



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Exporter Questionnaire

Case number: 611

Product: Zinc Coated (Galvanised) Steel

From: The Republic of Korea (Korea) and Taiwan



Inquiry period: 1 July 2021 to 30 June 2022 (the period)

Response due by: 28 September 2022

Response due date extended to 21 October 2022

Email response to: investigations4@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 continuation inquiry in respect of the anti-dumping measures applying to zinc coated (galvanised) steel exported to Australia from China, Korea 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 zinc coated (galvanised) steel is 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.

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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 meeting your company to conduct virtual verification. Verification meetings 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.

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

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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 meeting.

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.

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

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

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GOODS UNDER CONSIDERATION / GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods subject to anti-dumping measures (the goods) are:

*Flat rolled products of iron and non-alloy steel of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc;
and Flat rolled products of alloyed steel of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc exported from:
- China by Angang Steel Co., Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co.; or - Taiwan by Yieh Phui Enterprise Co., Ltd.*

Further information in regard to the goods is available in Anti Dumping Notice 2022/086, which is available on the electronic record for this case.

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	Alloy content	Alloy	A	Mandatory	Not applicable
		Non-alloy	NA		
2	Prime	Prime	P	Mandatory	Not applicable
		Non – Prime	N		
3	Steel Base	Hot Rolled	H	Mandatory	Mandatory
		Cold Rolled	C		
4	Coating Type	Zinc Coated (Z)	Z	Mandatory	Mandatory
		Zinc / Iron Alloy Coating (ZF / F)	F		
5	Coating Mass	<= 100 g/m ²	1	Mandatory	Mandatory
		>100 g/m ² to <= 220 g/m ²	2		
		> 220 g/m ² to <= 300g/m ²	3		
		>Z300 g/m ² to <= 400 g/m ²	4		
		>400 g/m ²	5		
6	Steel Grade	G2 / SGCC / SGHC	A	Mandatory	Mandatory
		G3 / SGCD	B		
		G250 / SGC 340 / SGHC 340 / SGC 340 / SGHC 340	C		
		G300 / G350 / SGC 400 / SGHC 400 / SGC 440 / SGCH 440 / SGC 490 / SGHC 490	D		
		G450 / G500	E		
		G550 / SGC 570	F		
		Other	G		
7	Base Metal	< 0.40 mm	1	Mandatory	Mandatory
		=> 0.40 mm to < 0.50 mm	2		
		=> 0.50 mm to < 0.75 mm	3		

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	Thickness (BMT)	=> 0.75 mm to < 1.00 mm	4		
		=> 1.00 mm to < 1.50 mm	5		
		=> 1.50 mm to < 2.00 mm	6		
		=> 2.00 mm to <2.50 mm	7		
		=> 2.50 mm	8		
8	Width	< 600 mm	A	Mandatory	Optional
		=> 600 mm to <= 1220mm	B		
		> 1220mm	C		
9	Form	Coil	C	Mandatory	Optional
		Sheet	S	Mandatory	Optional

In constructing a MCC, use a "-" between each category. For example: A-P-H-Z-3-A-1-A-C

The MCCs will be used to 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 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 considered deficient.

SECTION A COMPANY INFORMATION

A-1 Company representative and location

1. Please nominate a contact person within your company:

Head Office (KG Dongbu Steel)	
Name	Mr. Eun-Sic Chung
Position in the Company	Part Leader / Export Support Part
Address	7F, Seoul Square 416 Hangang dae-ro Jung-gu Seoul Korea
Telephone	+82-2-3450-8211
Facsimile number	+82-2-3450-8378
Email address of contact person	army62@kgroup.co.kr

Factory	Dangjin Factory	Incheon Factory
Address	1228, Bukbusaneop-ro Songak-eup Dangjin-si Chungcheongnam-do Korea	789 Baekbeom-ro Seo-Gu Incheon Korea
Name	Mr Joo Hyun Cho	
Telephone	+82-41-351-8662	
Facsimile number	+82-41-351-8115	
Email address of contact person	voomba@kgroup.co.kr	

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

Name	Alistair Bridges
Organisation	Moulis Legal
Position in the company	Special Counsel and Head of Regulatory

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Address	Level 50 120 Collins Street Melbourne Victoria 3000
Telephone	+61 3 8459 2276
Facsimile number	+61 2 6162 0606
E-mail address of contact person	alistair.bridges@moulislegal.com
All communications in relation to this matter should be directed to Moulis Legal in the first instance.	

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.

KG Dongbu maintains all relevant accounting records in its head office. All information presented in this EQ response is accessible from KG Dongbu's corporate headquarters in Seoul. At the same time, specific manufacturing-related records are maintained at the specific manufacturing facilities.

The address of the head office and the factories where the GUC is produced are provided in response to Question A-1.

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

See above.

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

See above.

A-2 Company information

1. What is the legal name of your business?

The company's legal name is KG Dongbu Steel Co., Ltd (hereinafter "KG Dongbu"). KG Dongbu is a listed company in the Republic of Korea.

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

KG Dongbu does not trade under a different name or brand.

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

KG Dongbu was previously known as Dongbu Steel Co., Ltd ("Dongbu Steel"). This change of name occurred on 27 March 2020. The Commission was

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informed of, and fully considered , this name change during Review 521. The Commission found that Dongbu Steel and KG Dongbu were the same corporate entity, and so the measures that applied to Dongbu Steel would continue to apply to KG Dongbu.

Presently, KG Dongbu does not have any other legal name or trading name.

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

Please refer to Attachment A(1), which lists the board of directors of KG Dongbu and any changes in the last two years.

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

KG Dongbu became a member of the KG Group in September 2019. Please refer to [CONFIDENTIAL] Attachment A(2), which sets out KG Dongbu's corporate structure along with the list of the member of KG Group.

6. Is your company or parent company publically listed?
If yes, please provide:

- (a) The stock exchange where it is listed; and
- (b) Any principle shareholders¹

If no, please provide:

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

Please refer to Attachment A(3), which lists the major shareholders of KG Dongbu and their respective holdings. KG Dongbu is a listed company in Korean stock market.

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.

KG Dongbu is an integrated steel manufacturer that produces a full range of steel products which are sold in Korea and to various export markets, including Australia. The biggest export market is [CONFIDENTIAL INFORMATION DELETED - identity of 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.

KG Dongbu performs all of the above functions in relation to the goods under

¹ Principal shareholders are those who are able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company.

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consideration.

9. Provide your company's internal organisation chart.

Please refer to [CONFIDENTIAL] Attachment A(4) for an illustration of KG Dongbu's organizational structures.

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

**The functions of each business unit are as follows:
[CONFIDENTIAL INFORMATION DELETED – identity and functions of internal business units]**

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

Please refer to Attachment A(5), which is brochure regarding the GUC manufactured by KG Dongbu.

A-3 General accounting information

1. What is your financial accounting period?

KG Dongbu's fiscal year is the calendar year, 1 January to 31 December.

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

KG Dongbu accounts were audited by PWC during the review period.

3. What currency are your accounts kept in?

KG Dongbu's accounts are kept in KRW. KG Dongbu's system also records the original currency that was actually incurred.

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

KG Dongbu operates SAP as its enterprise resource planning ("ERP") system which fully integrates the operations of the company. KG Dongbu typically stores all sales and production/cost information in each module of ERP system.

5. What is the name of your sales system?

See KG Dongbu's response above.

6. What is the name of your production system?

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See KG Dongbu's response above.

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.

KG Dongbu ERP system fully integrates the operations of the company.

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

KG Dongbu's financial accounting practices are in accordance with the generally accepted accounting principles ("GAAP") of Korea as well as Korean International Financial Reporting Standards ("K-IFRS").

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

KG Dongbu has not changed any of its accounting methods in the last two financial years.

A-4 Financial Documents

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

Please refer to:

- **[CONFIDENTIAL] Attachment A(6) – KG Dongbu's Unconsolidated Financial Report 2021-2020; and**
- **[CONFIDENTIAL] Attachment A(7) – KG Dongbu Steel's Half Year Review for the year until 30 June 2022-2021.**

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.

KG Dongbu is required to have its accounts audited.

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

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KG Dongbu does not maintain different profit centres.

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.

KG Dongbu provides audit report for the half year of 2022-2021 in [CONFIDENTIAL] Attachment A(7) which covers the review period.

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

KG Dongbu provides trial balance in [CONFIDENTIAL] Attachment A(8) covering the period and the most recent financial year.

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

KG Dongbu provides the chart of accounts in [CONFIDENTIAL] Attachment A(9).

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

KG Dongbu provides the sales process diagram for export sales to Australia in [CONFIDENTIAL] Attachment B(1).

[CONFIDENTIAL INFORMATION DELETED – sales channels and customers]

The sales process begins with the customer contacting KG Dongbu to negotiate the sales term (i.e., price, quantity, specification, delivery terms and payment schedule). The factors that are considered by a salesperson when negotiating price include thickness, width, grade, and quality. Prices can vary depending on the exact combination of these factors. If the negotiations are successful, the parties will agree on the terms for export sales.

Once the negotiation is concluded, KG Dongbu generates an order sheet to initiate the production of the goods pursuant to the customer's requirements. KG Dongbu carries out the production of the goods, which are then shipped to the destination indicated by the customer.

KG Dongbu then issues the invoice to the customer around the time of shipment and the customer will pay KG Dongbu in accordance with the agreed payment terms. During the investigation period, payment terms for Australian sales were [CONFIDENTIAL INFORMATION DELETED – payment terms used]

During the period of investigation, KG Dongbu's exports to Australia were [CONFIDENTIAL INFORMATION DELETED – customers], on delivery terms of [CONFIDENTIAL INFORMATION DELETED – delivery terms].

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;

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

KG Dongbu invoices the customers with [CONFIDENTIAL INFORMATION DELETED – currency] and the customers make the payment in the designated currency as indicated on the invoice. As KG Dongbu’s accounting currency is [CONFIDENTIAL INFORMATION DELETED – details of currency treatment].

During the investigation, the customers make payment in [CONFIDENTIAL INFORMATION DELETED – currency], and it is recorded with the exchange rate on the payment date. [CONFIDENTIAL INFORMATION DELETED – recording of currency fluctuations].

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.

Not applicable. All Australian sales were made to unrelated customers.

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

Not applicable. Selling prices are determined by individual negotiation on a transaction-by-transaction basis, considering factors such as the market conditions, costs, and profit considerations.

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

Not applicable. Selling prices are not determined according to distribution channel, rather prices are determined by individual negotiation on transaction specific basis.

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.

Not applicable. KG Dongbu did not provide any discounts, rebates, or other allowance in relation to its Australian sales.

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.

Not applicable. KG Dongbu did not issue any credit/debit notes in relation to the export sales to Australia during the investigation period.

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:

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

The GUC is produced to order, and the contracted terms such as the quantity are subject to variation between order and shipment. Consequently, the terms are not fixed until the goods are actually loaded onto the vessel for shipment to the Australian customers. In this regard, KG Dongbu is reporting the bill-of-loading date (that is, the date the merchandise was loaded onto the vessel for shipment from Korea) as 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.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
 - If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the spreadsheet, add a column. For example, if the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred.

Please refer to [CONFIDENTIAL] Attachment B(2) - Australian sales.

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".

Please refer to [CONFIDENTIAL] Attachment B(3) - Field layout (Source) of Australian Sales.

B-3 Sample export documents

1. Select the two largest invoices by value and provide the following documentation:
 - Contracts
 - Purchase order and order confirmation
 - Commercial invoice and packing list
 - Proof of payment and accounts receivable ledger
 - Documents showing bank charges
 - Invoices for inland transport
 - Invoices for port handling and other export charges

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- Bill of lading
- Invoices for ocean freight & marine insurance (if applicable)
- Country of origin certificates (if applicable)

The two largest samples by value have been selected and relevant documentation has been provided. The sequence number for two samples are OBS. 215 and OBS. 210. Please refer to [CONFIDENTIAL] Attachment B(4) - Australian Sales Documents #1 and [CONFIDENTIAL] Attachment B(5) - Australian Sales Documents #2.

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

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.

The tables reconciling the documents and the details in the "B-2 Australian sales" are provided along with other export documentations in [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] Attachment B(5).

B-4 Reconciliation of sales to financial accounts

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

Please refer to [CONFIDENTIAL] Attachment B(6) - 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.

Please refer to additional tables inserted in [CONFIDENTIAL] Attachment B(6) - Upwards Sales and further supporting documentation provided at [CONFIDENTIAL] Attachment B(7).

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.

Please refer to [CONFIDENTIAL] Attachment B(6) and [CONFIDENTIAL]

Attachment B(7).

B-5 Reconciliation of direct selling expenses to financial accounts

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

Please refer to [CONFIDENTIAL] Attachment B(8) - 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.

Please refer to additionally inserted expense allocation tables in [CONFIDENTIAL] Attachment B(8) - Upwards Selling Expense.

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.

Please refer to [CONFIDENTIAL] Attachment B(8) - Upwards Selling Expense.

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.

KG Dongbu maintains material codes in ERP system, which were developed by KG Dongbu's engineers to identify the specifications and key physical characteristics of all products. All inventory data is kept by these material codes. Please refer to [CONFIDENTIAL] Attachment C(1), product code structure and index.

[CONFIDENTIAL INFORMATION DELETED – details of internal product code characteristics]

KG Dongbu follows the MCC structure as instructed. Please note a small portion of "MgCot" steel has been included in both the domestic sales and export sales information. This steel is coated with a mixture of zinc, aluminium, and magnesium and for MCC purposes the "coating type" has been listed as a "D". However, in reviewing their records, KG Dongbu has now identified that the Commission determined that MgCot is not the goods under consideration, as illustrated by the discussion at page 4 of Dongbu Steel's verification report in Review 521.

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.

KG Dongbu has provided a list of MCCs of the goods exported to Australia in Attachment C(2).

C-2 Models sold in the domestic market

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

Please refer to question C-1 above.

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.

KG Dongbu has provided a list of MCCs of like goods sold on domestic market in Attachment C(3).

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.

Please refer to [CONFIDENTIAL] Attachment C(1).

- (b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.

KG Dongbu has provided a table that maps internal product codes to MCCs in [CONFIDENTIAL] Attachment C(4).

- (c) Provide a table of showing the product or SKU codes for each MCC.

KG Dongbu provides KG Dongbu's product codes for each MCC in [CONFIDENTIAL] Attachment C(5).

If no:

- (a) Provide details on the method used to identify the MCC in the sales and cost spreadsheets.

Not applicable.

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

KG Dongbu sells the subject goods to [CONFIDENTIAL INFORMATION DELETED – classes of customers] on the domestic market. A flow chart showing the physical movement of the goods from manufacturing at plant to delivery to the customers is provided in [CONFIDENTIAL] Attachment D(1).

Upon receiving a customer's purchase inquiry, KG Dongbu's domestic market sales personnel will negotiate sales terms, such as price and quantity, with the customer. This negotiation takes place by phone, fax, internet, or even in person.

Once the verbal negotiations are completed, KG Dongbu's sales staff will inquire whether KG Dongbu factories have sufficient inventory to satisfy the customer's needs, and makes a shipment schedule.

When the ordered goods are shipped, KG Dongbu issues a shipping invoice. The goods will either be transported to the customer, or the customer will pick up the goods, depending on the terms of the sale.

In addition, to settle the payment, KG Dongbu normally issues a tax invoice and commercial invoice to its customer at the end of each month.

After receiving the tax invoice, the customer will pay the bill in [CONFIDENTIAL INFORMATION DELETED – payment types].

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

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

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

KG Dongbu does not keep a price list. Selling prices are determined by individual negotiation on a transaction-by-transaction basis. Important factors are the market conditions, costs, and profit considerations. As well, the relationship with

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the customer and volumes of both individual orders and the total business with a customer will affect negotiation positions.

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.

As stated above, domestic selling prices do not vary according to the distribution channel or customer category. Selling prices are determined by individual negotiation on a transaction-by-transaction basis

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.

KG Dongbu does not normally provide discounts of this nature. However, during the inquiry period, KG Dongbu provided the following discounts to a small number of domestic customers:

[CONFIDENTIAL INFORMATION DELETED – discount type and availability]

Please refer to the response to Question E-4 below for further details.

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.

KG Dongbu did not issue any credit or debit notes separately. Billing adjustments on KG Dongbu's sales are restricted to corrections for errors to the prices printed on invoices, and are not changes in the price to the customer. KG Dongbu handles these corrections by cancelling the initial invoice and issuing a new invoice. KG Dongbu links the billing adjustment to the original sale using the product number, which is the coil number that appears on the tax invoice details.

When returns occur, credit is provided to the customer, and this is reflected by a credit entry in the sales ledger. The credit entry is recorded in KG Dongbu's accounting system and is also recorded on the commercial invoice with the negative quantity and amount of return.

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?

The date of shipment is the same as the date of invoice and reported as the date of sales.

D-2 Domestic sales listing

1. Complete the worksheet named "D-2 Domestic sales"

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- This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia
- If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-2 above, add a column for each item. For example, certain other selling expenses incurred.

Please refer to [CONFIDENTIAL] Attachment D(2) - Domestic sales.

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".

Please refer to:

- [CONFIDENTIAL] Attachment D(4) - Domestic sales documents #1;
and
- [CONFIDENTIAL] Attachment D(5) - Domestic sales documents #2.

The sequence number for two samples are OBS. 3311 and OBS. 13171.

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.

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

Please refer to [CONFIDENTIAL] Attachment D(4) and [CONFIDENTIAL] Attachment D(5). These include tables reconciling the documents and the details in Attachment D(2).

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.

Please refer to B-4 above.

SECTION E DUE ALLOWANCE

E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
 - (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
 - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
 - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
 - (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?

All sales in the domestic market during the review period were made by KG Dongbu on an open [CONFIDENTIAL INFORMATION DELETED – details of sales terms]. Accordingly, the credit cost has been worked out using the [CONFIDENTIAL INFORMATION DELETED – methodology].

A sample calculation of the reported credit expense can be found at [CONFIDENTIAL] Attachment D(4).

Calculation of the average short-term interest rate for the review period is included at [CONFIDENTIAL] Attachment 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?

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[CONFIDENTIAL INFORMATION DELETED – payment terms for Australian sales].

KG Dongbu consider that the period between payment date and the date of sales are credit period for each export sales transaction and accordingly, the credit cost has been worked out using a following formula.

$$\text{Credit Expense} = \text{Net Invoice Value (USD)} \times \text{Exchange Rate ([CONFIDENTIAL INFORMATION DELETED – currencies]} \\ \times \text{Credit Period} / 365 \times \text{Short-term Interest Rate}$$

A sample calculation of the reported credit expense can be found at [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] B(5).

E-2 Packaging

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

Coils and sheets are generally packed in waterproof paper, which is held together with steel bands and seals. Edge protectors are attached to protect the edges of the steel during transport.

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

Coils and sheets are generally packed in waterproof paper, which is held together with steel bands and seals. Edge protectors are attached to protect the edges of the steel during transport.

3. If there are distinct differences in packaging between your domestic and export sales:

- (a) Provide details of the differences

[CONFIDENTIAL INFORMATION DELETED – details of different packaging requirements between markets]

- (b) Calculate the weighted average packaging cost for each model sold on the domestic market

Not applicable. KG Dongbu has reported actual packing costs associated with both domestic sales and export sales.

- (c) Calculate the weighted average packaging cost for each model exported to Australia

[CONFIDENTIAL INFORMATION DELETED – calculation methodology]

For sample packing expense calculations are provided in [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] Attachment B(5).

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?

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KG Dongbu has reported transaction-specific freight expense incurred when transporting the goods from the factory to the customer. A sample calculation worksheet has been provided at [CONFIDENTIAL] Attachment D(4).

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

The delivery terms of the export sales of the goods to Australia during the review period were [CONFIDENTIAL INFORMATION DELETED – delivery terms].

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?

All export sales to Australia incurred inland freight cost and KG Dongbu have reported transaction-specific freight expense incurred when transporting the goods from the factory to the port. A sample calculation worksheet has been provided in [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] Attachment B(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?

KG Dongbu has reported transaction-specific port handling expense incurred. The expenses include port handling charges and brokerage fees actually incurred for each transaction.

A sample calculation worksheet has been provided in [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] Attachment B(5).

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?

There was [CONFIDENTIAL INFORMATION DELETED – terms] and transaction-specific ocean freight has been reported.

A sample calculation worksheet has been provided in [CONFIDENTIAL] Attachment E(2).

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?

There was [CONFIDENTIAL INFORMATION DELETED – terms] terms and transaction-specific marine insurance has been reported.

A sample calculation worksheet has been provided in [CONFIDENTIAL] Attachment E(3).

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?

Not applicable. KG Dongbu was not required to pay Australian import duty and delivery cost because the delivery terms did not include the requirement to incur

those expenses.

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.

KG Dongbu did not pay any commissions in relation to its domestic or Australian sales of the GUC.

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?

KG Dongbu pays VAT when it domestically purchases or imports raw materials from overseas countries. KG Dongbu also collects VAT from its customers because it adds VAT to its domestic sales price. However, export sales are not subject to VAT. KG Dongbu records VAT paid for the purchase of raw materials on its Purchase VAT account and VAT received from its customers in domestic sales on its Sales VAT account in its accounting system, separately. Then, KG Dongbu separately accumulates purchase VAT and sales VAT and compares each other on a quarterly basis. If total sales VAT is more than total purchase VAT, KG Dongbu makes payment of the difference as VAT payable to Korea Tax Administration. In case total purchase VAT is more than total sales VAT, KG Dongbu receives the refund of the difference as VAT receivables from Korea Tax Administration. Accordingly, KG Dongbu recovers all internal taxes paid during the inquiry period.

However, it should be noted that KG Dongbu did not include VAT in the sales amount in this response.

KG Dongbu did not pay import duty for raw materials used to produce the subject goods exported to Australia.

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

KG Dongbu received claims for defective merchandise during the review period.

[CONFIDENTIAL INFORMATION DELETED – details of claims and quantification for purposes of this response]

Additionally, as explained in response to question D-1.5, Dongbu provided an [CONFIDENTIAL INFORMATION DELETED – discount]. In this regard, please refer

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to:

- [CONFIDENTIAL] Attachment E(4) – calculation of early payment discount; and
- [CONFIDENTIAL] Attachment E(5) – calculation of quantity discount.

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

KG Dongbu has reported the following additional direct selling expenses for sales to Australia. A sample calculation worksheet for each expense has been provided in [CONFIDENTIAL] Attachment B(4) and [CONFIDENTIAL] Attachment B(5).

[CONFIDENTIAL INFORMATION DELETED – direct selling expenses and quantification for the purposes of this questionnaire response]

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 (December 2021)*² for more information.

Not applicable.

² Available on the commission website

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.

Not applicable. There is no distinguishing difference in the sales process between sales to Australia and to third countries.

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.

During the review period, KG Dongbu exported goods under consideration to third countries via the following related companies;

[CONFIDENTIAL INFORMATION DELETED – countries and parties]

Please note that the price setting process is no different to that of Australian export.

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?

Please refer to explanation stated in B-1.8. KG Dongbu considers the date of shipment as the date of sales for all export sales.

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.

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Please refer to [CONFIDENTIAL] Attachment F(1) - 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".

KG Dongbu provides [CONFIDENTIAL] Attachment F(2) - Field layout (source) of third country sales.

F-3 Differences in sales to third countries

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

The sales terms for third country exports varies between transactions. There are a range of differences that would affect any comparison, including product type and mix and the situation in the third country markets.

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.

Please refer to [CONFIDENTIAL] Attachment G(1) which outlines the production process.

The following is a brief description of each of the production lines through which the GUC pass from the hot-rolled coil stage through to packing, depending on the final product being produced:

1. Pickling and Oiling Line ("CPL")
[CONFIDENTIAL INFORMATION DELETED – details of operation of CPL]
2. Cold-Rolling Line ("CRL"); Pickle Line & Tandem CR Mill ("PL/TCM")
[CONFIDENTIAL INFORMATION DELETED – details of operation of CRL and PL/TCM]
3. Continuous Galvanizing Line ("CGL")
[CONFIDENTIAL INFORMATION DELETED – details of operation of CGL]
4. Shearing/Slitting
Shearing is the cutting of coils to length and slitting is the cutting of a coil into one or more narrower coils. All products are mill or slit edge.
[CONFIDENTIAL INFORMATION DELETED – details of function at different works]
5. Packing Line
Packing is described in the response to Section E.

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.

KG Dongbu did not purchase products or utilities from related supplier.

G-2. Cost accounting practices

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

KG Dongbu's cost accounting system is a standard cost-based system, in that the SAP structure mandates that companies develop standard costs. KG Dongbu utilizes these standard costs for budget and planning purposes and to evaluate results during the month. However, KG Dongbu calculates actual costs at month's end and adjusts the standard cost for the difference between standard and actual costs. KG Dongbu has used the actual costs recorded in its normal cost accounting system as the basis for the reported product costs in this questionnaire.

[CONFIDENTIAL INFORMATION DELETED – detailed information regarding cost

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accounting practices and processes]

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.

Please see the above explanation for details of KG Dongbu's cost accounting practices.

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

A list of direct, indirect, and common cost centres has been provided as [CONFIDENTIAL] Attachment G(2).

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

As explained in response to question G-1.1, KG Dongbu's cost accounting system records its production cost by inventory (material) code level.

Inventory codes contain the information of product type, form, thickness, width, quality, surface, coating thickness, packing type and so on.

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

Production costs are valued the same for cost accounting purposes 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.

KG Dongbu has not engaged in any start-up operations in relation to the GUC.

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)?

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[CONFIDENTIAL INFORMATION DELETED – detailed information regarding cost accounting practices]

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

[CONFIDENTIAL INFORMATION DELETED – detailed information regarding cost accounting practices]

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

[CONFIDENTIAL INFORMATION DELETED – detailed information regarding cost accounting practices]

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

No. No management or corporate allocations are charged to KG Dongbu by its related companies.

G-3 Cost to make on domestic market

- Complete the worksheet named "G-3 Domestic CTM".
 - This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
 - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
 - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
 - If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

Please refer to [CONFIDENTIAL] Attachment G(4) - Domestic CTM.

- 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".

Please refer to [CONFIDENTIAL] Attachment G(5) - Field layout with source of Domestic CTM.

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.

Please refer to [CONFIDENTIAL] Attachment G(6) - 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.

Please refer to [CONFIDENTIAL] Attachment G(7) - 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.

Please refer to [CONFIDENTIAL] Attachment G(8) - Australian CTMS.

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".

Please refer to [Attachment G\(9\)](#) - Field layout with source of Australian CTMS.

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

[CONFIDENTIAL INFORMATION DELETED – detailed information regarding cost accounting practices and methodology for reporting such costs to CTM]

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.

A sample cost trace for MCC NA-P-H-Z-2-A-4-C-C is provided in [CONFIDENTIAL] [Attachment G\(11\)](#).

G-7 Major raw material costs

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

Hot-rolled coil and zinc are the major input raw materials used in the manufacture of the goods.

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.

KG Dongbu used purchased raw materials, so these questions are not applicable.

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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.

As explained in G-6.1 above, [CONFIDENTIAL INFORMATION DELETED – detailed information regarding CTM]

4. For each raw material identified in G-7.3 which individually account for 10% or more of the total cost to make, complete the worksheet named “G-7.4 Raw material purchases”
- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the period.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to [CONFIDENTIAL] Attachment G(12) - Raw Material Purchases.

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

Please refer to [CONFIDENTIAL] Attachment G(13) - Field layout with source of Raw material purchases.

6. For each raw material:

- (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.

Sample raw material purchase invoices and proof of payments are provided in [CONFIDENTIAL] Attachment G(14).

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

Please refer to [CONFIDENTIAL] Attachment G(15) - Raw material purchase reconciliation.

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.

This question is not applicable. KG Dongbu did not purchase raw materials from related supplier.

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.

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- Please use the currency that your accounts are kept in.
- If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to [CONFIDENTIAL] Attachment G(16) - Upwards Costs.

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

Please refer to [CONFIDENTIAL] Attachment G(17) - Back up documents for Upwards Costs.

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.

Please refer to [CONFIDENTIAL] Attachment G(17) - Back up documents for Upwards Costs.

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.

As explained, KG Dongbu operates SAP as its ERP system which fully integrates the operations of the company. All cost information is stored in each module of ERP system.

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.

As explained, KG Dongbu operates SAP as its ERP system which fully integrates the operations of the company. All cost information is stored in each module of ERP system.

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 “B-2 Australian sales”.

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[CONFIDENTIAL INFORMATION DELETED – details regarding confidential 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?

[CONFIDENTIAL INFORMATION DELETED – detailed description of KG Dongbu's production planning processes]

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

Please refer to the above response.

G-10 Capacity Utilisation

1. 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.

Please refer to [CONFIDENTIAL] Attachment G(18) - G-9 Capacity Utilisation.

2. Explain how the production capacity and capacity utilisation has been calculated.

Please refer to [CONFIDENTIAL] Attachment G(18) - G-9 Capacity Utilisation.

3. 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)?

KG Dongbu did not use a warehouse for domestic market sales or Australian market sales. KG Dongbu has provided the inventory carrying average time for all markets between the date of final production and the date the merchandise was shipped to the customer. KG Dongbu used a standard calculation to determine the inventory turnover period by product group. The average inventory carrying period for galvanised product is [CONFIDENTIAL INFORMATION DELETED – number] days. A worksheet detailing the calculation of this period is attached at [CONFIDENTIAL] Attachment G(19).

4. 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.

There have been no changes to the type of capital or technology utilised by KG

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Donbgu in the manufacture of the goods in the last five years.

5. 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.

The Company was established in 1982, to engage in manufacturing of steel products. There have been no changes of the production capacity of the plant over the past 20 years. The capacity information is provided in [CONFIDENTIAL] Attachment G(18).

6. 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.

KG Dongbu has not made any significant investments regarding the production of the goods in the past five years.

SECTION J DOMESTIC MARKET

J-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.

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

The domestic market for the goods is a stable market (i.e., market fluctuations are very minimal). This is because domestic market is normally based on the long-term relationships with customers, and each participant in the market focuses on retaining existing customers rather than exploring new channels.

However, there was a recent dramatic change in domestic market conditions. Between 2018-2020, the price of the goods was positioned at a relatively stable level to an average of [CONFIDENTIAL INFORMATION DELETED – price] KRW/ton. But since the beginning of 2021 unit prices have surged to all-time highs above [CONFIDENTIAL INFORMATION DELETED – higher price] KRW/ton (the average between 2021- August 2022 being [CONFIDENTIAL INFORMATION DELETED – higher price]). This is a [CONFIDENTIAL INFORMATION DELETED – large] increase in price.

This is a result of many external unprecedented factors, including COVID-19, cuts of production at Chinese mill and Russia's invasion of Ukraine. KG Dongbu believes that, due to the nature of the steel industry, it was difficult to respond immediately to the supply and demand imbalance caused by these global events.

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So, there was a lagged and dramatic response in a short period of time. For domestic price trend over the past 5 years, please refer to [CONFIDENTIAL] Attachment J(1).

These unusual price surges are eventually expected to subside, and KG Dongbu expects prices will return to their normal range once these global issues have stabilized. [CONFIDENTIAL INFORMATION DELETED – observations regarding pricing trend].

Even with these recent fluctuations in the domestic steel market, the way KG Dongbu performs has not materially changed. KG Dongbu approaches the domestic market based on products and/or customer industry segments (i.e., source of demand). The key industries which consumed the GUC are construction, home appliances and automobile industry, consists of revenue proportion to approx. [CONFIDENTIAL INFORMATION DELETED – percent] respectively based on sales made by KG Steel during the inquiry period.

As a result, demand for the goods depends on the market dynamics of the above-mentioned industries. For instance, government policies play a major role in construction sectors and when its stance are favourable to the construction market, the demand in GUC relatively in the upwards trend. Also, seasonal fluctuations of the construction industry have impact on the market causing relatively lower demand in winter season.

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.

Please refer to [CONFIDENTIAL] Attachment J(2) which describes the domestic market structure for the goods.

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.

Please refer to [CONFIDENTIAL] Attachment J(2) which states the key participants in the domestic market for the goods at each level of trade. During the investigation period, there were three major players in domestic market collectively representing approx. 90% of market share: [CONFIDENTIAL INFORMATION DELETED – KG Dongbu opinion regarding market share].

There is no integration between these market participants.

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.

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KG Dongbu does not have information regarding the identities of commercially significant importers in the domestic market for the goods. However, the major import country is China. KG Dongbu estimates that imported goods accounts for about [CONFIDENTIAL INFORMATION DELETED – percent] of the domestic market in Year 2021.

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.

We are uncertain about the purpose of this question in the context of this continuation inquiry. We assume the Commission would not be expecting a discussion about Korean competition policy or taxation in general but, rather, is querying the degree to which there are specific provisions relating to the GUC (noting KG Dongbu's response to question E-4 explains the VAT system). In which case there are no mandatory regulatory frameworks that relate specifically to the domestic market for the goods. Most Korean manufacturers seek to comply with the Korean Standards (KS) for its product (or other equivalent) as the market recognize the goods with the certification reliable.

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).

There is no specific restriction on new participants joining the domestic market for the goods.

However, to enter the domestic market, new participants are recommended to acquire KS or other equivalent standards mainly to prevent the low standard product from import and maintaining the standard quality within the market. Also, some consumers operate their own quality approval procedures which may act as a barrier to a new entry.

In responding to question 6 ensure that relevant regulations are referenced.

J-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;

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- 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.

In general, there are two types of GUC offered for sale in the domestic market:

- **GI (Galvanized Steel):** due to its excellent corrosion resistance and cost-effectiveness it is ideal for many industries. GI is widely used for general uses and construction materials. In general, the price of GI is lower compared to the other two products discussed in this response, hence the demand is the highest.
- **GA (Galvannealed Steel):** the key difference from GI is that GA is coated with a Zinc-Fe alloy. This product was developed as an improvement on the weldability and paint-ability of the normal GI. Industries which require welding processes such as the automobile industry may prefer GA to GI.

Also worth mentioning is MgCot (Zinc-Al-Mg Alloy Coated Steel). This is a corrosion resistant product that has a corrosion rate 4~9 times superior to comparable GI. Due to its high resistance, this product is extensively used for outer construction materials. MgCot was introduced to market recently (2019), and so demand for it is lower than for GI and GA. As noted in Section C, the Commission has previously determined this is not considered to be part of the goods under consideration.

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

As mentioned above, the goods in the domestic market are mainly used for construction materials, home appliances, automobiles, and general appliances.

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.

[CONFIDENTIAL INFORMATION DELETED – Dongbu’s opinion regarding purchasing decisions]

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

Not applicable.

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.

There have been no notable changes in market preferences in the domestic

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market for the goods in the last five years.

J-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.

During the investigation period [CONFIDENTIAL INFORMATION DELETED – percent] of KG Dongbu's revenue (including all products sold) was derived from the domestic market.

Sales of the GUC to all markets accounted for [CONFIDENTIAL INFORMATION DELETED – percent] of the company's total revenue. [CONFIDENTIAL INFORMATION DELETED – percent] of GUC sales occurred in the domestic market.

Please note, these figures have been drawn from [CONFIDENTIAL] Attachment B(6).

In responding to question 1 please provide evidence supporting calculations.

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.

KG Dongbu is not the price leader for the goods in the domestic market. Domestic market prices are driven by two factors, the cost of raw material and imports from China:

[CONFIDENTIAL INFORMATION DELETED – discussion of the impact of these factors]

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.

As stated above KG Dongbu is a price taker in the domestic market

[CONFIDENTIAL INFORMATION DELETED – discussion of KG Dongbu's pricing strategy and pricing processes]

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.

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Please refer to the above response.

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.

[CONFIDENTIAL INFORMATION DELETED – discussion of KG Dongbu’s pricing strategy and pricing processes]

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:

- Competitors’ prices
- Purchase price of raw materials
- Cost to make and sell the goods
- Level of inventory
- Value of the order
- Volume of the order
- Value of forward orders
- Volume of forward orders
- Customer relationship management
- Supplier relationship management
- Desired profit
- Brand attributes
- Other [please define what this factor is in your response]

[CONFIDENTIAL INFORMATION DELETED – discussion of KG Dongbu’s pricing strategy and pricing processes]

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?

Please refer to the response above. [CONFIDENTIAL INFORMATION DELETED – discussion of KG Dongbu’s pricing strategy and pricing processes]

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.

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KG Dongbu generally does not provide price reductions in the domestic market. However, there are two types of discounts available to the customers. Please refer to Section E-4.

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.

Not applicable.

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.

KG Dongbu's price is not based on the size of an order. However, sales staffs may consider such factor when finalizing the selling price for each transaction.

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.

Generally, domestic customers enter a sales contract in their very first transaction with KG Dongbu, mainly setting the collateral. Then in the subsequent sales, no further contract is required if sales are made within the collateral limit. These contracts are reviewed if major terms and conditions are changed. However, the details of sales terms are determined by individual negotiation on a transaction-by-transaction basis at the time of sales including price.

KG Dongbu does not offer exclusive contracts.

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.

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KG Dongbu does not keep a price list. Selling prices are determined by individual negotiation on a transaction-by-transaction basis. Important factors are the market conditions, costs, and profit considerations.

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.

Please refer to J-2. There are 3 types of products and price differ by its characteristics.

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.

Not applicable. The price differs by combination of product characteristics and not by market segment.

Provide copies of internal documents which support your claims in response to this question.

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.

Not applicable. During the investigation period, KG Dongbu did not sell the GUC to related entities in the domestic market.

J-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.).

As stated above, sales in the domestic market are largely based on the long-term relationships with customers. Hence, the company focus on retaining existing customers by increasing the customer loyalty. This is achieved by regular face-to-face meeting with the customers for timely communication and providing quick solutions to any inconvenient raised by customers.

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.

Not applicable.

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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.

KG Dongbu does not advertise the goods in the domestic market. KG Dongbu generally promotes the company itself rather than an individual product line. For example, KG Dongbu may provide sponsorship and creating promotion materials for media including YouTube or newspaper. KG Dongbu also operate the company website readily available for public.

The only product specific promotion conducted by the KG Dongbu is producing product brochures which has been provided as Attachment A(5).

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.

Domestic market sales team consist of [CONFIDENTIAL INFORMATION DELETED – number of staff]. Sales staff are remunerated with an annual 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.

Please refer to above. [CONFIDENTIAL INFORMATION DELETED – discussion of KG Dongbu's pricing processes]

SECTION K AUSTRALIAN MARKET

K-1 Prevailing conditions of competition in the Australian market

KG Dongbu understands that the purpose of this inquiry is for the Commissioner to ascertain whether the expiration of the anti-dumping measures would:

...lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the anti-dumping measure is intended to prevent.

It is KG Dongbu's firm opinion that the expiry of the measures as they pertain to KG Dongbu's like goods would not result in a recurrence of the dumping and the material injury the measures were intended to prevent.

KG Dongbu firmly believes the goods it exported over the inquiry period are not dumped, and considers this inquiry will conclude that its product was not dumped to a significant degree. This follows on from the Review 521, relating to the period 1 July 2018 – 30 June 2019, during which the Minister determined that Dongbu had not dumped by a margin of – 4.1%. KG Dongbu considers the pricing discipline established during this procedure has continued, and will continue after the measures expire. Notwithstanding being subject to measures over this period, Dongbu has been able to continue to service the Australian market with exports that are not at dumped prices. There is no practical reason to conclude this would change if the measures were revoked.

It is also evident that future exports of the goods under consideration by KG Dongbu would not be materially injurious to the Australian industry. In this regard we note:

- The Australian industry supplies the significant majority of the Australian market;
- [CONFIDENTIAL INFORMATION DELETED – volume] of KG Dongbu's sales to Australia were of [CONFIDENTIAL INFORMATION DELETED – product], whereas the Australian industry predominantly produces and sells galvanised steel;
- Imports are the only form of competition to the Australian industry;
- Imports are sourced from multiple countries, including Korea; and
- Most imports are from large manufacturers of the GUC who are not subject to any dumping duty.

KG Dongbu has been able to maintain its presence in the Australian market despite its ongoing subjection to the measures. However, it contributes just a small portion of GUC to the Australian market through sales made to international traders. The Australian market is not a significant market for KG Dongbu, sales of the GUC to Australia represented only [CONFIDENTIAL INFORMATION DELETED – percent] of KG Dongbu's revenue during the inquiry period. The expiration of the measures will not alter that.

Accordingly, KG Dongbu requests that the measures that apply to its exports of the GUC be allowed to expire. There is no practical reason to continue them.

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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).

The Australian market for the goods is dominated by its domestic producer which holds approx. 70% market share. The balance of market share is represented by imports from multiple sources, which, according to the Commission's Trade Remedy Index ("TRINDEX"), include China, Germany, Indonesia, Japan, Pakistan, Taiwan, Turkey, and Vietnam, in addition to Korea. In recent years, inflow of the goods from Vietnam has escalated competition in the market. Please refer to Attachment K(1), which shows a strong growth in export from Vietnam to Australia, especially in the steel sector. KG Dongbu sees these two factors, domestic producer with a monopoly position and increased imports from Vietnam as fundamental drivers of pricing behaviour in the Australian market.

Another notable change in the market is the price. As stated in Section J, the flow-on effects of global events led to surge of the price of all steel products to levels previously unseen. The Australian market is no exception. The price of the goods rapidly rose in early 2021. [CONFIDENTIAL INFORMATION DELETED – details of KG Dongbu price trend]

Unlike the domestic market, the goods in the Australian market are consumed for construction purposes. [CONFIDENTIAL INFORMATION DELETED – comment regarding uses of KG Dongbu product in Australia]. KG Dongbu estimates that more than [CONFIDENTIAL INFORMATION DELETED – number] of sales of the goods are made to construction industry. As a result, the demand of the goods varies according to the construction industry's business cycle and consumption trends. In general, demand is relatively high in summer seasons compared to winter seasons. Also, expected population growth and government policies

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effecting the construction industry influence consumption in Australia.

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.

Please refer to [CONFIDENTIAL] Attachment K(3) which describes the Australian market structure for the goods.

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.

As mentioned above, the most significant participant influencing the Australian market is the domestic producer. BlueScope has approx. 70% market share in the Australian market for the GUC. In this context, they should wield pricing power, and their pricing decisions effect every other market participant.

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.

As noted above, information before the Commission indicates that the goods have been imported into Australia from multiple countries, including China, Germany, Indonesia, Japan, Pakistan, Taiwan, Turkey, and Vietnam. Of these, we note:

- **the GUC from Germany, Indonesia, Japan, Pakistan, Malaysia, and Turkey are not subject to any Australian anti-dumping measures;**
- **the measures in place with respect to China, Vietnam, Korea do not cover all exporters. KG Dongbu notes that significant manufacturers, including Dongkuk Steel Mill Co Ltd, POSCO, Sheng Yu Steel Co Ltd, Ta Fong Steel Co Ltd, Hoa Sen Group and Nam Kim Steel Joint Stock Company are listed as exempt from measures that would otherwise apply to imports of zinc coated (galvanised) steel.**
- **while imports from China, Korea and Taiwan represent the second largest market share next to the Australian industry (82.7% of imports between October 2020 and September 2021) these mostly originate from exempt exporters.³**
- **according to TRINDEX, imports from Vietnam increased precipitously over the inquiry period and continue at elevated levels. KG Dongbu understands that the main source of these goods are manufacturers exempt from anti-dumping**

³ Report 592 – Zinc coated (galvanized) steel – India, Malaysia and Vietnam, pages 27 and 35.

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duties.

Evidently there is a need in the Australian market for zinc coated (galvanised) steel beyond that which can be produced by the Australian industry.
[CONFIDENTIAL INFORMATION DELETED – comment regarding KG Dongbu’s customers]

It is notable that KG Dongbu is the only named Korean exporter still subject to the measures. Other larger Korean exporters have not been restricted in their trade with the Australian market on such pervasive basis. KG Dongbu understands that Dongkuk Steel is the predominant exporter of GI, and holds approximately [CONFIDENTIAL INFORMATION DELETED – percent] of the Australian market. Dongkuk Steel has never been found to have dumped this product on the Australian market.

Given these circumstances we do not consider there to be a credible basis upon which these measures should be continued against KG Dongbu.

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.

Except for the anti-dumping measures in place, KG Dongbu is unaware of any other regulatory frameworks in the Australian market that are specifically relevant to the goods.

6. Describe any entry restrictions for new participants into the Australian 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).

In responding to question 6 ensure that relevant regulations are referenced.

There are no specific restrictions set for new participants into the Australian market for the goods.

K-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;

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- 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.

Please refer to the response in Section J-2. The range of GUC sold in the Australian market is like that sold in the domestic market. There are no significant differences in the characteristics of the goods sold between domestic and export markets.

The uses of each product in Australian market are:

- (1) GI (Galvanized Steel): is often consumed for purlin in construction due to its good formability.**
- (2) GA (Galvannealed Steel): is often consumed in the production of exterior doors such as fire door due to its good paint-ability**

During the inquiry period, the proportion of sales from each of above product made by KG Dongbu in Australia market were [CONFIDENTIAL INFORMATION DELETED – percentages] respectively. In addition, [CONFIDENTIAL INFORMATION DELETED – percentage] of KG Dongbu’s Australian sales were of MgCot, which consistent the Commission’s finding in Review 521 is not the goods under consideration.

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

As stated above, the typical application of the goods is at the construction industry. (e.g., in the construction of purlin and exterior doors).

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.

A key factor influencing the purchasing decisions is the manufacturer of the goods. The goods from certain producer can be more suitable to customers’ uses or its production due to very minor mechanical properties. Two different manufacturers producers could produce the same kind of product, with similar production processes, but one may result in a higher defective rate compared to other. A customer will prefer the latter over the former.

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

Not applicable.

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

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Not applicable.

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.

Due to its price advantages, demand for the goods from Vietnam are exponentially increasing.

K-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.

During the investigation period, the Australian sales of GUC account for about [CONFIDENTIAL INFORMATION DELETED – percent] out of KG Dongbu's total company's revenue (including all products sold). This has been calculated based on [CONFIDENTIAL] Attachment B(6).

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.

KG Dongbu's share of the Australian market is not substantial enough to impact the market price, so KG Dongbu has no pricing power.

The Australian market price is driven by two factors, BlueScope and, to a lesser extent, importers that have relatively high market share.

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.

[CONFIDENTIAL INFORMATION DELETED – KG Dongbu's price strategy]

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.

Please refer to KG Dongbu's response to question J-3. The pricing process is the same as that described in the domestic market.

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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.

[CONFIDENTIAL INFORMATION DELETED – KG Dongbu’s price strategy and processes]

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:

- Competitors’ prices
- Purchase price of raw materials
- Cost to make and sell the goods
- Level of inventory
- Value of the order
- Volume of the order
- Value of forward orders
- Volume of forward orders
- Customer relationship management
- Supplier relationship management
- Desired profit
- Brand attributes
- Other [please define what this factor is in your response]

[CONFIDENTIAL INFORMATION DELETED – factors that influence pricing decision]

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.

Please refer to the above response. KG Dongbu’s selling price is based on its desired profit margin. [CONFIDENTIAL] Attachment J(4) shows that KG Dongbu closely monitors the relationship between selling price and costs to make and sell.

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.

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Not applicable. KG Dongbu does not provide price reductions in the Australian market.

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.

Not applicable.

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.

There is no specified price policy that requires price adjustments based on the size of an order. As explained in Section B, KG Dongbu negotiates prices on transaction-by-transaction basis. When negotiating the price, the sales staff may consider the order size and offer competitive price to the customers.

11. Does your organisation/business entity use sales contracts in the Australian 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.

KG Dongbu enters contracts on a transaction basis - one contracts may consists of multiple delivery/invoices. Contracts are not renegotiated but, rather, when there are new orders raised from the customer, the parties enter a new contract. At the time of contract, all sales terms are negotiated. KG Dongbu does not offer exclusive contracts.

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.

KG Dongbu does not keep a price list. Selling prices are determined by individual negotiation on a transaction-by-transaction basis. Important factors include

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market conditions at the time of sale, costs, and profit considerations.

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.

Please refer to K-2. There are 3 types of products and price differ by its characteristics.

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.

Not applicable. The price differs by combination of product characteristics and not by market segment.

Provide copies of internal documents which support your claims in response to this question.

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.

Not applicable. During the investigation period, KG Dongbu did not sell the GUC to related entities in the Australian market.

K-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.).

Sales of the goods to the Australian market account for less than [CONFIDENTIAL INFORMATION DELETED – percent] of total GUC sold by KG Dongbu. KG Dongbu does not have any active marketing strategy in relation to the goods exported to the Australian market. Nonetheless, the main aspect of the goods highlighted by KG Dongbu are quality, price of the goods and delivery on time.

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.

Not applicable.

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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.

As stated in Section J-4. KG Dongbu does not advertise specific goods to the market. The company promotes the company itself. In addition, sales to Australian market are generally made through distributors. Hence, KG Dongbu does not need to conduct any promotional campaigns to the final customers in 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.

KG Dongbu does not have a specific team responsible for the Australian market. KG Dongbu [CONFIDENTIAL INFORMATION DELETED – internal organisation] As mentioned in Section J, sales teams are remunerated based on the annual salary basis.

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.

Please refer to above. [CONFIDENTIAL INFORMATION DELETED – KG Dongbu pricing practices]

EXPORTER'S DECLARATION

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

Name :..EUN-SIC CHUNG

Signature :.....*EunSic Chung*.....

Position in

Company :..Part Leader / Export Support Part

Date :..21 October 2022.....

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.

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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.

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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

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

The period

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

Like goods

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

Normal value

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

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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.