manufacturing to downstream product and the downstream product are sold to overseas market by KPI's customer.

Korean National Tax Office does not charge VAT tax for the export sales because the product is consumed in the overseas market.

It is possible that KPI could receive a VAT refund in relation to sales of the goods and/or like goods. Actually, Korea companies should report VAT tax return form periodically like other countries and VAT payable is calculated as follows:

VAT payable = VAT collected on sales (Domestic sales x 10% + Export sales x 0%) – VAT deductible which is paid on purchase of inputs (Total purchase x 10%)

If VAT collected is bigger than VAT paid, the company has to pay VAT, and could get refund in case VAT collected is smaller.

<Duty Drawback>

In order to produce HDPE product, KPI uses naphtha for raw material. KPI has paid import duties when it directly or locally imported the material.

In case of exporting HDPE produced from naphtha to foreign countries, KPI has claimed refund of import duty amount for the equivalent usage of the consumed raw materials to Korea Customs Service. For the calculation of equivalent duty amount, KPI uses EDI computerized system and the system matches the sales data and duty paid import data based on chronological sequence.

Duty drawback in view of adjustment in order to settle Ex-factory price is not an expense account but a revenue account. Therefore, duty drawback should be added at export price.



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

Not applicable. There is no other direct selling expenses incurred in relation to domestic sales of like goods.

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

Not applicable. There is no other direct selling expenses incurred in relation to export sales of the goods go Australia.

E-5 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 15 of the *Dumping and Subsidy Manual (November 2018)* for more information.

Not applicable. KPI does not claim any other adjustments.

PUBLIC VERSION

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

Export sales to Australia and to third countries are affected by the different market conditions, by the nature of the purchasers in those markets, and by specific factors applying to each such market.

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.

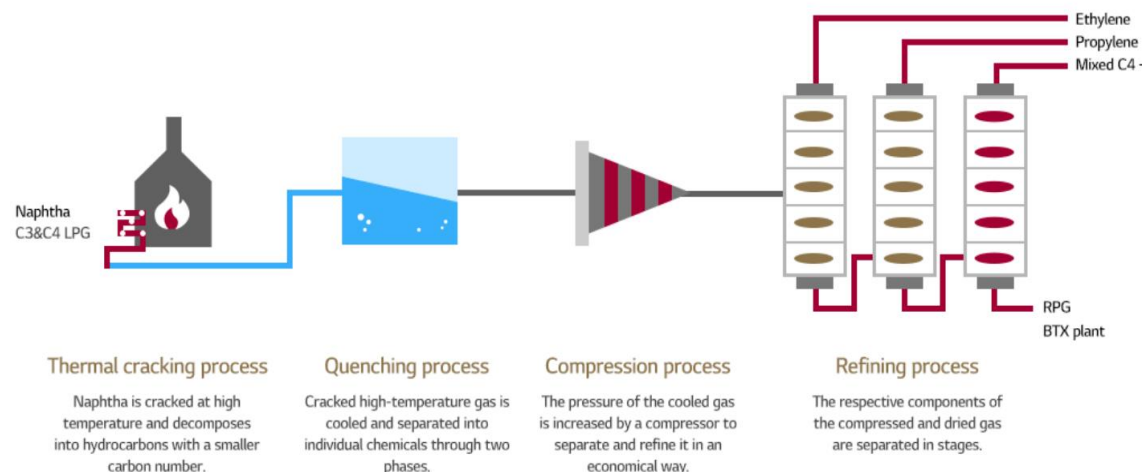
As stated in Section A, KPI has two production plants in southeastern Korea. Onsan plant produces joint products through naphtha cracking process such as ethylene, propylene, BTS products, EO, EG and other sub products. Ethylene, Propylene, C9+, Hexane, 1-Butene are sold to customers or transferred to Ulsan plant for the production of poly-ethylene (PE) and poly-propylene (PP). Ulsan plant produces poly-ethylene (PE) and poly-propylene (PP). All PEs and PPs are sold to customers.

With regard to product comes from Onsan plant and Ulsan plant, please see Attachment 4 for the production flow and list of product and by-product.

The followings are production process of Onsan and Ulsan plant for the production of the goods under consideration.

Onsan Plant: Naphtha Cracking Process (NCC)

Raw materials of HDPE product are produced from NCC in Onsan Plant.



- **Thermal cracking :** Naphtha is cracked at high temperature and decomposes into hydrocarbons with a smaller carbon number.
- **Quench:** Cracked high-temperature gas is cooled and separated into individual chemicals through two phases.
- **Compression:** The pressure of the cooled gas is increased by a compressor to separate and refine it in an economical way.
- **Refining:** The respective components of the compressed and dried gas are separated in stages.

Ulsan Plant: Slurry CSTR Reactors

KPI uses the Slurry CSTR (Continuous Stirred Tank Reactor) method for the production of the goods under consideration. Ethylene and small quantity of propylene is used as substrate for HDPE and uses Ziegler-Natta catalyst. 1-butene is used as comonomer and hexane is used as diluent.

- Polymerization : Ethylene monomers are polymerized in solvent together with catalyst, hydrogen and comonomer. The polymerization heat is cooled through external circulation heat exchanger. The reacted slurry is transferred to the separation/drying process.
- Separation / Drying : Slurry is transferred to a high-speed centrifuge from which it is separated into solvent and wet powders. The separated solvent is supplied to the reactor and some solvents are recycled in the process through refining. Wet powders are transferred to the powder dryer and dried.
- Transfer / Extrusion : The wet powders are dried in the powder dryer by evaporating the solvent with high-temperature nitrogen and steam. The evaporated solvent is recovered by the scrubber. The dried powders are transferred to the extrusion process where they are melted and pelletized in the extruder. Then they are transferred to the storage silo.
- Storage & Packaging : The products transferred to the pellet silo are cooled by air and homogenized.

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.

KPI, itself, manufactures the product under consideration [REDACTED]

Hanju Corporation is engaged in providing general utilities services including the production of steam, electric power and industrial water generation in Ulsan Petrochemical Industry Complex as a district energy company. Because district energy system is an environment-friendly, high-efficiency business that involves producing and selling both heat and electricity from concentrated energy production facilities, most of the companies located in Ulsan Petrochemical Industry Complex are provided utilities services from Hanju Corporation. Hanju Corporation was incorporated by the Korean government and it was changed to the privately owned company in 1987 as a result of the acquisition of shares by the private companies located in Ulsan Petrochemical Industry Complex. This the reason why KPI has shares of Hanju Corporation.

KPI could not exercise the influence for preferential treatment in the supply of utilities because Hanju Corporation is co-owned by other producers of petrochemical products.

[REDACTED]

G-2. Cost accounting practices

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

KPI's cost accounting system uses actual costs.

2. If your company uses standard costs:
(a) Were standard costs used as the basis of actual costs in your responses G-3.1 & 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.

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.

All costs incurred in the plant are recorded as manufacturing cost. A list of Onsan and Ulsan plant's indirect, direct cost centres and the methodologies used to allocate indirect cost centre to the direct cost centres are provided in Attachment 31.

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

In the KPI's normal cost accounting system, KPI calculates the production cost by [REDACTED]. Ulsan plant produces the PE (poly-ethylene) and PP (poly-propylene) products and [REDACTED].

Therefore, KPI newly calculated the product code (grade and usage) specific cost based on its [REDACTED] and production records in the normal course of business for the reporting of MCCs cost.

So as to calculate the separate product-specific cost up to grade and usage, KPI used the following methodology.

1. Determination of production quantity by grade and usage:

[REDACTED]

2. Error corrections of PE cost:

2.1 [REDACTED] (account code: [REDACTED]):

[REDACTED]

[REDACTED]

[REDACTED]

2.2 [REDACTED] (account code: [REDACTED]):

[REDACTED]

2.3 [REDACTED] (account code: [REDACTED]):

[REDACTED].

3. Product-specific cost calculation by grade and usage on quarterly basis:

3.1 [REDACTED]

3.2 [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

3.3 [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

3.4 [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

3.5 [REDACTED]

- [REDACTED]
- [REDACTED]

For purposes of this response, scrap and by product revenue was recorded as an offset to the cost of manufacturing.

All products produced at Onsan plant through NCC process are classified as joint products. It is a normal grade product and valued by

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

Not applicable. KPI is not the part of any group nor fees are allocated to it.

G-3 Cost to make on domestic market

- 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 B-1.8 and/or 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.

Please see "G-3 Domestic CTM" spread sheet.

Among materials cost, ethylene, propylene, 1-Butene, are an internal transfer from Onsan plant for further processing to the goods under consideration in Ulsan plant and they are actual production costs of the Onsan plant.

As stated above, KPI does not distinguish cost to damaged or substandard goods generated from the production processes in the normal cost accounting system, as the determination of grade is done when the processing are finished by bagging. Therefore, the CTM for non-prime models (MCCs) are reported with the prime model MCCs.

- Provide a table listing the source of the data for each column of the "G-3 Domestic CTM" listing.

Please see Attachment 32 - Source of The Data for Each Column in G-3 Domestic CTM.

G-4 Selling, General & Administration expenses

- 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.

Please see “G-4.1 SG&A listing” spread sheet.

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.

Please see “G-4.2 Domestic SG&A calculation” spread sheet.

G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "G-5 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.

Please see “G-5 Australian CTM” spread sheet.

Among materials cost, ethylene, propylene, 1-Butene, are an internal transfer from Onsan plant for further processing to the goods under consideration in Ulsan plant and they are actual production costs of the Onsan plant.

2. Provide a table listing the source of the data for each column of the “G-5 Australian CTM” listing.

Please see Attachment 33 - Source of The Data for Each Column in G-5 Australian CTM.

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 refer to the answer to Question G-2.3 and G-2.4 and Attachment 34 (cost calculation worksheet) below.

(a) XXXXXXXXXXXX

(a.1) [REDACTED]: [REDACTED]
[REDACTED]

(a.2) [REDACTED]:
[REDACTED]

(b) [REDACTED]

(a.1) [REDACTED]: [REDACTED].

(a.2) [REDACTED]:
[REDACTED]

(c) 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.

Please see Attachment 34 - Cost Calculation of the Largest Production Volume Sold in the Domestic Market.

G-7 Major raw material costs

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

As explained to the answer to Question A-2.7, G-1.1 and Attachment 34, ethylene, propylene, 1-Butene is major raw materials used in the manufacture of the goods. These main raw materials are transferred from Onsan plant.

These major raw materials are produced in Onsan plant through naphtha cracking process by using naphtha purchased from unaffiliated suppliers.

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.

As explained above, major raw materials are produced in Onsan plant and ethylene is the majority of the major raw materials. Therefore, KPI provides "G-7.2 Raw material CTM" spread sheet for the ethylene.

PUBLIC VERSION

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

Please see Attachment 35 - Proportion of Raw Material Cost in G-3 Domestic CTM.

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.

KPI provides “G-7.4 Raw material purchases” spread sheet for the purchased naphtha used in Onsan plant used as raw materials of the goods under consideration in Ulsan plant.

5. Provide a table listing the source of the data for each column of the “G-7.4 Raw material purchases” listing.

Please see Attachment 36 - Source of The Data for Each Column in G-7.4 Raw Material Purchases.

6. For each raw material:
- (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.
 - (b) Reconcile the total value listed in “G-7.4 Raw material purchases” listing to relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

Please see Attachment 37 - Two Largest Invoices of Raw Material Purchase.

Please see Attachment 38 - Raw Material Reconciliation with G-7.4 Raw Material Purchases

7. Are any of the suppliers in “G-7.4 Raw material purchases” listing related to your company? If yes, please provide details on how the price is set.

Not applicable. KPC purchases naphtha from unaffiliated customers.

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

1. Please complete the worksheet named “G-8 Upwards costs” to demonstrate that the cost listings in G-3 and G-5 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.

KPI provides “G-7.4 Raw material purchases” spread sheet for the purchased naphtha used in Onsan plant used as raw materials of the goods under consideration in Ulsan

plant.

2. Please provide any documents, other than those in A-4, G-3 and G-5, required to complete the “G-8 Upwards costs” worksheet.

Please see “G-8 Upwards costs” spread sheet.

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 D of the worksheet; and
 - highlight or annotate the amount shown in the source document.

Please see “G-8 Upwards costs” spread sheet.

G-9 Capacity Utilisation

4. Please complete the worksheet named “Capacity Utilisation”.
 - 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.

Please see “Capacity Utilisation” spread sheet.

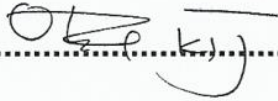
EXPORTER'S DECLARATION

I hereby declare that **Korea Petrochemical Ind. Co., Ltd.** have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : IL JOO KIM

YOUNG TAE JEONG
C E O

Signature :



KOREA PETROCHEMICAL IND.CO.,LTD

Position in

Company : Senior Manager / Marketing Support Team

Date : August 7, 2019