



Exporter Questionnaire (Republic of Korea, Malaysia and Taiwan)

Case number: 590

Product: Hollow Structural Sections

From: People's Republic of China, Republic of Korea, Malaysia and Taiwan

Inquiry period: 1 July 2020 to 30 June 2021 (the period)

Response due by: 29 October 2021

Email enquiries to: investigations3@adcommission.gov.au

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

Responses to the exporter questionnaire must be submitted via SIGBOX. Please contact the commission on the above email address to request access to SIGBOX.

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the commission) is conducting a continuation inquiry into Hollow Structural Sections exported to Australia from the People's Republic of China, Republic of Korea, Malaysia and Taiwan.

The commission will use the information you provide to determine normal values and export prices over the inquiry period (the period). This information will determine whether Hollow Structural Sections are dumped.

The commission will collect and use information in accordance with the commission's Collection and Use of Information Policy.

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 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>.

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 via SIGBOX, a secure online document repository. Please contact the commission on the email address listed on the cover page to request access to SIGBOX.

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 considered as an uncooperative exporter.

Confidential and non-confidential responses

You are required to lodge a confidential version (OFFICIAL: Sensitive) and a non-confidential version (for publishing on the 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 "**OFFICIAL: Sensitive**" or "**PUBLIC RECORD**".

All information provided to the commission in confidence will be treated accordingly. The public record version of your questionnaire will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information without breaching confidentiality.

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 questionnaires are required to have a bracketed explanation of deleted or blacked out information for the public record version of the questionnaire. 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 requested to resubmit your response with the required level of detail or, if deadlines have passed, the commission may not have regard to it.

Verification of the information that you supply

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

The verification 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.

The verification may include commission staff visiting your company to conduct on onsite verification¹. Any onsite verification typically commences approximately 2 to 4 weeks after the due date of the response to the exporter questionnaire. To assist with the planning of a verification, please contact the commission as soon as possible for a potential verification date to be scheduled.

¹ The commission has temporarily suspended onsite verification due to the COVID-19 pandemic (refer to Anti-Dumping Notice No. 2020/29). However, your response to the exporter questionnaire may still be subject to onsite verification should the suspension of onsite verifications be lifted.

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

The commission may elect to undertake an alternative verification methodology, rather than an onsite verification, to satisfy itself of the completeness, relevance and accuracy of the data.

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

A report will be prepared following the verification, 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 margin. The commission considers that the dumping margin is not confidential information, but rather an aggregate figure derived from confidential data.

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

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. To the extent that the foreign language version differs, the English translation will be given priority as a matter of interpretation in Australia.
- 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 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.

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

Attachments	Please tick if you have provided spreadsheet
B-2 Australian sales	<input type="checkbox"/>
B-4 Upwards sales	<input type="checkbox"/>
B-5 Upwards selling expenses	<input type="checkbox"/>
D-2 Domestic sales	<input type="checkbox"/>
F-2 Third country sales	<input type="checkbox"/>
G-3 Domestic CTM	<input type="checkbox"/>
G-4.1 SG&A listing	<input type="checkbox"/>
G-4.2 Dom SG&A calculation	<input type="checkbox"/>
G-5 Australian CTM	<input type="checkbox"/>
G-7.2 Raw material CTM	<input type="checkbox"/>
G-7.4 Raw material purchases	<input type="checkbox"/>
G-8 Upwards costs	<input type="checkbox"/>
G-10 Capacity Utilisation	<input type="checkbox"/>

GOODS UNDER CONSIDERATION / GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods subject to the anti-dumping measures and this inquiry are:

certain electric resistance welded pipe and tube made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include in-line galvanised (ILG), pre-galvanised or hot-dipped galvanised (HDG) and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 1277.3 mm.

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*.²

Tariff Subheading	Statistical Code	Description
7306		OTHER TUBES, PIPES AND HOLLOW PROFILES (FOR EXAMPLE, OPEN SEAM OR WELDED, RIVETED OR SIMILARLY CLOSED), OF IRON OR STEEL:
7306.30.00	Other, welded, or circular cross-section, of iron or non-alloy steel:	
	Exceeding 21 mm but not exceeding 60.3 mm external diameter:	
	31	Wall thickness not exceeding 25 mm
	32	Wall thickness exceeding 2.5 mm but not exceeding 3.6 mm
	33	Wall thickness exceeding 3.6 mm
	Exceeding 60.3 mm but not exceeding 114.3 mm external diameter:	
	34	Wall thickness not exceeding 3.2 mm
7306.50.00	35	Wall thickness exceeding 3.2 mm but not exceeding 4.5 mm
	36	Wall thickness exceeding 5.4 mm
7306.61.00	37	Exceeding 114.3 but not exceeding 165.1 mm external diameter
7306.50.00	45	Other, welded, or circular cross-section, of other alloy steel
7306.6	Other welded, of non-circular cross-section:	
7306.61.00	Of square or rectangular cross-section of iron or non-alloy steel:	
	Not exceeding 279.4 mm perimeter:	
	21	Wall thickness not exceeding 2 mm
	22	Wall thickness exceeding 2 mm
	25	Exceeding 279.4 mm
7306.69.00	90	Other
	10	Of other non-circular cross-section

Table 1: General tariff classification for the goods

² The tariff subheadings 7306.61.00 (90) and 7306.50.00 (45) only apply to the following exporters/suppliers: Dalian Steelforce Hi-Tech Co. (China); Tianjin Friend Steel Pipe Co., Ltd (China); Tianjin Ruitong Iron and Steel Co., Ltd (China); Roswell S A R Ltd (China); and Alpine Pipe Manufacturing SDN BHD (Malaysia).

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The goods subject to the anti-dumping measures do not include categories of HSS that includes conveyor tube, precision RHS with a nominal thickness of less than 1.6 mm and air heater tubes to Australian Standard (AS) 2556.

Model Control Code

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

Item	Category	Sub-category	Identifier	Sales Data	Cost data
1	Prime	Prime	P	Mandatory	Not applicable
		Non-Prime / downgrade	N		
2	Galvanising	Galvanised	G	Mandatory	Mandatory
		None (e.g. mill finish, 'black')	N		
3	Finish	Oiled	O	Mandatory	Mandatory
		Painted	P		
		Anti-rust treatment	R		
		No coating	N		
4	Shape	Circular	C	Mandatory	Mandatory
		Rectangular or square	R		
		Oval	O		
5	Steel grades - nominal minimum yield strength	Steel grade with nominal minimum yield strength less than or equal to 300 MPa	250	Mandatory	Mandatory
		Steel grade with nominal minimum yield strength greater than 300 MPa but less than 380 MPa	350		
		Steel grade with nominal minimum yield strength equal to or greater than 380 MPa	450		
		Steel grade with no nominal yield strength	N		
6	Ends	Plain	P	Optional	Optional
		Threaded (at one or both ends)	T		
		Threaded and coupled	C		

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

Name: [Shinchul Um](#)

Position in the company: [Vice President](#)

Telephone: [+82-2-2273-2155](#)

E-mail address: umsc@histeel.co.kr

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

Name: [John Bracic](#)

Address: [PO Box 3026, Manuka ACT 2603, AUSTRALIA](#)

Telephone: john@jbracic.com.au

E-mail address: [+61 \(0\) 499 056 729](#)

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 your company's financial records are held.

[Answer](#)

[The company's financial records are held in the Seoul office, which is located in 8th floor, Hanyoung building, 28 Toegy-e-ro 27-gil, Jung-gu, Seoul, Republic of Korea.](#)

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

[Answer](#)

[The company's production records are held in Incheon No.1 plant, which is located in 139 Namdong-daero, Namdong-gu, Incheon, Republic of Korea. Please note that the records are also maintained electronically in its ERP system.](#)

5. Please provide the location of your company's production plant manufacturing the goods under consideration.

A-2 Company information

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1. What is the legal name of your business?

Answer

The company's legal name is HiSteel Co., Ltd.

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

Answer

HiSteel does not trade any other name or brand other than HiSteel Co., Ltd.

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

Answer

HiSteel is not ever known by any other name than HiSteel Co., Ltd.

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

Answer

HiSteel has provided list of its current board of directors as of June 30, 2021 and lists of board of directors as of Dec. 31, 2020 and Dec. 31, 2019, respectively, in **Exhibit A-1**.

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

Answer

HiSteel is a publicly-traded Korean company, which was founded in 2003 by the spinoff of the pipe production activities of Hanil Iron & Steel Co., Ltd. HiSteel is not a subsidiary of any company. However, it is controlled by the family of Mr. Um Chun-Bo, the founder of Hanil, who died in 2014. As of the end of the review period, members of the Um family owned a total of 37.81 percent of the shares of HiSteel and 50.66 percent of Hanil, and Hanil owned an additional 15.23 percent of the shares of HiSteel. A diagram of the direct and indirect ownership of shares of HiSteel and the other companies controlled by the Um family is provided in **Exhibit A-2**.

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Hanil was established in 1957. It currently produces and sells steel sheet pilings and H-Beam products, and it also performs coil-slitting and shot-blasting services. During the review period, a total of XXXXX metric tons of skelps that had been slit by Hanil as an outside processor was used by HiSteel in the production of subject products.

HiSteel's headquarters office is located in a building that is owned and managed by Han Young Building Co., Ltd., a private company that is owned by members of the Um family. HiSteel paid rent to Han Young Building for its use of those offices.

In addition, HiSteel owns 100 percent of the shares of a U.S. company named HiSteel Pipe and Tube Inc. ("HPT"). HPT was established in 2017. It is located in Houston, Texas. HPT buys and re-sells subject products produced by HiSteel and non-subject products (specifically, submerged arc weld pipe) produced by HiSteel and another Korean producer.

HiSteel also owns 100 percent of the shares of Hi Power Co., Ltd ("HPC"). HPC was established in 2017. It is located in Dangjin, Korea, and provides heat-treatment for non-subject pipes, such as circular pipe using the submerged-arc-welding ("SAW") process.

HiSteel and Hanil jointly own a Chinese company named Jiangyin Hanil Steel Co, Ltd. ("Jiangyin-Hanil"), which produces and sells steel tubes for use in brake lines, power steering tubes, fuel lines, and condenser tubes in automotive applications. As its name implies, Jiangyin-Hanil is located in the city of Jiangyin in Jiangsu province in China.

During the review period, HiSteel owned 40 percent of the shares of Jiangyin-Hanil, and Hanil owned the remaining 60 percent. Jiangyin-Hanil did not sell any product into Australia during the review period.

Hanil also owns 80 percent of a company named Hanil Shipping Company. Hanil Shipping previously engaged in ocean transport and related logistical activities.

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However, it sold its vessels and ceased operations in 2012. Hanil Shipping was not involved in HiSteel's production or sale of the subject products or other products during the review period.

The chief executive officer and largest individual shareholder of Hanil, Mr. Um Jeong-Heon (one of the sons of Um Chun-Bo), is also the chief executive officer of Han Young Steel Industry Co., Ltd., which is a distributor of steel plate and coil in Korea. Han Young Steel was not involved in HiSteel's production or sales of subject product during the review period.

Finally, members of the Um family helped to establish the Songnam Space Center Foundation Corporation ("Songnam Space Center") in 2004. Songnam is a charitable foundation under Korean law that operates a space observatory. Mr. Um Jeong Heon, the chief executive officer of Hanil, is also the chief executive officer of Songnam Space Center.

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 shareholders³
If no, please provide:
 (a) A list of all principal shareholders and the shareholding percentages.

Answer

HiSteel is traded as 071090 in Korea Composite Stock Price Index (KOSPI), and HiSteel has provided list of shareholders in **Exhibit A-3**.

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

Answer

³ 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.

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HiSteel is a Korean manufacturer of welded steel pipe products, including the electric resistance welded (ERW) pipes and tubes that are the subject of this review. Other than subject goods, HiSteel manufactures submerged arc welding (SAW) pipes and tubes, too. HiSteel refers to the products listed in the company's brochure provided in **Exhibit A-4**. Please note that brochure of ERW still contains the information of the Incheon plant No.2, which was sold before the period of review, because the brochure was made before the disposal.

HiSteel sells its products into domestic market as well as various foreign markets, including Australian market.

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.

Answer

HiSteel had a small quantity of domestic market sales of the goods under consideration purchased from other Korean manufacturers. (Its sales of this purchased goods represented roughly XX percent of its total domestic sales during the review period.). Normally HiSteel purchases and resells the goods under consideration when there are pipes that HiSteel does not manufacture among the wide ranges of pipes that customer wants to buy at one time.

HiSteel did not have any exports to Australia of the goods under consideration that it purchased from other manufacturers.

HiSteel also had a small quantity of production of the goods under consideration outsourced by other manufacture (it represented roughly XX percent of its total production of the goods under consideration during the review period). HiSteel

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provided the raw material and the outsourcing contractor manufactured the pipes.

Sales of subject purchased goods in domestic market were not included in the response, because they were produced by and purchased from other unaffiliated suppliers.

For the sales of the goods in the United States of America, HiSteel has a subsidiary, “HiSteel Pipes and Tubes Inc.,” located in Texas, USA, which performs sales office in the area.

9. Provide your company’s internal organisation chart.

Answer

HiSteel has provided its internal organization chart in **Exhibit A-5**.

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

Answer

For administrative purposes, HiSteel is organized into a Management Support Department, Finance & Accounting Department, Marketing Strategy Team, ERW Division, SAW Division, Research & Development(R&D) Center, and Overseas Sales Department.

HiSteel’s Management Support Department is responsible for general affairs of HiSteel, and Finance & Accounting Department is responsible for financing and accounting. Marketing Strategy Team is responsible for procurement of raw materials used in production of HiSteel’s products including both subject and non-subject goods, production order management, and ERP management. Each of ERW Sales Division and SAW Sales Division is comprised of sales teams and production plant. Sales teams under ERW Sales Division are responsible for domestic sales of ERW products including subject and non-subject goods while those under SAW Sales Division are responsible for domestic sales of SAW non-subject goods. The Overseas Sales Department is responsible for sales of all ERW and SAW products (including

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subject and non-subject merchandise) in overseas markets. Germany Branch(named “EMEA Branch”) is responsible for additional marketing activities in Europe, Middle East, and Africa to those of Overseas Sales Department in the head-quarter, and this Germany branch do not get involved in exports of subject goods to Australia.

As mentioned, ERW Plant consists of HiSteel’s production operations at its facilities in Incheon, which is related to subject and non-subject merchandise. SAW Plant consists of HiSteel’s production operations at its facilities in Dangjin (which is located about 60 miles south of Incheon) and Hamam, which are related solely to non-subject products. HiSteel’s R&D Center, which is responsible or HiSteel’s product development activities, is also located in Dangjin.

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

[Answer](#)

HiSteel has provided its brochure in **Exhibit A-4**.

A-3 General accounting information

1. What is your financial accounting period?

[Answer](#)

HiSteel’s financial accounting period is a calendar year.

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

[Answer](#)

HiSteel’s financial statements are audited by an independent auditor. Samhwa Accounting Corporation audited the most recently completed financial year, 2020.

3. What currency are your accounts kept in?

[Answer](#)

HiSteel’s accounting records are kept in Korean currency (Korea Won or KRW).

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

Answer

HiSteel uses an internally-developed computer system (ERP system, named “Hi ERP”) to keep financial accounting and cost accounting record. HiSteel has provided the flowchart depicting its financial accounting books and record-keeping system is provided in **Exhibit A-6**.

5. What is the name of your sales system?

Answer

HiSteel uses the same ERP system mentioned above to keep the record of sales information.

6. What is the name of your production system?

Answer

HiSteel uses the same ERP system mentioned above to keep the record of production information.

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.

Answer

HiSteel is using the same system for financial accounting, sales and production systems.

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

Answer

HiSteel records its book in accordance with the generally accepted accounting principles, K-IFRS (Korea International Financial Reporting Standard).

PUBLIC RECORD

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

Answer

HiSteel has provided its audited financial statements for two most recently completed financial years in **Exhibit A-7**, which contains the changes to its accounting policies in the notes to the financial statement (i.e. Notes 2.2 for both 2019 and 2020).

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.

Answer

HiSteel has provided its audited reports and Hanil Iron and Steel Co., Ltd.'s audit reports for the two most recently completed financial years in **Exhibit A-7** and **A-8**, respectively.

2. If the financial statements in A-4.1 are unaudited, provide for each company:
(a) the tax returns relating to the same period; and
(b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

Answer

Since HiSteel's financial statements are audited, this question is not applicable.

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.

Answer

Since HiSteel does not maintain different profit centers, this question is not applicable.

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.

Answer

PUBLIC RECORD

HiSteel has provided the half year income statements directly from its accounting system for half year of 2020 and 2021, respectively, in **Exhibit A-9**, which cover the period by subtracting the former from income statement of financial year 2020 and adding the latter.

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

Answer

HiSteel has provided its trial balance covering the most recent financial year, 2020, and the period in **Exhibit A-10**.

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

Answer

HiSteel has provided its chart of accounts in **Exhibit A-11**.

- 7.

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

SECTION B EXPORT SALES TO AUSTRALIA

B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and representatives (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

Answer

HiSteel's Australian sales of the subject products during the review period were made through only one channel: direct exports to an unaffiliated Australian customer. Flow chart illustrating this distribution channel is provided in **Exhibit B-1**.

For the direct exports to an Australian customer, the terms of the sale were negotiated directly between HiSteel and the unaffiliated customer. The customer then placed orders by sending written purchase orders that specify the price and the estimated quantity for the sale. Upon receipt of the purchase order, HiSteel scheduled production to meet the customer's order. When production was complete, the merchandise was transported to the port and then loaded onto the vessel for shipment, and a commercial invoice from HiSteel to the customer was prepared. The merchandise was then shipped [to the Australian customer on a XXX basis. After XXXXXXXXXXXXXXXX [export documentation], the customer paid HiSteel by telegraphic transfer. Normally it takes 2 or 3 months from the receipt of order to the shipment of the product and 7 or up to 25 days from the invoicing to the receipt of the payment.

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;

PUBLIC RECORD

- (c) How is the exchange rate determined in your accounting system and how often is it updated?

Answer

HiSteel made all sales to Australia in USD during the review period, and customers paid HiSteel into foreign currency denominated accounts: Shinhan Bank (180-002-422228) and Hana KEB Bank (107-890021-60038).

HiSteel did not enter into any forward contract to lock in the foreign currency rate relating to the export sales to Australian.

HiSteel daily updates the exchange rate in its accounting system with the market average rate announced by Seoul Money Brokerage, which brokers the currency trades in Korea.

Market average rate is the weight average of the exchange rates traded in the previous day.

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.

Answer

Since no Australian customer is related to HiSteel, this question is not applicable.

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

Answer

The prices for HiSteel's sales of the subject products to Australia are set through individual negotiations with each customer on a transaction-by-transaction basis. Price lists are not used by HiSteel in connection with those sales.

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.

Answer

For each customer, HiSteel determines the sale price on a negotiation basis, considering various aspects such as raw material price, quantity of purchase, or demand and supply of

the market, so HiSteel does not have a price difference policy according to the distribution channel.

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 and/or rebate.

Answer

HiSteel did not provide an on-invoice discount or off-invoice rebate to any Australian customer during the review period, so this question is not applicable.

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.

Answer

Since HiSteel did not issue any credit or debit notes to the customer or associate of the customer in relation to the sale of the goods during the review period, this question is not applicable.

8. In establishing the date of sale, the commission will normally use the date of invoice as it best reflects the material terms 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?

Answer

HiSteel agrees that the invoice date is the date of sale.

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.
 - This worksheet must also include exports of the goods that have been exempted from anti-dumping duties under 8(7) and section 10(8) of the *Customs Tariff (Anti-Dumping) Act 1975*⁴.

⁴ Reference to exemption instrument or ADN

PUBLIC RECORD

- 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.

Answer

HiSteel has provided the Attachment “**B-2 Australian Sales.**”

HiSteel does not maintain the actual weight information in its ERP system for the products exported to Australia. However, HiSteel provided actual weight information per each product on commercial invoice issued to its customer in Australia because it was required by this customer, by actual measurement implemented at the factory before the shipments. Because it is too burdensome to provide such actual weight per each product in sales listing of **Attachment “B-2, Australian Sales”**, HiSteel indicates “N/A” (not applicable) in column “[10.2]. Actual Weight” in **Attachment B-2** but provided actual weight information per invoice in a separate **Exhibit B-2.**

2. Complete worksheet “B-2.2 Australian sales source” showing the relevant source of the data used for each column of worksheet “B-2 Australian sales”.

Answer

HiSteel has provided the table listing the source of the data for each column in the export sales listing in the **Attachment “B-2.2 Australian sales source”**.

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.

Answer

HiSteel has provided the requested document for the two largest Australian export sale invoices by value in **Exhibit B-3**.

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.

Answer

For each document provided in Exhibit B-3, HiSteel has annotated the documents to reconcile the details in the export listing to the source document.

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.

Answer

HiSteel has provided the Attachment "**B-4 Upwards sales.**"

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.

Answer

HiSteel has provided supporting document for Attachment "B-4 Upwards sales" in the **Exhibit B-4**.

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; and
 - provide the account code and sub-account code (if applicable) at column E of the worksheet.

Answer

HiSteel has also cross-referenced the amounts that are hard coded in the “Upwards sales” worksheet in **Exhibit B-4**.

B-5 Reconciliation of direct selling expenses to financial accounts

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

Answer

HiSteel has provided the Attachment “**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.

Answer

HiSteel has provided supporting document for the Attachment “B-5 Upwards selling expense” in the **Exhibit B-5**.

3. For any amount in the “B-5 Upwards selling expense” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
 - the name of the source document, including the relevant page number, in column C of the worksheet; and
 - highlight or annotate the amount shown in the source document; and
 - provide the account code and sub-account code (if applicable) at column D of the worksheet.

Answer

- HiSteel has also cross-referenced the amounts that are hard coded in the “Upwards selling expense” worksheet in **Exhibit B-5**.

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.

Answer

HiSteel has described all of the goods sold to Australia during the review period in

Exhibit C-1.

During the review period, HiSteel sold only one grade of rectangular pipe product (AS

1163): Since HiSteel has sold pipes under AS/NZS 1163 only with 350 yield strength,

HiSteel assigned pipes under AS/NZS 1163 with 350 yield strength as “AS 1163.”

This product is high strength structural pipes normally used for agricultural, general engineering, mechanical handling and structural purposes.

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.

Answer

HiSteel has listed all MCCs of the goods sold to Australia during the review period in

Exhibit C-2. As explained above, HiSteel sold one grade of products to Australia during

the review period and it did not paint or galvanize them, therefore the MCC of the goods

exported to Australia is only one.

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.

Answer

HiSteel has described all of the goods sold on the domestic market during the review period in **Exhibit C-3**.

During the review period, HiSteel sold various pipe products, including the pipes having high strength the same as those sold to Australia. Descriptions of the grade were also included in the listing.

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.

Answer

HiSteel has listed all MCCs of the goods sold on domestic market during the review period in **Exhibit C-4**.

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.

Answer

HiSteel does not a product code or stock keeping unit (SKU) code, but classifies a product by a combination of following information:

1. Specification
2. Grade (i.e. A (Prime), B (Non-Prime), or Z (Scrap))
3. Size
 - a. Diameter in case of round pipes and depth and width in case of rectangular pipes
 - b. Thickness

c. Length

For example, a product sold to Australia, “AS1163 A 250X250 X 6 X 12M”, comprises of “AS1163” specification, “A (Prime)” grade, “250 millimeter x 250 millimeter” depth and width, “6 millimeter” thickness, and “12 meter” length.

HiSteel has provided the details of MCC mapping methodology and a table of products for each MCC in **Exhibit C-5** and **Exhibit C-6**, respectively.

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

Answer

HiSteel's domestic sales of the subject products during the review period were made through direct shipments from its production facilities to unaffiliated domestic customers.

The domestic customers negotiated the terms for these sales directly with HiSteel's domestic sales personnel, and then placed orders with HiSteel by telephone or fax. The merchandise was then shipped to the customer from HiSteel's inventory either on a delivered basis (which meant that HiSteel was responsible for arranging transport to the customer) or on a customer pick-up (i.e., ex-factory) basis.

The prices for HiSteel's domestic sales of the subject products are set through sale-specific negotiations with each customer, and may be affected by the market conditions at the time the order is negotiated, the terms of sale, the product mix, the significance of the customer to HiSteel, and the customer's credit-standing. The orders for HiSteel's domestic sales of the subject products are placed by telephone, email or fax.

For domestic sales, HiSteel manufactures either to order or to stock according to the production planning, and from the receipt of order to the shipment of the product it normally takes a few days when selling from the stock or two or three months when manufacturing to order.

PUBLIC RECORD

The first written confirmation from HiSteel to the customer of the price, quantity and terms for the sale is the invoice, which is prepared either at the time of shipment or at the end of the month in which shipment occurred.

HiSteel’s domestic sales of the subject products are normally made to unaffiliated distributors or end users. For the sales made to unaffiliated distributors, the merchandise was shipped either to the distributors’ facilities or to a location in Korea designated by the distributors. HiSteel did not have direct knowledge of the identities or locations of the customers of its distributor customers.

Flow charts illustrating these distribution channels are provided in **Exhibit D-1**.

For domestic sales, HiSteel prepares a “tax invoice” and an “invoice detail” for each transaction. The tax invoice is a document for each domestic sales transaction that is required by the Korean value-added tax law. Depending on the customer’s preference, tax invoices may be issued on a shipment-by-shipment basis at the time of shipment, or at the end of each month on an aggregate basis (covering all sales during the month to the customer). The tax invoice shows the total value of the transaction, but does not provide a breakdown of the invoice amount by item. The invoice detail is issued at the same time as the tax invoice, and describes the merchandise and the quantity of each item.

HiSteel’s domestic sales during the review period were normally made on an XXXXXXXX
XX [Payment terms]. Payments to reduce the customer’s accounts receivable balance were negotiated between HiSteel and the customer on a periodic basis.

- 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.

Answer

Since no customer in domestic market is related to HiSteel, this question is not applicable.

PUBLIC RECORD

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

Answer

The prices for HiSteel’s sales of the subject products to domestic are set through individual negotiations with each customer on a transaction-by-transaction basis. Price lists are not used by HiSteel in connection with those sales.

- 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.

Answer

For each customer, HiSteel determines the sale price on a negotiation basis, considering various aspects such as raw material price, quantity of purchase, or demand and supply of the market, so HiSteel does not have a price difference policy according to the distribution channel.

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

Answer

As mentioned, HiSteel’s domestic sales during the review period were made on an XXX
XX [Payment
terms], and payments to reduce the customer’s accounts receivable balance were
negotiated between HiSteel and the customer on a periodic basis.

As part of these negotiations, HiSteel in some instances XXXXXXXXXXXXXXXXXXXX
XX
XX
XX

PUBLIC RECORD

XX
XX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX [Confidential credit and payment terms and conditions]

Because HiSteel’s domestic sales are made on an XXXXXXXXXXXXXXX [payment terms], it is generally XXX XXXXXX [payment terms and conditions]. Accordingly, for purposes of this response, the amount of the early-payment discount for each sale has been calculated by allocating the total amount of discounts given to each customer during the period matching to review period, that is the period from August 2020 until July 2021, for prompt payment over the total value of sales to the customer during the review period.

For your reference, a list of customers that received early-payment discounts for the sales made during the review period and the calculated discount rate for each such customer is set forth in **Exhibit D-2**, along with the calculation worksheet of the reported discount amount for a sample transaction.

- 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.

Answer

HiSteel did not issue any credit or debit notes to the customers or associate of the customer in relation to the sale of the like goods during the period other than early payment discount explained above in the answer to the question D-5.

- 7. In establishing the date of sale, the commission will normally use the date of invoice as it best reflects the material terms 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?

[Answer](#)

HiSteel agrees that the invoice date is the date of sale.

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.

[Answer](#)

HiSteel has provided the **Attachment "D-2. Domestic Sales"**.

HiSteel has added one new column in addition to columns existing in the **Attachment "D-2. Domestic Sales"**:

- [0.0] Customer code – HiSteel inserted customer code used in its normal course of business per each transaction in this column.
2. Complete worksheet "D-2.2 domestic sales source" listing the source of the data used for each column in worksheet "D-2 domestic sales".

[Answer](#)

HiSteel has provided the source of the data in **Attachment "D-2.2. domestic sales source"** for the listing data provided in **Attachment "D-2. Domestic Sales."**

D-3 Sample domestic sales documents

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

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

PUBLIC RECORD

Answer

HiSteel has provided the requested documents for the two largest domestic sale invoices by value in **Exhibit D-3**. For the two largest domestic sale invoices by value, HiSteel provides the following supporting documents:

- Invoice Detail
- Tax invoice
- Delivery invoice
- The worksheet showing the calculation of the average credit period (because two largest invoices were made to same customer, this worksheet is provided for 1st largest sale sample documents package.)
- The worksheet and supporting documents for the reported inland freight costs

Because the purchase order in domestic sales is placed by telephone, email or fax, no purchase order or order confirmation document is issued. HiSteel does not enter into contract with its domestic customers. As explained earlier in this response, HiSteel's home-market customers generally paid HiSteel on an "open-account" basis (i.e., the customer maintained a running balance and paid in increments that may not be related to particular sales). As a result, there usually is not an invoice-specific payment for each sale. For proof of payment and receivable ledger, the calculation of the average credit period for each sample customer during the review period is provided, along with a copy of sample month's receivables ledger.

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.

Answer

For each document provided in **Exhibit D-3**, HiSteel has annotated the documents to reconcile the details in the domestic listing to the source document.

D-4 Reconciliation of sales to financial accounts

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

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listings in D-2 and F-2 are complete.
 - You must provide this list in electronic format using the template provided.
 - Please use the currency that your accounts are kept in.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
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.
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; and
 - provide the account code and sub-account code (if applicable) at column E of the worksheet.

Answer

- Please refer to the response to question B-4 and the **Attachment "B-4. Upwards Sales"**.

SECTION E DUE ALLOWANCE

E-1 Credit expense

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

Answer

As mentioned in response to Section D questionnaire, HiSteel provides an “open-account” system to its domestic customers, which is alike a rolling credit facility. In Attachment “D-2. Domestic Sales”, HiSteel reports average credit period in column [9] named “Payment terms (days)”. Based on the average credit period in this column in “D-2. Domestic Sales”, HiSteel also calculated credit expenses and report these expenses in column [22] named “Other costs - Credit expense”.

The sample calculation worksheet for average credit period for one sample customer as well as for credit expenses is provided in **Exhibit E-1**, and calculation worksheet of average short-term borrowing rate is also provided in **Exhibit E-1**.

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 Australian customer (credit sales divided by the average accounts receivable).
 - ii. Calculate the average credit term for each Australian customer by dividing 365 by the accounts receivable turnover
 - (b) If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):
 - i. Do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?
 - ii. Do you have 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?

Answer

During the review period, HiSteel provided credit to Australian customers in relation to sales of the goods, and the payments terms for direct export sale are telegraphic transfer 100% on sight of documents. The customer paid the proceeds on an invoice basis, so HiSteel traced down the collection to its responding invoice(s) for the response purpose.

As explained in B-1.2(a), HiSteel received the payment to the export sales to Australia in the foreign currency denominated account (USD) while HiSteel did not have short-term borrowings in the same USD currency. Therefore, HiSteel used the calculated KRW short-term borrowings interest rate in computing the credit expense by applying the formula below, and reported it in a column [31] named "Other costs – Credit expense."

Credit expense = gross invoice sales value X KRW short-term interest rate of XXX% X credit days (from invoice date to the payment date) / 365

The sample calculation worksheet for one sample invoice is provided in **Exhibit E-2**.

E-2 Packaging

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

Answer

HiSteel packed the domestic goods under consideration, using steel bands and clips.

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

Answer

As the same with the domestic goods under consideration, HiSteel packed the goods under consideration sold to Australia, using steel bands and clips.

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

Answer

HiSteel has provided the packing cost calculation in **Exhibit E-3**, which has the same average packing cost for models sold on domestic market and exported to Australia.

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?

Answer

Domestic Sales of like goods are sold to the customers either on a delivered basis or on an ex-factory basis. For sales on an ex-factory basis, the customer was responsible for transporting the merchandise from HiSteel's plant to the destination. Accordingly, HiSteel did not incur freight costs for those sales.

For home-market sales made on a delivered basis, HiSteel was responsible for arranging transport from the plant to the destination designated by the customer. For these sales, transport from the plants to the destination was provided by unaffiliated transportation companies.

The cost of freight from the plant to the destination for sales made on a delivered basis has been reported in column [17] "inland transport" **in the Attachment "D-2. Domestic Sales"**. The reported cost of freight for each transaction has been calculated based on the actual cost of transport for the specific transaction. Where multiple items (of subject merchandise or of subject and non-subject merchandise) were transported in the same shipment, the total freight charge for the shipment was allocated to each product based on relative weight. The calculation of the reported inland freight cost for a sample transaction is provided in **Exhibit E-4**.

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

Answer

Delivery terms of the export sales of the goods to Australia is either on FOB basis or on CFR basis.

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

Answer

All the sales to Australia includes delivery to the Korean port, where the subject products are then shipped via ocean vessel, and HiSteel has traced down the inland transportation expense for each shipment. HiSteel has provided the calculation of the reported inland freight cost for a sampled Australia export invoice in **Exhibit E-5**.

4. If the delivery terms of the Australian sales includes port handling and other export charges, how were these expenses calculated in the Australian sales listing in B-2?

Answer

All export sales to Australia during the period were on a FOB incoterms, in which the port handling charges were covered. HiSteel has traced down the port handling charges for each shipment. HiSteel has provided the calculation of the port handling charges for a sampled Australia export invoice in **Exhibit E-6**.

5. 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?

Answer

Because all export sales to Australia during the period were on a FOB incoterms, ocean freight cost was not incurred at all in export sales of subject products to Australia during the period.

6. 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?

Answer

Because all export sales to Australia during the period were on a FOB incoterms, marine insurance cost was not incurred at all in export sales of subject products to Australia during the period.

7. 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?

Answer

Because all export sales to Australia during the period were on a FOB incoterms, any of the Australian importation or delivery cost was not incurred at all in export sales of subject products to Australia during the period.

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.

Answer

Since there was no commission for domestic sales or export sales to Australia with regard to the goods under consideration, this question is not applicable.

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?

Answer

The rate of value-added tax (VAT) is 10% on domestic sales of the like goods while the VAT tax is not applicable to export sales. The VAT amount is not recorded as part of sales revenue, but trade receivable amount includes this VAT amount, and HiSteel records the VAT as VAT withheld (liability) in accounting record. This VAT withheld will be offset against the prepaid VAT that arose in purchasing transaction, meaning that the VAT prepaid is eventually refunded.

Because no import duties were imposed on any imported inputs consumed in the production of the goods or like goods, HiSteel did not ever receive duty drawback.

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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

Answer

Except for domestic inland freight costs, no other direct selling expense was incurred by HiSteel for domestic sales of like goods during the period.

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

Answer

In relation to export sales to the goods to Australia, there were three more reported direct selling expenses: 1) bank charges, 2) export clearance fee, and 3) testing expense, which will be explained in detail below in E-5 section. These expenses were also included in the reconciliation of direct selling expenses in B-5.

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.

Answer

1) Bank charges

HiSteel paid a bank charge fee in collecting the payment from Australian customers, which normally ranges from USD 10 ~11 per each payment. For each invoice, HiSteel has calculated the ratio of the fee by dividing the fee with the collection amount and then applied the ratio in each relevant transaction reported in the “**Attachment B-2 Australian Sales.**”

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HiSteel has reported this expense in the column [28] “Other costs - Bank charge” and also provided the sample calculation of bank charge for a sampled Australian sale in **Exhibit E-7**.

2) Export clearance fee

When declaring the export at Korean Customs office, HiSteel uses Customs’ EDI (Electronic data interface) system and pays the monthly fee. Since this fee is not imposed by the transaction, HiSteel calculated the average expense by dividing the total fee during the review period with total export quantity (Kilogram) and then applied it in each transaction reported in “Attachment B-2 Australian Sales.”

HiSteel has reported this expense in the column [29] “Other costs – Export clearance fee” and also provided Calculation detail for this expense has been reported in **Exhibit E-8**.

3) Testing expense

In accordance with AS/NZS 1163, HiSteel performed the testing of the finished pipe in order to ensure that the product passed the qualification. Since this test was done by the sampling method for each shipment of the goods to Australia & New Zealand, HiSteel calculated the average expense by dividing the total testing expenses incurred during the review period by total quantity (kilogram) sold to Australia and New Zealand. In addition to the testing expenses described above, HiSteel also incurred additional testing expenses to acquire ACRS certification required for exports of AS1163 products to Australia. Because this test was also done by the sampling basis once a year or so, HiSteel calculated the average expense by dividing the total ACRS certification testing expenses incurred during the review period by total quantity (kilogram) sold to Australia only. Then HiSteel sum these two unit per-kilogram testing expenses, and applied it to each transaction reported in “**Attachment B-2 Australian Sales.**”

- HiSteel has reported this expense in the column [30] “Other costs – Testing expense” and also provided Calculation detail for this expense has been reported in Exhibit E-9.

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.

Answer

Sales processes for direct export sales to any third country are the same as the sales process described in B-1.1 (i.e. exports to Australia).

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

Answer

During the review period, HiSteel made third country sales to a related customer, which is HiSteel Pipe & Tubes in U.S.A. HiSteel set the selling price by deducting the expenses incurred by HiSteel Pipe & Tubes and the appropriate profit for the transaction from the selling price of HiSteel Pipe and Tubes to its unrelated customer.

3. In establishing the date of sale, the commission will normally use the date of invoice as it best reflects the material terms 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?

Answer

HiSteel agrees that the invoice date is to be the date of sale, so this question is not applicable.

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, customer and MCC, to third countries of like goods invoiced within the period.
 - While sales may be made in different currencies and on different shipping terms the sales listing also seeks to record an Ex-works value of these sales in your local currency.
 - 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.

Answer

HiSteel has provided the Attachment “**F-2 Third country sales.**”

2. Complete worksheet “F-2.2 third country sales source” listing the source of the data for each column in the worksheet “F-2 third country sales”.

Answer

HiSteel has provided the source of the data for each column of “Attachment F-2 Third country sales” in Attachment “**F-2.2 third country sales source.**”

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.

Answer

2. There are many differences in payment terms, shipping terms, and incurred direct selling expenses between export sales to third countries and export sales to Australia, so using gross prices, which are provided in “Attachment F-2 Third country sales”, in order to compare with export price to Australia, is not reasonable.

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.

Answer

HiSteel has production facilities in Incheon and Dangjin.⁵ The Incheon facility consists of two mills: Incheon Mill 1 contains the slitting lines for all products manufactured at Incheon Mills 1, and it also has a pipe mill that can produce round and rectangular pipes with thickness ranging from 1.4 to 12.7 millimeters using the electric-resistance-welding (“ERW”) process.¹ Incheon Mill 3 consists of painting lines for the pipe products produced at Mill 1. The Dangjin facility consists of two mills that produce non-subject pipe products using a submerged-arcwelding (“SAW”) process. In addition, HiSteel’s Technology Research Institute is also located at the Dangjin facility.

During the review period, HiSteel produced subject pipe products at Incheon Mill 1 and Mill 3. HiSteel did not produce subject merchandise at its Dangjin facilities during the review period. Painting was performed for subject pipe product at HiSteel’s Incheon Mill 3 during the review period.

A flow-chart describing HiSteel’s production process was provided in **Exhibit G-1**.

As mentioned, HiSteel produces subject products at its Incheon Mill 1 using an electric-resistance welding process. The ERW process begins with hot-rolled steel coil, the primary raw material, which HiSteel purchases from foreign and domestic suppliers. Because the hot-rolled coil is generally supplied with fairly broad widths, the first stage in the production process consists of slitting the coils to the width needed to produce the specific

⁵ HiSteel acquired in December 2020 Haman plant from unaffiliated company, Romansys, as a SAW production plant. HiSteel has not produced any SAW products until the end of October 2021, but scheduled to conduct test-run and kick off production of SAW products in November 2021.

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pipe product. In this process, the coil is uncoiled and passed through a slitting machine which cuts off the rough edges on both sides of the coil and slits the coil into two or more strips that are referred to in the industry as “skelp.” At the opposite end of the slitting line the skelp is re-coiled.

The second stage of the ERW process consists of the forming and welding stage. Skelp of the appropriate grade and dimensions is fed into the tubing line where it passes through a series of rollers that bend the skelp to form a tubular shape. An electric resistance welding device along the production line welds a seam to close the tube as the pipe passes through. The pipe is then passed through a series of rollers that “size” the pipe to give it a uniform rectangular cross-section with the desired height and width. Finally, before leaving the tubing line, the pipe is cut to predetermined lengths and the ends are faced and chamfered to remove sharp edges. The pipe is then tested and, if the tests are passed, marked and packed.

HiSteel’s production process generates steel scrap during the slitting process, in the form, of edge trimmings that are cut from the coils as the coils are slit into strips with the desired width. In addition, HiSteel also generates scrap during the pipe production process, for example, when short-lengths of pipe are left over after the pipe is cut to length during the cutting process, or when shavings are generated during the end-facing process. The scrap recovered during the production process is sold to unaffiliated customers.

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.

Answer

There is a supplier related to HiSteel’s manufacturing activities: Hanil Iron & Steel Co.,

Ltd during the period of review. HiSteel uses outside service providers when it is full capacity of making skelps (Slitting process). Hanil Iron & Steel Co., Ltd. was one of the outside service providers. A comparison of the per-unit fees Hanil charged HiSteel and unaffiliated customers for slitting services, provided in **Exhibit G-2**, shows that the fees to HiSteel and unaffiliated customers are the same.

HiSteel's headquarters office is located in a building that is owned and managed by Han Young Building Co., Ltd., a private company that is owned by members of the Um family. HiSteel paid rent to Han Young Building for its use of those offices. Information on the rental transaction between HiSteel and Han Young Building is provided in **Exhibit G-3**. As shown in the chart, HiSteel made an arms-length transaction with Han Young Building.

Additionally, for your reference, HiSteel also paid service fees to Hanil for its management and maintenance of HiSteel's Enterprise Resource Management system server and computer hardware.

G-2. Cost accounting practices

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

Answer

HiSteel's cost accounting system is based on actual cost.

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

Answer

Since HiSteel's cost accounting system is based on actual cost, this question is not applicable.

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

Answer

In the normal course of business, HiSteel uses an internally-developed computer system to track costs and other accounting data. In this system, the actual usage of raw materials and the actual production operations are tracked by individual production "lot." For skelp production, each steel coil is tracked separately — and thus is effectively treated as a separate production "lot" for purposes of calculating the usage of materials and production processes and the corresponding costs. For pipe production, each "lot" corresponds to a production run of a specific item.

The raw materials cost for each skelp production lot is determined based on the actual weight of the steel coil used in the production of the skelp, valued at the average inventory value for the month of production (which is determined using a monthly moving-average calculation). Labor and overhead costs for each skelp production lot are calculated based on the average costs per ton for the slitting process. The usage of each item of skelp is then tracked individually to the pipe production lots in which the skelp is used. The cost of the pipe production lot is then calculated based on the actual cost for the skelp used in the pipe production, plus the labor and overhead costs for the pipe production processes actually used to produce the pipe. For these purposes, the labor and overhead costs for each production process are allocated to the lots that passed through the process based on the tonnage. The costs for any subcontracted processing activities (such as galvanizing or painting) are charged directly to the production lot on which those processes are performed.

The lot-specific cost of manufacture calculated by HiSteel's normal cost accounting system is used to determine the value of the items produced in the production lot when transferred into finished-goods inventory values. The unit inventory value, calculated on a

moving-average basis, is then used to determine the cost of goods sold for the individual items when they are sold.

A list of the cost centers in which HiSteel tracks labor and overhead costs is provided in **Exhibit G-4**.

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

Answer

As explained above, HiSteel's cost accounting system records the cost of manufacture by each product, to which level was explained in C-3 Internal product codes.

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

Answer

As mentioned, the lot-specific cost of manufacture calculated by HiSteel's normal cost accounting system is used to determine the value of the items produced in the production lot when transferred into finished-goods inventory values. The unit inventory value, calculated on a moving-average basis, is then used to determine the cost of goods sold for the individual items when they are sold. No production costs are valued differently for cost accounting and for financial accounting purposes.

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.

Answer

Since HiSteel has not engaged in any start-up operations in relation to the goods, this question is not applicable.

7. What is the method of valuation for raw material, work-in-progress, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average)?

Answer

In HiSteel's normal accounting records, inventories of raw materials, semi-finished goods, and finished goods are stated at the lower of cost or market value, in accordance with generally accepted accounting practices in Korea. Cost is generally determined using the moving-average method. The same methods are used to value inventories for financial accounting and cost accounting purposes.

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

Answer

Products with minor defects that can be sold as non-prime pipe are treated as normal products, and not as scrap, in HiSteel's normal accounting system. These downgraded items include products found to have weld defects and products that have developed excessive surface rust while stored in inventory. The prime- and non-prime products are tracked separately in HiSteel's normal inventory records.

In accordance with generally accepted accounting principles in Korea, these inventories are written down to the net realizable value whenever it is recognized that the inventories have deteriorated or decreased in market value.

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

Answer

Scrap, maintained the inventories, is valued at the lower of cost or market value, in accordance with generally accepted accounting practices in Korea.

Scrap recovered during the production process is sold by HiSteel to unaffiliated customers. The scrap is not reintroduced into HiSteel's production process. The quantity of recovered scrap is tracked by HiSteel at the level of individual production lots (based on the difference between the actual quantity of material input and the actual quantity of

finished goods output for the production lot). The recovered scrap quantity is initially valued at a standard scrap value, which is recorded as a reduction in production costs for the individual production lot and also as the inventory value of the scrap. When the scrap is subsequently sold, the inventory value (based on the standard scrap value) is recorded as cost of goods sold, and the actual sales price is recorded as sales revenue. The difference between the actual sales price and the standard scrap value is, therefore, reflected in the gross profit shown on HiSteel's income statement.

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

Answer

Since no management fee/corporate allocations is charged to HiSteel by related company, this question is not applicable.

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.

Answer

HiSteel has provided the Attachment "**G-3 Domestic CTM.**"

As explained above, HiSteel's normal cost accounting system calculates the actual cost of manufacture for each production lot, where each lot corresponds to a single production run for a specific product. For purposes of this response, HiSteel has calculated the cost for each product based on the weighted-average cost of all of the production lots for the specific

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product during the review period. The cost for each MCC was then calculated based on the weighted-average cost for the products encompassed within the MCC, so HiSteel notes that even if the name of this attachment includes “Domestic” in the name, this attachment covers all the cost of pipes or MCCs manufactured by HiSteel.

In this calculation, an adjustment was made to the product-specific costs recorded in HiSteel’s normal cost accounting system to reflect the difference between the actual scrap value (as measured by its sales of scrap) and the standard scrap value that is reflected in its normal cost calculations. This is discussed in detail later in the response to the question G-6.1.

Also, error made in allocation of outsourcing post-production process was corrected. After calculating the outsourcing fee (i.e. galvanizing or cutting), instead of adding the fee to the cost of original pipe’s cost, HiSteel weight-averaged costs of the original pipes for the month and then added the fee. Sample calculation of error correction has been provided in **Exhibit G-5**.

An additional adjustment was made to allocate to individual products the end-of-period adjustments that are reflected in HiSteel’s financial reports but not in the product-specific costs calculated by its normal cost accounting system. All other cost elements were reported based on the production-lot-specific costs recorded in HiSteel’s normal accounting records.

The amount and nature of these end-of-period adjustments is shown in the **Exhibit G-6**.

The adjustment rate was calculated by dividing the total amount of the adjustments (XXXXXXXXXX Korean Won) for the review period by the total cost of manufacture before adjustment (XXXXXXXXXXXXXX Korean Won) for the period. The adjustment rate was then applied to the calculated cost of manufacture for each product before adjustment, to determine the adjustment amount for that product.

As indicated in “**G-8 Upwards costs**” worksheet, the end-period adjustments consisted of

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adjustments for (1) purchase discount, (2) allowance for valuation of raw material, (3) allowance for valuation of semi-finished product, (4) correction of depreciation cost, (5) prepaid insurance transfer, (6) defined benefit obligation, (7) Additional recognition of employee's extra pay, and (8) transfer of SG&A(selling, general and administrative) expense to COM(cost of manufacture).

The “purchase discount” adjustment reflects discounts received from HiSteel’s raw materials suppliers which were not reflected in the inventory values of those materials and, as a result, were also not reflected in the product-specific costs calculated by HiSteel’s normal cost accounting system. In its normal accounting system, HiSteel recorded these discounts as “other income.” The auditor made an adjustment to reclassify the discounts from other income to cost of goods sold (thus reducing both the other income and the cost of goods sold reported in HiSteel’s audited financial statements). The other adjustments reflected changes to the costs recorded by HiSteel following the auditor’s review.

The adjustment from end of year adjustment has been reported in “Other costs - End-period adjustment [7]”, and that from scrap adjustment has been reported in “Other material costs - Scrap [4]” in Attachment “**G-3. Domestic CTM**”.

2. Complete worksheet titled “G-3.2 domestic CTM source” listing the source of the data for each column of the worksheet “G-3 domestic CTM”.

Answer

HiSteel has provided the source of the data for each column of the Attachment “G-3 Domestic CTM” in Attachment “**G-3.2. Domestic CTM source.**”

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, including finance expenses, by account code for the most recent accounting period and the period.
 - The SG&A listing should reconcile to the trial balance and/or income statement.
 - 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.

[Answer](#)

HiSteel has provided the Attachment “**G-4.1 SG&A listing.**”

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.

[Answer](#)

HiSteel has provided the Attachment “**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.

[Answer](#)

HiSteel has provided the Attachment “**G-5 Australian CTM.**”

2. Complete worksheet titled “G-5.2 Australian CTM source” listing the source of the data for each column of worksheet “G-5 Australian CTM”.

[Answer](#)

HiSteel has provided the source of the data for each column of the Attachment “G-5

Australian CTM” in Attachment “**G-5.2. Australian CTM source.**”.

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

[Answer](#)

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(a) Raw materials

The cost of hot-rolled steel coils, cold-rolled steel coils, aluminium-coated steel coils, galvanized steel coils, hot-rolled skelps, or cold-rolled skelps used for each product has been reported in the "HRC cost" field in the Attachment "G-3 domestic CTM and G-5 Australian CTM," regardless of the type of steel. As mentioned, HiSteel's normal cost accounting system tracks the actual usage of raw materials by production lot, and calculates the cost of the raw materials used based on the moving-average for the specific type of material used. For purposes of this response, HiSteel calculated the cost of materials for each product based on the weighted-average of the raw materials cost recorded on all of the production lots for the specific product during the review period. As mentioned, HiSteel's production process generates steel scrap, which is recovered and sold to unaffiliated customers. In its normal cost accounting system, HiSteel tracks scrap recovery by production lot, and deducts the standard value of the scrap from the cost of materials for the production lot. For purposes of this response, HiSteel has adjusted the reported cost of materials for each product to reflect the difference between the actual scrap value (as measured by its sales of scrap) and the standard scrap value that is reflected in its normal cost calculations. The calculation of this adjustment is set forth in **Exhibit G-10**.

(b) Labour and manufacturing overheads

As mentioned, HiSteel's normal cost accounting system records labor and overhead costs in cost centers. Certain depreciation costs of machinery & tools and labor costs are recorded in direct cost centers which are assigned directly to specific processes (pipe making). The labor costs, except for those recorded in direct cost centers, and other non-depreciation overhead costs for each mill are recorded in a single "indirect" cost

center. The costs recorded in the indirect cost center are allocated to individual production processes based on a factor that reflects both total machine hours and a productivity index. The total costs assigned to each process are then allocated to the production orders that pass through the process based on production quantity (in kilograms).

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.

Answer

Worksheets showing the calculation of the reported cost of manufacture for the MCC that accounted for the largest volume of sales in domestic model have been provided in

Exhibit G-8.

G-7 Major raw material costs

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

Answer

As explained above, major raw materials used in the manufacture of the goods are hot-rolled steel coils and cold-rolled steel coils, and they are at first processed into skelp in the slitting process and then used in the pipe making process.

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.

Answer

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HiSteel has provided costs of skelps used in manufacturing the goods in **Attachment “G-7.2 Raw material CTM.”** Please note that cost of manufacture of skelps reported in this attachment was for all the skelps produced together from a coil, which included the skelp used to produce the subject goods in the end, so some of this cost were used for non-subject goods.

In “Raw material [1]” column, HiSteel has reported the coil number, which it calculated the cost of each skelp and was tracked and transferred to the next process, pipe-making process.

In “Raw material cost [3]” column, HiSteel has reported the consumption value of the coil, and in “Other material costs - Scrap [4]” column, HiSteel has reported the standard scrap price, which was adjusted to the actual in reporting the cost for the reporting purpose. HiSteel has reported the production weight of skelp (net of scrap) in “Production quantity [9]” column.

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.

Answer

HiSteel has calculated weighted average percentage of each raw material cost for **G-3** in **Attachment G-7.1.**

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.

Answer

HiSteel has provided the **Attachment “G-7.4 Raw material purchases.”** The purchased raw material accounting for 10% or more of the total cost to make are steel coils or skelps of various technical properties (such as hot-rolled, cold-rolled, or galvanized steel).

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Please note that the purchased coils are processed to be cut into multiple skelps, and they can be manufactured into the subject or non-subject goods or produced in different batch of producing pipes.

For your information, HiSteel does not keep the record of supplier's commercial invoice number or invoice date in its system but rather maintains each purchase by the coil number, which is more detailed information. So the invoice number and invoice date were reported with use of the coil number and purchase record date, respectively.

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

Answer

HiSteel has provided the source of the data for each column of the Attachment "G-7.4 Raw material purchases" in **Exhibit G-9**.

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

Answer

HiSteel has provided the supplier's commercial invoice and proof of payment for the two largest invoices in **Exhibit G-10**. As explained above, HiSteel does not keep the record of commercial invoice number in its system but maintains the purchase by the coil number, which is more detailed information, so, HiSteel based the purchase amount of a coil in selecting the two largest invoices by value. The two largest value was found to be from the same invoice. Additionally, HiSteel has reconciled the total value listed of the purchases in G-7.4 to relevant purchase ledgers or trial balances in its accounting system in **Exhibit G-11**.

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.

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Answer

None of the suppliers in “G-7.4 Raw material purchases” listing is related to HiSteel, and therefore this question is not applicable.

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.

Answer

HiSteel has completed the Attachment “G-8 Upwards cost.”

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.

Answer

HiSteel has provided worksheets and documents to complete the Attachment “G-8 Upwards cost” in **Exhibit G-12**.

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; and
 - provide the account number and sub-account number (if applicable) at column E of the worksheet.

Answer

HiSteel has provided the name of the source document and cross-referenced the hard-coded amount with the document in the Attachment “G-8 Upward cost” and Exhibit G-12.

G-9 Production of the goods under consideration

1. Describe your company’s practices for capturing the production quantities reported at worksheets “G-3 domestic CTM” and “G-5 Australian CTM”. Consider using a flowchart in answering this question.

Answer

The reported production quantities at Attachments “G-3. Domestic CTM” and “G-5 Australian CTM” are based on weights calculated on the basis of the nominal(theoretical)

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thickness of the product. In its normal production records, HiSteel tracks production based on the number of pieces of each finished product produced, and the production quantity (in units of kilograms) is then calculated by formula based on the nominal dimensions of each product. In HiSteel's inventory records, the weight calculated based on the nominal thickness of the finished product is used while its manufacturing cost of each product is calculated using the weights calculated based on the actual(target) thickness.

2. Outline the types of source documents kept by the company in relation to production quantities and how the production quantities are entered into the accounting system. Consider using a flowchart in answering this question.

Answer

The types of source documents kept by HiSteel in relation to production quantities are (1) inventory records (finished goods inventory movement in and out records) that have weights calculated based on nominal thickness and (2) records of production data having cost of manufacture per each product that have weights calculated based on actual(target) thickness.

3. Briefly explain the reasons for any differences between:
 - (a) the production quantities reported at worksheet "G-3 domestic CTM" and the sales volumes reported at worksheet "D-2 domestic sales"; and
 - (b) the production quantities reported at worksheet "G-5 Australian CTM" and the sales volumes reported at worksheet "D-2 domestic sales".

Answer

Because quantities reported in Attachments "G-3. Domestic CTM" and "G-5. Australian CTM" and Attachment "D-2. Domestic sales" are weights calculated based on the nominal thickness, there is no difference among those Attachments.

4. Describe how your company determines its volume of production for the goods, product mix of production and the factors that contribute to these decisions. How frequently are production volumes determined for the goods? How frequently is the product mix determined for the goods?

Answer

When establishing next year's production volume as part of business plan, HiSteel takes into account of the estimated domestic sales and export sales volume forecasts for corresponding period and historical sales, production, and inventory volumes as well. Because only pipes and tubes can be produced at pipe making production lines at Incheon Mill #1, there is no need to determine the product mix of production. The production volumes are then re-determined, on a monthly basis, by considering the actual sales orders received from customers.

5. What lead times are typically needed to adjust volumes of production for the goods?

Answer

HiSteel views that the lead time typically required to adjust volumes of production for the goods is approximately four months.

G-10 Capacity Utilisation

- Please complete the worksheet named "G-10 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.
1. Explain how the production capacity and capacity utilisation has been calculated.

Answer

The production capacity reported in **Attachment "G-10 Capacity Utilisation"** pertains to four pipe-making production lines located at Incheon Mill #1, where the subject ERW pipes and tubes are produced. In order to calculate production capacity under normal operation conditions, HiSteel sets 8 hours as normal average operation hours per a day, 25 operation days per month, and 300 operation days in a year. Based on such operation hours per day and operation days per a year, total production capacity per a year is 160,800 tons, multiplying 536 tons of production capacity for a day by 300 days. Please note that only painting production line is available at Incheon Mill #3, and that all ERW

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pipes and tubes including both subject and non-subject products are all produced at all production lines located at Incheon Mill #1.

The reported capacity utilization is calculated by dividing total production quantities of finished pipes and tubes produced at Incheon Mill #1 by the reported production capacity for each corresponding period.

2. Do you have warehousing facilities for the goods? If no, what do you do with excess inventory? If yes:
 - (a) What is the capacity of these facilities?
 - (b) What was the monthly amount of inventory maintained during the investigation period?
 - (c) What is the average period of time that inventory is retained (describe how this is calculated)?

Answer

HiSteel owns warehousing facility located near Incheon Mill #3, and it keeps inventories of finished pipes and tubes at any available space at Incheon Mill #1 and warehousing facility located near Incheon Mill #3. The capacity of spaces at such locations (Incheon Mill #1 and warehousing facility at Incheon Mill #3) for inventory maintenance is approximately 17,000 tons per month. Average monthly quantity (in a unit of tons) of inventory of subject goods maintained during the period is XXXXX metric tons, and average period of time that inventory of subject goods is retained is approximately XX days. The average period of time that inventory of subject goods is retained is calculated by dividing monthly average inventory quantity of subject goods maintained during the period (XXXXX tons) by average daily shipment quantities of subject goods for sales during the period (XXX tons).

3. Have there been any changes to the type of capital or technology utilised by your company in the manufacturing of the goods in the last five years? If yes, provide details.

Answer

For the last five years, there has been no change to the type of capital or technology utilized by HiSteel in the manufacturing of the goods.

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4. For each plant capable of producing inputs that could be utilised to make the goods, provide the date that production facility came into operation and the production capacity of the plant over the past five years. The production capacity should be based on an actual production capacity, not a budgeted production capacity.

Answer

HiSteel has one slitting line at Incheon Mill #1 to slit coils into skelps, which are to be input into production of pipes and tubes including subject goods. The date that this slitting line came into operation fell in August 1994, and the production capacity of this slitting line is approximately 120,000 tons per year.

5. List any significant investments in the past five years to either upgrade, refurbish or build any of the plants used in the production of the goods.

Answer

There has been no significant investments made in the past five years to either upgrade, refurbish or build any of the plants used in the production of subject goods.

SECTION H DOMESTIC MARKET

H-1 Prevailing conditions of competition in the domestic market

1. Describe the domestic market for the goods and the prevailing conditions of competition within the market, including:
 - (a) Provide an overall description of the domestic market which explains its main characteristics and trends over the past five years;
 - (b) Provide the sources of demand for the goods in the domestic market, including the categories of customers, users or consumers of the product;
 - (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);
 - (d) Describe the factors that influence consumption/demand variability in the domestic market, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
 - (e) Describe any market segmentations in the domestic market; such as geographic or product segmentations;
 - (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);
 - (g) Describe the way in which domestically produced goods and imported goods compete in the domestic market;
 - (h) Describe the ways that the goods are marketed and distributed in the domestic market; and
 - (i) Describe any other factors that are relevant to characteristics or influences on the domestic market for the goods.

Answer

The Korean market is driven by supply and demand forces with prices negotiated based on commercial terms and arm's length basis. Demand comes from a range of sectors with the main including general structural, shipbuilding, pressure and ordinary piping, machine and automotive. The Korean market is driven by overall economic growth and decline, with no real market segmentation. Local and imported goods compete on equal basis, although imports are not very influential. Histeel is not aware of other factors that are relevant, or characteristics or influences on the Korean market for the goods.

2. Provide a diagram which describes the domestic market structure for the goods, ensuring that all categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the domestic market.

Answer



3. Describe the commercially significant market participants in the domestic market for the goods at each level of trade over the investigation period. Include in your description:
 - names of the participants;
 - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
 - a description of the degree of integration (either vertical or horizontal) for each market participant; and
 - an estimation of the market share of each participant.

[Answer](#)

There are multiple local manufacturers. The main domestic customers from Histeel's point of view are included in its domestic sales listing at attachment D-2.

4. Identify the names of commercially significant importers in the domestic market for the goods over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the domestic market, if known.

[Answer](#)

Importer details are not publicly available, and in any case, imports are not a substantial share of the market, so Histeel is not able to provide the requested information.

5. Describe the regulatory framework of the domestic market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

[Answer](#)

The domestic regulatory framework is limited to sales being subject to VAT and income tax.

6. Describe any entry restrictions for new participants into the domestic market for the goods. Your response could include information on:
 - resource ownership;
 - patents and copyrights;
 - licenses;
 - barriers to entry;
 - import restrictions; and
 - government regulations(including the effect of those government regulations).

[Answer](#)

There are no entry restrictions for new participants into the Korean market for the goods.

H-2 Goods in the domestic market

1. Generally describe the range of goods offered for sale in the domestic market. The description should include all like goods, including those produced by your company. Your description could include information about:
 - quality differences;
 - price differences;
 - supply/availability differences;
 - technical support differences;
 - the prevalence of private labels/customer brands;
 - the prevalence of generic or plain labels;
 - the prevalence of premium labels; and
 - product segmentation.

[Answer](#)

Please refer to attachment D-2 Domestic Sales for requested information.

2. Describe the end uses of the goods in the domestic market from all sources.

[Answer](#)

As noted in our response at H-1.1, the goods are used for variety of purposes like structural purposes, exhaust systems, outdoor structures and general mechanical users etc.

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the domestic market. Rank these preferences or purchasing influencers in order of importance.

[Answer](#)

Quality and certainty of supply of the product are the key attributes that influence purchasing decisions or purchaser preferences in the Korean market.

4. Identify if there are any commercially significant market substitutes in the domestic market for the goods.

[Answer](#)

There are no commercially significant market substitutes in the Korean market for the goods.

5. Have there been any changes in market or consumer preferences in the domestic market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

[Answer](#)

To the best of our information, there have not been any changes in market or consumer preferences in the Korean market for the goods in the last five years.

H-3 Relationship between price and cost in the domestic market

1. Describe the importance of the domestic market to your company's operations. In your response describe:
 - (a) The proportion of your company's sales revenue derived from sales of the goods in the domestic market; and
 - (b) The proportion of your company's profit derived from sales of the goods in the domestic market.

In responding to question 1 please provide evidence supporting calculations.

Answer

The details of proportions of company's operation in Korean market are provided in attachment B-4 Upward Sales.

2. Is your organisation/business entity the price leader for the goods in the domestic market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

Answer

No. The price of the goods mainly depends upon the cost to make and sell and demand & supply of goods. Accordingly, there is no organisation which is a clear price leader of the goods.

3. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in the domestic market. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Answer

Our pricing in Korea is based on commercial market principles on arm's length basis.

4. Explain the process for how the selling prices of the goods for the domestic market by your business are determined. Provide copies of internal documents which support how pricing is determined.

Answer

The company determines selling price of the goods based on cost to make & sell, demand & supply in market, and negotiation with the customers on arm's length basis.

5. How frequently are your domestic selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Answer

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There is no fixed period for the review of prices by Histeel. The prices are reviewed based on market condition and demand & supply situation.

6. Rank the following factors in terms of their influence on your pricing decisions in the domestic market, with the most important factor ranked first and the least important factor ranked last:

Answer

- Customer relationship management
- Volume of order
- Cost to make and sell the goods
- Competitors' prices

7. Describe the relationship between selling price and costs to make and sell in the domestic market. Does your company maintain a desired profit margin for the goods?

Answer

No, Histeel does not maintain desired profit margin for the goods. The objective always remains to earn reasonable profit considering market the situation.

8. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the domestic market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

Answer

No, Histeel does not offer any price reductions in the Korean market, except for early payment discounts described in response to D-5.

9. Do you offer bundled pricing in the domestic market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer

No bundled pricing is not offered in the Korean market.

10. Does the volume of sales to a customer or the size of an order influence your selling price in the domestic market? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

Answer

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Yes, the volume of purchases by a customer or the size of an order can influence the selling price. The impact on price due to volumes will be negotiated directly with the customer taking in account other factors such as inventory, customer relationship, etc. Prices are mainly driven on the cost to make & sell and the demand & supply of the goods in the market.

11. Does your organisation/business entity use sales contracts in the domestic market? If yes:
- (a) What proportion of your sales revenue would come from contracted sales versus uncontracted sales?
 - (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?
 - (c) How frequently are sales contracts renegotiated?
 - (d) How frequently are price reviews conducted between contracts?
 - (e) Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.
 - (f) Do changes in your costs to make and sell enable you to review prices for customers within contracts?
 - (g) Provide a list of the customers under contract during the investigation period and copies of the two largest contracts in terms of sales revenue. Provide a complete translation of the documents.

[Answer](#)

No, sales contracts are not used in the Korean market as purchase/sales orders are agreed for individual sales.

12. Provide copies of any price lists for the goods used in the domestic market during the investigation period. If you do not use price lists, describe the transparency of your prices in the domestic market.

[Answer](#)

Histeel does not maintain / use any price list.

13. How do you differentiate pricing for different products/models of the goods in the domestic market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

[Answer](#)

Pricing are differentiated mainly based on cost of make and sell and demand & supply of the goods.

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14. Do you tier or segment your domestic customers for the goods in terms of pricing? If yes, provide:
- (a) a general description of how this is done;
 - (b) list the factors that influence pricing differentiation in different tiers or segments; and
 - (c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

[Answer](#)

Histeel does not operate any specific policy for segment pricing to domestic customers.

15. Do you sell the goods to related entities in the domestic market? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide a copy of any internal document relevant to establishing pricing to related parties.

[Answer](#)

No, Histeel did not sell the goods to related customers in the Korean market.

H-4 Marketing and sales support in the domestic market

1. How does your company market the goods in the domestic market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

[Answer](#)

The company markets the goods in the Korean market through its website and its on-going relationship with key customers. The value proposition is quality and reliability of our product.

2. Does your company conduct brand segmentation in the domestic market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

[Answer](#)

Histeel does not conduct brand segmentation in the Korean market for the goods.

3. Provide examples of your domestic advertising of the goods over the past five years. If you have not used advertising provide examples of any other promotion campaigns for the goods you have conducted over the investigation period.

[Answer](#)

Other than listing its products on its website, Histeel has not engaged in advertising over the past five years.

4. How many people are in your domestic market sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents which support your claims in response to this question.

[Answer](#)

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Sales team consists of 11 people. Sales employees are remunerated though fixed salary.

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

Answer

Sales team director provides guidance to sales staff to assist in establishing pricing for the goods like cost to make & sell and demand & supply position.

SECTION I AUSTRALIAN MARKET

I-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for the goods and the prevailing conditions of competition within the market, including:
 - (a) Provide an overall description of the Australian market for the goods which explains its main characteristics and trends over the past five years;
 - (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;
 - (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);
 - (d) Describe the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
 - (e) Describe any market segmentations in Australia; such as geographic or product segmentations;
 - (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);
 - (g) Describe the way in which Australian manufactured and other imported goods compete in the Australian market;
 - (h) Describe the ways that the goods are marketed and distributed in the Australian market; and
 - (i) Describe any other factors that are relevant to characteristics or influences on the market for the goods in Australia.

Provide documentary evidence to support the responses made to questions 1(a) to (i).

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

2. Provide a diagram which describes the Australian market structure for the goods, ensuring that all the categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

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3. Describe the commercially significant market participants in the Australian market for the goods at each level of trade over the investigation period. Include in your description:
 - names of the participants;
 - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
 - a description of the degree of integration (either vertical or horizontal) for each market participant; and
 - an estimation of the market share of each participant.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

4. Identify the names of commercially significant importers in the Australian market for the goods over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

5. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

6. Describe any entry restrictions for new participants into the Australian market for the goods. Your response could include information on:

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- resource ownership;
- patents and copyrights;
- licenses;
- barriers to entry;
- import restrictions; and
- government regulations(including the effect of those government regulations).

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

I-2 Goods in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. The description should include all goods under consideration including those produced by your company. Your description could include information about:
 - quality differences;
 - price differences;
 - supply/availability differences;
 - technical support differences;
 - the prevalence of private labels/customer brands;
 - the prevalence of generic or plain labels;
 - the prevalence of premium labels; and
 - product segmentation.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

2. Describe the end uses of the goods in the Australian market from all sources.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

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3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influencers in order of importance.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

4. Identify if there are any commercially significant market substitutes in the Australian market for the goods.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

5. Identify if there are any commercially significant market complements in the Australian market for the goods.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

6. Have there been any changes in market or consumer preferences in the Australian market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International (“Macsteel”). Macsteel are best placed

to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

I-3 Relationship between price and cost in Australia

1. Describe the importance of the Australian market to your company's operations. In your response describe:
 - (a) The proportion of your company's sales revenue derived from sales of the goods in Australia; and
 - (b) The proportion of your company's profit derived from sales of the goods in Australia.

In responding to question 1 please provide evidence supporting calculations.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International ("Macsteel"). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

2. Is your organisation/business entity the price leader for the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

Answer

Histeel is not familiar with the characteristics of the Australian market as this is serviced by our Australian customer, Macsteel International ("Macsteel"). Macsteel are best placed to provide detailed insights into the structure, and demand and supply conditions of the Australian market.

3. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Answer

Price is determined by reference to the cost to make and sell plus profit, along with an understanding of competing price offers and the relevant applicable export floor price.

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4. Explain the process for how the selling prices of the goods for the Australian market by your business are determined. Provide copies of internal documents which support how pricing is determined.

Answer

Price is determined by reference to the cost to make and sell plus profit, along with an understanding of competing price offers and the relevant applicable export floor price.

5. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Answer

Prices are adjusted monthly to reflect changes in raw material input costs.

6. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

Answer

- Competitors' prices
- Purchase price of raw materials
- Cost to make and sell the goods
- Customer relationship management

7. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain a desired profit margin for the goods? If not, does your company seek to maintain a desired profit margin for the goods? Provide copies of internal documents which support your response to this question.

Answer

No, the company does not maintain desired profit margin for the goods. The objective of the company is to earn a reasonable profit considering competing the market situation.

8. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

Answer

No.

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9. Do you offer bundled pricing in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices for the goods. Provide copies of internal documents which support your claims in response to this question.

[Answer](#)

No.

10. Does the volume of sales to a customer or the size of an order influence the selling price? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

[Answer](#)

No.

11. Does your organisation/business entity use sales contracts in the Australian market? If yes:
- What proportion of your sales revenue would come from contracted sales versus uncontracted sales?
 - Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?
 - How frequently are sales contracts renegotiated?
 - How frequently are price reviews conducted between contracts?
 - Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.
 - Do changes in your costs to make and sell enable you to review prices for customers within contracts?
 - Provide a list of the customers under contract during the investigation period and copies of the two largest contracts in terms of sales revenue.

[Answer](#)

Not applicable as each sale is subject to an individual purchase/sales order.

12. Provide copies of any price lists for the goods used in the Australian market during the investigation period. If you do not use price lists, describe the transparency of your prices in the Australian market.

[Answer](#)

Not applicable as Histeel does not prepare price lists.

13. How do you differentiate pricing for different products/models of the goods in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

[Answer](#)

Not applicable as there is only one model control code.

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14. Do you tier or segment your Australian customers for the goods in terms of pricing? If yes, provide:
- (a) a general description of how this is done;
 - (b) list the factors that influence pricing differentiation in different tiers or segments; and
 - (c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

[Answer](#)

Not applicable as there is only one customer.

15. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide copies of any internal documents relevant to establishing pricing to related parties.

[Answer](#)

Not applicable as the company does not have any related entity in Australia.

I-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

[Answer](#)

Histeel does not market its products as it has a long standing relationship with the sole Australian customer. The value propositions used by the company are quality and reliability of our product.

2. Does your company conduct brand segmentation in the Australian market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

[Answer](#)

The company does not conduct brand segmentation in the Australian market for the goods.

3. Provide examples of your Australian advertising of the goods over the past five years. If you have not used advertising in Australia, provide examples of any other promotion campaigns you have conducted over the investigation period.

[Answer](#)

Histeel does not advertise for the Australian market.

4. How many people are in your Australian sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents which support your claims in response to this question.

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Answer

The number of personnel in export sales team involved in export sales to Australia is four.

Sales employees are remunerated though fixed salary.

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

Answer

Sales director provides parameters to sales staff to assist in establishing pricing for the goods.

EXPORTER'S DECLARATION

I hereby declare that.....(company)
have completed the attached questionnaire and, having made due inquiry, certify that the
information contained in this submission is complete and correct to the best of my knowledge
and belief.

Name :

Signature :

**Position in
Company** :

Date :

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; after sales services; 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)
CPT	the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CIP	carriage paid to 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

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DDU	through another country) 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)

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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.