



## Exporter Questionnaire

### THE REPUBLIC OF KOREA, TAIWAN

**Case number:** 558

**Product:** Aluminium zinc coated steel (of a width equal to or greater than 600 millimeters)

**From:** The Republic of Korea and Taiwan

**Investigation period:** 1 April 2019 to 31 March 2020

**Response due by:** Thursday 6 August 2020  
**Extension granted until 27 August 2020**

**Return completed questionnaire to:** [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au)

**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://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 aluminium zinc coated steel (of a width equal to or greater than 600 millimeters) (the goods) exported to Australia from the The Republic of Korea (Korea), Taiwan and the Socialist Republic of Vietnam (Vietnam).

This questionnaire is only for exporters from Korea and Taiwan. Another exporter questionnaire is available for exporters from Vietnam.

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 the goods are 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 Commission 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 and a subsidy 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 Commission, 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>.

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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 (dumping) and or non-cooperative exporter (countervailing).

### 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, if this option is available to the Commission, to your company to verify your questionnaire response for completeness, relevance and accuracy.

However, on 20 March 2020, the Commission published *Anti-Dumping Notice No. 2020/029*,<sup>1</sup> advising that onsite exporter verification activities have been temporarily suspended until further notice as a result of the COVID-19 pandemic. This position is subject to change as the Commission continues to assess current events.

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<sup>1</sup> [https://www.industry.gov.au/sites/default/files/adcp/public-record/notice\\_adn\\_-\\_adn\\_2020-029\\_-\\_temporary\\_suspension\\_of\\_international\\_onsite\\_verification\\_0.pdf](https://www.industry.gov.au/sites/default/files/adcp/public-record/notice_adn_-_adn_2020-029_-_temporary_suspension_of_international_onsite_verification_0.pdf)

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The Commission remains committed to ensuring that data submitted by parties is complete, relevant and accurate. If an onsite visit is not possible, the Commission may elect to undertake alternative verification activities. This includes but is not limited to remote verification, desktop assessments or delaying verification activities until such time as onsite verification is possible. The Commission will continue to monitor current events and assess when the suspension of onsite exporter verification activities can be lifted.

A verification visit, or any verification activity 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.

Onsite verification is usually conducted over 4 days, remote and desktop verification may take a longer period of time. In complex cases, a verification visit, if conducted, may be scheduled over 5 days. A desktop verification may require a longer period.

Any verification activity 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, should an onsite visit be possible, 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 activity.

A report will be prepared following the verification activity, which details the outcomes of the verification. This report will be placed on the public record and may include the publication of the preliminarily-assessed dumping and subsidy margin. The Commission considers that the dumping margin and subsidy 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.

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 Commission to request access to SIGBOX if required.

## CHECKLIST

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

<b>Section</b>	Please tick if you have responded to all questions
Section A Company information	✓
Section B Export sales to Australia	✓
Section C Exported goods & like goods	✓
Section D Domestic sales	✓
Section E Due allowance	✓
Section F Third country sales	✓
Section G Cost to make and sell	✓
Exporter's declaration	✓
Non-confidential version of this response	✓

<b>Attachments</b>	Please tick if you have provided spreadsheet
B-2 Australian sales	✓
B-4 Upwards sales	✓
B-5 Upwards selling expenses	✓
B-6 Historical sales	✓
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	✓
G-9 Capacity utilisation	✓

## GOODS UNDER CONSIDERATION

The goods the subject of the investigation are:

*Flat rolled iron and steel products (whether or not containing alloys), of a width equal to or greater than 600 millimeters (“mm”), plated or coated with aluminium-zinc alloys, not painted, and whether or not including resin coating.*

*Trade or further generic names often used to describe the subject goods include:*

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Aluminium zinc magnesium coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

*The imported goods the subject of this application covers aluminum zinc coated steel whether or not including any combination of surface treatment. For example, whether passivated (often referred to as chromated), resin coated or not resin coated (often referred to as Anti-Finger Print (“AFP”) or not AFP), oiled or not oiled, skin-passed or not skin-passed.*

*Excluded from the goods description of this application is un-passivated (often referred to as unchromated) aluminium zinc coated steel.*

*The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared ( $g/m^2$ ), with the prefix being AZ (Aluminium Zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.*

*There are several relevant International Standards for aluminium zinc coated steel, covering the full range of products via specific grade designations, and including the recommended or guaranteed properties of each of those product grades.*

*These relevant standards are noted below in the table “Relevant International Standards for Aluminium Zinc Coated Steel”.*

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN 10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing &amp; Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN 10346	DX53D, DX53D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G550
ASTM A792	33 (230), 37(255), 40 (275), 50 (340), 55 (380), 80 (550)
EN 10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD



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JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570
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**Tariff classification**

The goods are generally, but not exclusively, classified to the following tariff classifications in Schedule 3 of the *Customers Tariff Act 1995*.

<b>Tariff classification (Schedule 3 of the Customs Tariff Act 1995)</b>		
<b>Tariff Subheading</b>	<b>Statistical Code</b>	<b>Description</b>
7210.61.00		FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, CLAD, PLATED OR COATED: PLATED OR COATED WITH ALUMINIUM-ZINC ALLOYS
	60	Of a thickness of less than 0.5 mm
	61	Of a thickness of 0.5 mm or more but less than 1.5 mm
	62	Of a thickness of 1.5 mm or more
7225.99.00		FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE
	39	Other

**Model Control Code**

Details of the model control code (MCC) structure for the goods are 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.

<b>Item</b>	<b>Category</b>	<b>Sub-Category</b>	<b>Identifier</b>	<b>Sales Data</b>	<b>Cost Data</b>	<b>Key category</b>
1	Prime	Prime	P	Mandatory	Not applicable	Yes
		Non-Prime	N			
2	Coating Mass	≤ 100 g/m <sup>2</sup>	1	Mandatory	Mandatory	Yes
		>100 g/m <sup>2</sup> to ≤ 165 g/m <sup>2</sup>	2			
		>165 g/m <sup>2</sup>	3			
3	Steel Grade	G2 / SGLCC	A	Mandatory	Mandatory	Yes
		G3 / SGLCD	B			
		G250 / SGLC 340	C			
		G300 / G350 / SGLC 400 / SGLC 440 / SGLC 490	D			
		G450 / G500	E			
		G550 / SGLC 570	F			
		Other	G			
4	Base Metal Thickness (BMT)	< 0.40 mm	1	Mandatory	Mandatory	Yes
		≥ 0.40 mm to < 0.50 mm	2			
		≥ 0.50 mm to < 0.75 mm	3			
		≥ 0.75 mm to < 1.00 mm	4			
		≥ 1.00 mm to < 2.00 mm	5			
		Equal to/greater than 2mm	6			
5	Width	< 600 mm	1	Mandatory	Mandatory	No
		≥ 600 mm	2			
6	Form	Coil	C	Mandatory	Optional	No

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In constructing a MCC, use a "-" between each category. For example: **P-2-E-3-2-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.

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

1. Please nominate a contact person within your company:

<b>Name:</b>	<b>Kwangbum Park</b>
<b>Position in the company:</b>	<b>Senior Manager of Trade Affairs Team</b>
<b>Telephone:</b>	<b>[CONFIDENTIAL TEXT DELETED]</b>
<b>E-mail address:</b>	<b>[CONFIDENTIAL TEXT DELETED]</b>

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

<b>Name:</b>	<b>Charles Zhan</b>
<b>Position in the company:</b>	<b>Partner</b>
<b>Telephone:</b>	<b>+61 2 6163 1000</b>
<b>E-mail address:</b>	<b>Charles.zhan@moulislegal.com</b>

*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.

**The respondent to this questionnaire, Dongkuk Steel Mill Co., Ltd. (hereafter 'Dongkuk'), has its headquarter office located at Ferrum Tower, 19 Uljiro 5-gil, Jung-gu, Seoul, Korea.**

**Dongkuk's financial management and accounting, planning, and other executive management functions are located at the Seoul headquarters, along with its export and domestic sales teams.**

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

**During the investigation period, Dongkuk produced GUC at its Busan Factory, which is located approximately 325 kilometres southeast of Seoul. We provide a full list of Dongkuk's offices and facilities in Korea, including the Busan factory at Exhibit A-1.2. Dongkuk's production records are accessible from both the Busan Factory and the Headquarter office in Seoul.**

### A-2 Company information

1. What is the legal name of your business?

**The legal name is Dongkuk Steel Mill Co., Ltd. Dongkuk was incorporated on July 7, 1954 under the Commercial Code of the Republic of Korea. Dongkuk is a publicly-traded company, whose shares have been listed on the Korean Stock Exchange since April 1988.**

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

**Dongkuk trade as "Dongkuk Steel". On the other hand, Dongkuk's products are traded with a range of product specific proprietary brands. As an example, please see product brochure at Exhibit A-2.2**

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

**On January 1, 2015, Dongkuk merged with its affiliated company Union Steel Co., Ltd. Union Steel was a producer of steel flat products including aluminium zinc coated steel, and had traded under the "Union Steel" name. Following the merger, the operations of former Union Steel were absorbed into Dongkuk's operations and the usage the "Union Steel" name was subsequently discontinued.**

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

**Dongkuk provides its board of directors in the last two years in Exhibit A-2.4.**

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

**Dongkuk is not a subsidiary of any other company and thus does not have any parent company. Rather, Dongkuk is a member company of the Dongkuk Steel Group ("Dongkuk Steel Group" or "Dongkuk Group") of companies, which is not an actual legal entity, but a collection of manufacturing and transportation companies that share some common ownership interests.**

**Dongkuk provides the following information to assist with the Commission's understanding of the Dongkuk Group:**

- **Exhibit A-2.5(a) - a list of the members of the Dongkuk Steel Group.**
- **Exhibit A-2.5(b) - a list of Dongkuk's subsidiaries and affiliates with functions related GUC identified.**
- **Exhibit A-2.5(c) - a chart showing Dongkuk's direct ownership in the Dongkuk Steel Group companies;**
- **Exhibit A2.5(d) - a chart showing the cross-ownership among the Dongkuk Steel Group companies.**

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<sup>2</sup>

If no, please provide:

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

**Dongkuk is a publicly-traded company, whose shares have been listed on the Korean Stock Exchange since April 1988. Dongkuk provides its ten largest shareholders in Exhibit A-2.6.**

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.

**Dongkuk produces and sell various steel products including GUC such as carbon steel bars, sections, flats, and non-subject cold-rolled steel products, both in the Korean domestic market and export to other countries including Australia. Dongkuk provides its**

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<sup>2</sup> 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.

**company brochure to explain the business and the products produced in Exhibit A-2.7 [PUBLIC RECORD ATTACHMENT]**

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.

**Dongkuk performs all of functions listed above.**

9. Provide your company's internal organisation chart.

**Dongkuk provides its internal organization chart in Exhibit A-2.9 in which Dongkuk has highlighted the sections directly involved in the sales and production of GUC.**

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

**Please refer to Exhibit A-2.9 for detailed demonstration of the group chart and functions applicable for the investigation period.**

**In addition, Dongkuk would like to provide further explanation regarding its internal structure as follows:**

**[CONFIDENTIAL TEXT DELETED – detailed explanation of organisational changes]**

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

**Please see the company brochure and the product brochure as provided above.**

### **A-3 General accounting information**

1. What is your financial accounting period?

**Dongkuk's accounting fiscal year is based on the calendar year, that is, January 1 to December 31.**

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

**As an independent auditor, PWC Samil Accounting Firm has audited Dongkuk's financial accounts.**

3. What currency are your accounts kept in?

**Dongkuk's functional and presentation currency is the Korean Won. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.**

**Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.**

**Foreign currency asset and liability balances are translated into the functional currency using the exchange rates prevailing at the dates of financial statement closing. Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the**

income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'financial income (expenses)'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income (expenses)'.

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

Dongkuk uses an integral enterprise resource planning ("ERP") software package developed [CONFIDENTIAL TEXT DELETED – financial system]. Dongkuk provides in Exhibit A-3.4 a conceptual flowchart illustrating Dongkuk's financial accounting and record-keeping system.

5. What is the name of your sales system?

[CONFIDENTIAL TEXT DELETED – sales system structure]

6. What is the name of your production system?

Dongkuk recorded manufacturing costs for GUC using its SAP system, which calculates manufacturing costs for each production order. The cost accounting system is an integral part of Dongkuk's financial accounting system used to prepare the company's audited financial statements. Dongkuk provides a flowchart of cost accounting system in Exhibit A-3.6.

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.

Since the cost accounting system and sales system is an integral part of Dongkuk's financial accounting system used to prepare the company's audited financial statements, this question is not applicable.

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

Dongkuk's financial accounting practices are in accordance with the Korean International Financial Reporting Standards ("K-IFRS") for publicly listed companies. A description of Dongkuk's normal corporate accounting practices is provided in the notes to its financial statements.

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

There was no change of the accounting method except the new and amended accounting standards adopted which are described in Note 2 of Dongkuk's financial statement.

#### 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.

Dongkuk provides its annual audit report for last two recent years at Exhibit A-4.1.

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

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- (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

**All financial statements provided in Exhibit A-4.1 are 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.

**Dongkuk's financial accounting system can generate internal reports based on business units. As an example, Dongkuk provides the copies internal reports for the Busan Factory business unit for 2019 year and the investigation period in Exhibit A-4.3(a) and (b) respectively.**

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.

**Dongkuk provides monthly income statements (Profit&Loss Statement) directly from its accounting system for 2019 year and the investigation period in Exhibit A-4.4 (a) and (b) respectively.**

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

**Dongkuk provides its trial balance for the year of 2019 and investigation period in Exhibit A-4.5(a) and (b) respectively.**

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

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

**Dongkuk provides its chart of accounts in Exhibit A-4.6.**

## 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

**Dongkuk's Australian sales of the GUC can be broadly categorised as two sales channels.**

**The first involves Dongkuk selling to Australia through [CONFIDENTIAL TEXT DELETED – customers]. For such sales, [CONFIDENTIAL TEXT DELETED – sales process].**

**The second channel involves Dongkuk selling to customers [CONFIDENTIAL TEXT DELETED – customers]. Apart from the location of the customers, there is no material differences in terms of sales process for Korean domestic trading companies.**

**Once production is completed, Dongkuk organises the shipping of the merchandise to the designated location as agreed with customers, obtains Korean customs clearance, and prepares the commercial invoice, bill of lading, packing list, and mill certificate, etc. Finally, Dongkuk collects payment from customers.**

**Dongkuk provides the diagram of sales process in Exhibit B-1.**

2. In what currency do you invoice your customers for goods exported to Australia? 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?

**Dongkuk makes invoicing to the customer relating the exports to Australia in [CONFIDENTIAL TEXT DELETED – currency].**

**Details of account code and bank account information are as follows.**

Account code	Description
[CONFIDENTIAL TEXT DELETED]	

**Dongkuk records sales value in Korean won by conversion with daily exchange rate issued by Bank of Korea. The difference between sales value and payment from the different exchange rate conversion is recorded as gain or loss on foreign currency exchange transaction..**



**FOR PUBLIC RECORD**

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

**There are no Australian customers related with Dongkuk during the POI.**

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

**Prices are negotiated individually with customers for each order.**

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.

**[CONFIDENTIAL TEXT DELETED – level of trade].**

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.

**[CONFIDENTIAL TEXT DELETED – discount/rebate practice]**

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 exported to Australia during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**[CONFIDENTIAL TEXT DELETED – credit/debit note practice]**

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?

**Dongkuk issues “billing document” when the shipment was completed at the exportation port or at Dongkuk’s plant. The billing date is used as the date of sale in Dongkuk’s ERP system and Dongkuk thus reported it as date of sale in B-2 Australian Sales. There may be small difference between date of commercial invoice – which are typically generated a few days prior to shipping/billing. However, any such gap would be relatively minor.**

## **B-2 Australian sales listing**

1. Complete the worksheet named “B-2 Australian sales”
- This worksheet lists all sales (i.e. transaction by transaction) exported to Australia of the goods invoiced within the period. This includes exports to Australia sold through a domestic customer.
  - 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.

**Dongkuk provides the “B-2 Australian Sales” as instructed.**

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

**Dongkuk provides a table listing the source of the data for each column in the “B-2 Australian Sales” in Exhibit B-2.2**

### **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.*

**Dongkuk provides the supporting documents for two largest sample in export sales to Australia in Exhibit B-3.1.**

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.

**Dongkuk provides the worksheets to show how it links to “B-2 Australian Sales” for two largest samples in Exhibit B-3.2.**

### **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.

**Dongkuk separately provides the worksheet named “B-4 Upwards sales” in accordance to the instruction.**

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.

**Dongkuk provides the supporting documents to show the sales reconciliation for the domestic market in Exhibit B-4.2.**

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.

In “B-4 Upwards sales”, Dongkuk explains the source document in each column.

## 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.

Dongkuk provides the worksheet named “B-5 Upwards selling expense”.

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.

Dongkuk provides the supporting documents to show how it reports selling expenses in Exhibit B-5.2.

3. For any amount in the “B-5 Upwards selling expenses” 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.

In “B-5 Upwards selling expenses”, Dongkuk explains the source document in each column.

## B-6 Historical export sales listing

1. Complete the worksheet named “B-6 Historical sales”
  - This worksheet lists the totals of all sales for each product code exported to Australia of the goods in each year ending 31 March for 2017, 2018 and 2019 (i.e. year ending 31 March 2017, etc.). This includes exports to Australia sold through a domestic customer.
  - You must provide this list in electronic format using the template provided.

Provide a table listing the source of the data for each column in the “B-6 Historical sales” listing.

Dongkuk provides the worksheet named “B-6 Historical sales” in accordance to the instruction.

## SECTION C EXPORTED GOODS & LIKE GOODS

The Commission considers the MCC structure in and of itself is not likely to be commercially sensitive information. Any claim that disclosing the MCC information is confidential or would adversely affect your business or commercial interests must be raised by lodging a submission as soon as practicable, but no later than the time this questionnaire is due.

### 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.

**Products sold to Australia are generally produced to ASTM specifications, while products sold to domestic market are generally produced to meet Korean standards specifications.**

**Dongkuk provides in Exhibit C-1 copies of representative Korean and ASTM specifications for GUC, along with other specifications used by Dongkuk in GUC production during the investigation period as well ERP.**

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.

**Dongkuk provides a list of MCCs for the export sales to Australia as follows:**

P-1-F-1-2-C
P-1-F-3-2-C
P-2-B-3-2-C
P-2-D-1-2-C
P-2-D-2-2-C
P-2-D-3-2-C
P-2-D-4-2-C
P-2-D-5-2-C
P-2-F-1-2-C
P-2-F-2-2-C
P-2-F-3-2-C
P-2-F-4-2-C
P-2-F-5-2-C
P-3-A-1-2-C
P-3-A-5-2-C

### 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.

**As explained above, products sold to Australia are generally produced to ASTM specifications, while products sold to domestic market are generally produced to meet Korean standards.**

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.

**Dongkuk provides a list of MCCs for the goods sold on the domestic market at Exhibit C-2.3 [PUBLIC RECORD ATTACHMENT]**

### **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.

**Dongkuk maintains its internal product code which assigns a fifteen-digit product code to GUC. Dongkuk provides in Exhibit C-3 a copy of the key to the product codes, which are assigned to merchandise in the normal course of business.**

## 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

**[CONFIDENTIAL TEXT DELETED - sales process]**

**At the time of shipment and billing, all sales terms, quantity, and selling price are finalized, and the shipping department at Busan factory prepares a shipping note for the individual transaction. The tax invoice (required by the Korean value added tax law for all domestic sales transactions) may be generated and sent to the customer on a shipment-by-shipment basis, [CONFIDENTIAL TEXT DELETED – invoicing process].**

**[CONFIDENTIAL TEXT DELETED – payment arrangements]. Payments are made through bank transfers or promissory note.**

**Detailed charts illustrating the sales process for domestic sales is provided in Exhibit D-1.1.**

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.

**No. Dongkuk did not sell like goods to its related customer in the domestic market during the investigation period.**

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

**[CONFIDENTIAL TEXT DELETED – 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.

**[CONFIDENTIAL TEXT DELETED – level of trade]**

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.

**[CONFIDENTIAL TEXT DELETED – discount/rebate practice].**

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.

**[CONFIDENTIAL TEXT DELETED – credit/debit note practice]**

**FOR PUBLIC RECORD**

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?

**For domestic sales, Dongkuk issues “billing document” to customers on the same date as shipping. Accordingly, billing document date is reported as the date of sales.**

## **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.

**Dongkuk provides the worksheet named “D-2 Domestic Sales” in accordance to the instruction.**

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

**Dongkuk provides the description on each column and the source of data in Exhibit D-2.3**

## **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.*

**Dongkuk provides two sample transactions with largest volume in the domestic sales in Exhibit D-3.**

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.

**Dongkuk provides the worksheets to show how it links to “D-2 Domestic Sales” for two largest samples in Exhibit D-3.2.**

## **D-4 Reconciliation of sales to financial accounts**

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

**FOR PUBLIC RECORD**

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 Upward sales provided above.**

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.

**Dongkuk provides the supporting documents to show the sales reconciliation for the domestic market in Exhibit D-4.2.**

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 Upward sales provided above.**



## 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

**Dongkuk's computer system can trace the actual payment receipt date, regardless of whether the payment was made in cash or by promissory note. Dongkuk has reported the payment term on a transaction basis by calculating the days from the sales date to actual payment date.**

**First, Dongkuk reported the actual payment date in case it received a single payment in the full amount. Second, for multiple payments, Dongkuk reported the weighted-average of the payment dates. Third, for payments received after August 15, 2020 and for the sales for which payment has not yet been received in the full amount, Dongkuk reported the payment date by calculation of weighted average credit period with assumption that the amount due was paid on August 15, 2020.**

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

**Dongkuk provides the worksheet to show the short-term interest rate with supporting document during the investigation period in Exhibit E-1(a). In addition, the calculation of credit period for domestic sample sales is provided in Exhibit E-1(b).**

- (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?

**Dongkuk provides the worksheets to show the interest rate on the deposits with supporting document during the investigation period in Exhibit E-1(c).**

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

**Dongkuk's computer system can trace the actual payment receipt date and Dongkuk therefore has reported the payment term on a transaction basis by calculating the days from the sales date to actual payment date.**

- (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?

**Dongkuk provides the worksheet to show the short-term interest rate with supporting document during the investigation period in Exhibit E-1.2(a). In addition, the calculation of credit period for Australian sample sales is provided in Exhibit E-1.2(b).**

**Dongkuk also provides the worksheets to show the interest rate on the deposits in foreign currency with supporting document during the investigation period in Exhibit E-1.2(c).**

## E-2 Packaging

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

**Dongkuk uses various types of packing, which vary based on product type (coil or sheet). Dongkuk provides the description by each packing type in Exhibit E-2(a). Dongkuk has summarized the cost of packing, which is treated as a component of manufacturing costs in the ordinary course of business, by sales order, and reported it by MCC. The packing cost is included in the manufacturing cost reported in G-3 Domestic CTM. Dongkuk also provides the supporting documents to show packing cost for a sample in Exhibit E-2(b).**

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

**As explained above, Dongkuk uses various types of packing, which vary based on product type (coil or sheet). Dongkuk has summarized the cost of packing, which is treated as a component of manufacturing costs in the ordinary course of business, by sales order, and reported it by MCC. Dongkuk also provides the supporting documents to show packing cost for a sample in Exhibit E-2(c)**

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

**As explained above, the packing cost varies by type of packing rather than sales market.**

## 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?

**Dongkuk's domestic sales were made on delivered or an ex-factory basis. Dongkuk has reported the actual freight costs in the D-2 Domestic Sales. Dongkuk records the actual inland freight cost by each shipping document based on the contracted freight tariff between Intergis and Dongkuk. [CONFIDENTIAL TEXT DELETED – freight arrangement]**

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

**During the investigation period, Dongkuk's Australian sales were made in various delivery terms. Please refer to Exhibit E-3.2 for further details.**

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?

Except the delivery term with EXW(Ex-work), Dongkuk is responsible for the inland transportation from plant to the port at exportation and the port charges. Dongkuk records the actual inland freight cost and port charges by each shipping document based on the contracted freight tariff between Intergis and Dongkuk. [CONFIDENTIAL TEXT DELETED – freight arrangement].

In addition, Dongkuk has reported the port charges and handling charges such as handling charges at exportation port, document fee, wharfage, port facility security fee and customs fee in Handling & Other expenses of B-2 Australian Sales. Dongkuk provides in Exhibit E-3.3(b) the sample documents demonstrating the calculation of the port charges and handling charges.

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?

Under the delivery term as CFR, Dongkuk is responsible for the ocean freight and reported the actual ocean freight on a transaction basis in B-2 Australian Sales. Dongkuk provides the supporting document to show the calculation of ocean freight for a sample in Exhibit E-3.4.

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?

During the investigation period, Dongkuk was not responsible for the marine insurance and this question therefore is not applicable.

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?

During the investigation period, Dongkuk was not responsible for duty paid and this question therefore is not applicable.

#### 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.

Dongkuk has reported other direct selling expenses associated with domestic sales. These relate to the expenses solely incurred in relation to Dongkuk's domestic sales. Please refer to Exhibit E-4 for further 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?

There are no such differences that affects comparison between the prices charged for Australian sales and Dongkuk's domestic sales.

Regarding duty drawback for the import of raw materials, Dongkuk has paid import duties when it directly or locally imported the material. In case of exporting the product produced from input with import duty paid to foreign countries, Dongkuk has claimed refund of import duty amount for the equivalent usage of the consumed raw materials to Korea Customs Service. However, the amount of such drawback is negligible.

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

[CONFIDENTIAL TEXT DELETED – warranty policy]

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

**Dongkuk reported the bank charge incurred when it received the payment from its customer. Dongkuk provides the supporting documents to show the bank charge for a sample in Exhibit E-4.4.**

## 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.

**Dongkuk considers that two other adjustments are required to ensure fair comparison between the prices of its Australian sales and the domestic sales based normal value.**

**Firstly, Dongkuk has identified market based indirect selling expenses for domestic sales and export sales to Australia, respectively. The indirect selling expense rate was calculated by dividing Dongkuk's indirect selling expenses by each sales market based on the number of employees involved in each sales market.**

**Dongkuk calculated the indirect selling expenses by multiplying the reported net invoice value by an indirect selling expense rate. Please refer to Exhibit E-5.1(a) and (b) for details of this calculation.**

**Secondly, Dongkuk advises that its Australian sales of the GUC during the POI are on average much higher volume than its domestic sales of like goods. Sales volume is a key consideration in Dongkuk's sales terms and price negotiation process for the domestic sales. As mentioned above, [CONFIDENTIAL TEXT DELETED – pricing policy] is a key pricing factor guiding negotiation between Dongkuk and its domestic customers. In practice, [CONFIDENTIAL TEXT DELETED – pricing policy]. Accordingly, Dongkuk advises that an adjustment to the domestic sales prices should be applied in the determination of normal value, to account for the differences in sales terms (being the volume of sales) between domestic and Australian sales. Dongkuk provides detailed evidences and demonstration for the basis of this adjustment at Exhibit E-5.1(c). As shown in the analysis in Exhibit E-5.1(c):**

[CONFIDENTIAL TEXT DELETED – explanation of confidential attachment]

## 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.

**The sales process for the export sales to the third countries does not differ from the sales process described in B-1.**

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.

**There are several related customers in the third countries and provides a list of related customers in Exhibit F-1. The selling price is determined by negotiation between the related customers and Dongkuk based on each market condition.**

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?

**Dongkuk uses the date of “billing document” as the date of sales, consistent with its practices in relation to both Australian and domestic market.**

### 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.

**Dongkuk provides the worksheet named “F-2 Third Country Sales” in accordance to the instruction.**

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

**Dongkuk provides in Exhibit F-2 a table listing the source of the data for each column in “F-2 Third Country Sales”.**

### 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.

**Dongkuk believes that the price comparison between the export sales to the third countries and the export sales to Australia should be considered under the same MCC. In addition, the sales price may vary by each market condition and the nature of customer.**

## 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.

**Dongkuk provides the production process with description by each process in Exhibit G-1(a). Dongkuk produces the GUC as well as other products at Busan Factory and provides the list of products produced at Busan Factory in Exhibit G-1(b). Dongkuk generates various kinds of scrap in the production of GUC. At the Busan Factory, steel scrap is collected at each line and Dongkuk provides a list of scrap in Exhibit G-1(c).**

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.

**[CONFIDENTIAL TEXT DELETED – related party suppliers]**

**Please see the detailed explanation regarding Dongkuk's affiliated companies in Section A.**

### G-2. Cost accounting practices

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

**Dongkuk's cost accounting system is an actual cost based system.**

**[CONFIDENTIAL TEXT DELETED – cost accounting practices]**

2. If your 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.

**As explained in G-2.1 above, Dongkuk uses an actual process cost accounting system.**

**[CONFIDENTIAL TEXT DELETED – cost accounting practices]**

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 method used in your accounting system.

**Dongkuk provides a list of cost centres with description in Exhibit G-2.3.**

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

**The inventory value is recorded at the level of product codes by sale order.**

**[CONFIDENTIAL TEXT DELETED – cost accounting practices]**

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

[CONFIDENTIAL TEXT DELETED – cost accounting practices]

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 in its accounting records.

**Dongkuk did not engage in start-up operations for GUC during the investigation period and this question therefore is not applicable.**

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)?

[CONFIDENTIAL TEXT DELETED – cost accounting practices]

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

[CONFIDENTIAL TEXT DELETED – cost accounting practices]

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

[CONFIDENTIAL TEXT DELETED – cost accounting practices]

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

[CONFIDENTIAL TEXT DELETED – management fee]

### **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 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.

**Dongkuk provides the worksheet named "G-3 Domestic CTM" in accordance to the instruction.**



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

**Dongkuk provides a table listing the source of the data for each column of the "G-3 Domestic CTM" in Exhibit G-3.2.**

## **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.

**Dongkuk provides the worksheet named "G-4.1. SG&A listing" in accordance to the instruction.**

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.

**Dongkuk provides the worksheet named "G-4.2 Domestic SG&A calculation".**

## **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.

**Dongkuk separately provides the worksheet named "G-5 Australian CTM" in accordance to the instruction.**

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

**Dongkuk provides a table listing the source of the data for each column of the "G-5 Australian CTM" in Exhibit G-3.2 above.**

## **G-6 Cost allocation method**

1. What is the allocation method used to complete in G-3 domestic CTM and G-5 Australian CTM for:



- (a) Raw materials
- (b) Labour
- (c) Manufacturing overheads

**Dongkuk provides explanation on calculation of manufacturing cost by each cost component as below:**

**[CONFIDENTIAL TEXT DELETED – detailed explanation of confidential spreadsheet]**

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 method described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

**Dongkuk provides the worksheet and supporting documents to show how to calculate the manufacturing cost for the largest domestic sales sample in Exhibit G.6.2**

## **G-7 Major raw material costs**

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

**The major raw material for Dongkuk's production of the goods is hot-rolled coil.**

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.

**[CONFIDENTIAL TEXT DELETED – related party supply] Therefore, the information required by G-7.2 is not applicable to Dongkuk.**

3. Using the domestic cost data in "G-3 Domestic CTM" (use "G-5 Australian CTM" if you have no domestic production of like goods), calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

**Please refer to the relevant CTM information provided above.**

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.

**Dongkuk provides the information on the purchase of hot-rolled coil in the worksheet named "G-7.4 Raw material purchases".**

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

**Dongkuk provides a table listing the source of the data for each column of the "G-7.4 Raw material purchases" in Exhibit G-7.5.**

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

**Dongkuk provides the supporting documents for two largest invoices in Exhibit G-7.6.**

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.

**[CONFIDENTIAL TEXT DELETED – related party supply]**

## **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.

**Dongkuk provides the worksheet named "G-8 Upwards costs" in accordance to the instruction.**

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.

**Dongkuk provides the supporting documents how to report "G-8 Upwards costs" in Exhibit G-8.2.**

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.

**Dongkuk explains the source documents in "G-8 Upwards costs".**

## **G-9 Capacity Utilisation**

4. Please complete the worksheet named "G-9 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.

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**Dongkuk provides the worksheet named “G-9 Capacity Utilisation” in accordance to the instruction.**

## EXPORTER'S DECLARATION

I hereby declare that **Dongkuk Steel Mill 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:** Kwangbum Park

**Signature:** **K.B. PARK**

**Position in company:** Senior Manager of Trade Affairs Team

**Date:** 27 August 2020

## APPENDIX GLOSSARY OF TERMS

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

### **Adjustments**

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

Examples of adjustments that may be made include: *sales occurring at different times*

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

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

### **Arms length**

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

### **Constructed value**

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

### **Cost of production/manufacturing**

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

### **Cost to make and sell**

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

### **Country of origin**

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

### **Date of sale**

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

**Direct labour cost**

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

**Dumping**

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

**Dumping margin**

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

**Export price**

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

**Exporting country**

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

**Factory overheads**

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

**Goods under consideration (the goods)**

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

**Incoterms**

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

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the sellers premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc. paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc. payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc. payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance)

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the terms CFR and CIF are only used where goods are carried by sea or waterway transport

CPT	carriage paid to
CIP	carriage and insurance paid to

the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc.

DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customer's disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc. incurred upon importation)

### **The period**

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

### **Like goods**

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

### **Normal value**

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

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

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

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

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

### **Ordinary course of trade**

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

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

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

### **Selling, general and administration expenses (SG&A)**

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

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

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