

# Investigation 557 – Copper Tube exported from China and Korea - Exporter Briefing

## I. Zhejiang Hailiang Co. Ltd (Hailiang”)

The applicant industry has identified a number of comments in the Hailiang EQR that require commenting on. These are as follows:

### a) Copper Cost

*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)?*

RESPONSE:

Weighted average method is used to value raw material, work-in-process and finished goods inventories.

*[Comments about timing differences associated with copper purchases influencing costs. Issues of fixed copper contracts versus forward spot pricing. Confidential details about MM Kembla copper purchasing.*

*Factors that influence price of subject goods include:*

- Source of copper is important;
- Scrap copper influences quality;
- Issue of drawing thin].

### b) Hailiang Copper Australia Pty Ltd

The Hailiang Copper Australia entity was established in October 2019. It is MM Kembla’s understanding that [company] is warehousing and performing third party services [location].

*[Comments re commission sales and nature of transactions].*

Zhejiang Hailiang has one related customer in Australia, i.e. [ ]. The selling price offered to [ ] has no difference with that to unrelated customer.

The submission - Investigation No. 557 – Copper tube exported to Australia from China and Korea – Arms-length (EPR Document 005) from MM Kembla outlines that if this is the case that prices to Australian customers by Hailiang Copper Australia are below export prices and below the fully allocated landed and distributed cost of the imported tube.

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

RESPONSE:

Sales are not made according to price list.

Hailiang Copper Australia Pty Ltd distribute [period] price lists. Refer to Investigation No. 557 – Copper tube exported to Australia from China and Korea – Arms-length Sales submitted by MM Kembla.

*[Comments on rebates and impact of selling agent costs on normal value].*

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.

RESPONSE:

Zhejiang Hailiang does not offer different selling prices to different distribution channels.

*[MM Kembla not aware of different pricing by channel].*

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

RESPONSE:

Zhejiang Hailiang does not provide sales commissions to domestic sales of like goods. When exporting to Australia.

*[MM Kembla's assessment of sales commissions].*

c) *Off invoice rebates*

6. Did you provide on-invoice discounts and/or off-invoice rebates to any customer or an associate of the customer in relation to the sale of the goods exported to Australia 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.

RESPONSE:

Zhejiang Hailiang did not provide on-invoice discount or off-invoice rebates to its Australian customer during the POI.

*[MM Kembla's understanding of off-invoice rebates – commercially sensitive].*

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.

RESPONSE:

There were no other direct selling expenses incurred in relation to export sales of the goods to Australia.

*[See MM Kembla's response above.]*

d) *Refrigeration tube – Capping*

The price differences regarding the usage of cap could be offset by reporting and adjusting cap's cost as packing materials in Attachment B-2 and D-2, as Zhejiang Hailiang has already done.

The addition of caps to tube is a time-consuming process.

*[MM Kembla's confidential understanding of capping on Chinese exported goods].*

e) *Allocation of overhead costs*

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

RESPONSE:

There are no management fees or corporate allocations charged to Zhejiang Hailiang by parent or related companies.

*[MM Kembla's understanding of certain management costs – confidential].*

f) *Allocation of Draw Thin*

*[MM Kembla's confidential assessment of impact of costing associated with drawing thin processes].*