

SECTION D - EXPORT SALES OF THE PRODUCT CONCERNED TO THE EUROPEAN COMMUNITY

This section asks for specific information on all of your sales of the product concerned for export to the European Community. In particular you should provide sales prices and pricing methods for these sales. Please take careful note of the distinction between sales to related and unrelated customers and the requirement that subsidiaries and other related companies have to complete separate questionnaires. (See introduction, point 6.)

In order to determine which sales fall within the investigation period the invoice date should normally be used as the date of sale.

D - 1 General Information

1. Explain your company's channels of distribution to the European Community starting from the factory gate up to the first resale to unrelated customers. Include a detailed flow chart indicating terms of sale and pricing policies to each type of customer (e.g., converter, distributors, etc.) including related companies. In the customer listing in Section D-2 you are requested to report a sales code for each channel. Explain the basis of your categorisation of customers.
2. Describe each step in the sales negotiation process, from the first point of contact with customer through any after-sale price adjustments. If this sales process differs between or among classes of customers, please describe each variation for each market separately.
3. Where export sales were made through intermediate countries please provide the following information:
 - a) Explain thoroughly each distribution channel through which the product concerned enters the European Community. Indicate the names of the companies involved and report whether they are related to your company. Provide information on who holds legal title of the product concerned while they are in intermediate countries. List the models/types or qualities of product concerned and the countries from which they are shipped to the European Community. Include a detailed flow chart indicating the physical delivery, ordering, invoicing and payment of the sales concerned.
 - b) If there is any further processing or if the product concerned is changed in any way in intermediate countries, explain in detail. You may use charts or diagrams to supplement your answer.
 - c) Provide information on whether any of the products which are sent to the European Community through intermediate countries contain components from countries other than the exporting country. If so, identify the country of origin of each of the components, which comprise the product eventually sold to the European Community, and specify where the assembly of that product occurred.
4. For all sales through related companies give a detailed description of how sales are made indicating the procedure followed between time of order and delivery to the first unrelated customer. A full explanation of how the invoicing and payment is made should be given.

Section D – Export Sales of the product concerned to the European Community

5. Provide a separate sample chronological flowchart detailing every step in this process. Indicate the average time frame within which each step takes place.

6. If your sales are made pursuant to contracts (either long-term or short-term), describe in detail the process by which the contracts, and the prices and quantities herein, are agreed. Describe each of the types of contracts applicable to the product concerned, including the terms, the requirements for a price change or re-negotiation by either side, etc. Explain any commitments on either party, should the contract be terminated prematurely.

7. Explain whether production begins after the customer has established product specifications and the sale has been made or pursuant to normal company production schedules.

8. Provide copies of all price lists (in English or accompanied by English translations) issued or in use during the investigation period for all customer types in both markets (European Community and domestic market), including those used by related companies in either market.

9. Provide photocopies of three invoices of different unrelated customers and three invoices of different related customers (together with the relevant sales orders) concerning sales on the EC market (English translations should be provided if necessary).

D - 2 Sales to unrelated and related customers

In this part of Section D you are requested to provide complete information on sales of the product concerned made by your company directly to unrelated and related customers in the European Community.

1. Complete the following table showing the total sales in volume and value and the average sales prices of the product concerned for export to the European Community, **once for unrelated and once for related customers, for the investigation period:**

Sales code	PCN	Total quantity sold for export to the EU in Kg	Total net invoice value	Net invoice value per Kg	Total CIF value	CIF value per Kg

Table D-1

Please note: The relevant net invoice value is the total net turnover of the product concerned after all discounts, rebates, taxes, etc.

2. Complete the following table:

Do prices vary by:

Table D-2	Please tick if Yes	Please tick if No
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
A. Customer		
B. Time periods		
C. Region (Member State)		

3. Prepare a **listing** named "ECSALUR" (computer file - for details see Section H-3) of all sales, both invoices and credit notes, of the product concerned to independent customers in the European Community on a transaction-by-transaction basis.
4. Prepare a **listing** named "ECSALRL" (computer file - for details see Section H-3) of all sales, both invoices and credit notes, of the product concerned to related customers in the European Community on a transaction-by-transaction basis.
5. Prepare a **listing** named "ECCUSTRL" providing information on all **related customers** in the EU (computer file - for details see Section H-3) as well as a **listing** named "ECCUSTUR" providing information on all unrelated customers in the EU.

SECTION E - DOMESTIC SALES OF THE PRODUCT CONCERNED

This Section asks for specific information on all of your sales of the product concerned on your domestic market. In particular we ask you to provide your prices and pricing methods for these sales. Please take careful note of the distinction between unrelated and related customers and of the requirement that subsidiaries and other related companies have to fill in a separate questionnaire (see introduction point 6).

In order to determine which sales fall within the investigation period the invoice date should be used as the date of sale.

E - 1 General Information

1. Explain your company's channels of distribution on the domestic market starting from the factory gate until the first resale to unrelated customers. Include a detailed flow chart indicating terms of sale and pricing to each type of customer (e.g., converters, distributors, etc.) including related companies. In the customer listing in Section E-2 you are requested to report a sales code for each channel. Explain the basis of your categorisation of customers.
2. Describe each step in the sales negotiation process, from the first point of contact with customer through any after-sale price adjustments. If this sales process differs between or among classes of customers, please describe each variation separately.
3. Provide a separate sample chronological flowchart detailing every step in this process. Indicate the average time frame within which each step takes place.
4. If your sales are made pursuant to contracts (either long-term or short-term), describe in detail the process by which the contracts, and the prices and quantities therein, are agreed to. Describe each of the types of contracts applicable to the product concerned, including the terms, the requirements for a price change or re-negotiation by either side, etc. Explain any commitments for either party, should the contract be terminated prematurely.
5. Explain whether production begins after the customer has established product specifications and the sale has been made or pursuant to normal company production schedules.
6. Provide photocopies of three invoices of different unrelated customers and three invoices of different related customers (together with the relevant sales orders) concerning sales on the domestic market (accompanied by an English translation).

E - 2 Sales to unrelated and related customers

In this part of Section E you are requested to provide complete information on sales of the product concerned made by your company directly to unrelated and related customers.

1. Complete the following table showing the total sales in volume and value and the average sales prices of the product concerned on the domestic market, **once for unrelated and once for related customers, for the investigation period:**

Sales code	PCN	Total quantity sold on the domestic market in Kg	Total net invoice value	Net invoice value per Kg

Table E-1

Please note: The relevant net invoice value is the total net turnover of the product concerned after all discounts, rebates, taxes, etc.

2. Prepare a **listing** named "**DMSALUR**" (computer file - for details see Section H-4) of all sales of the product concerned, both invoices and credit notes to independent customers on your domestic market, on a transaction-by-transaction basis.
3. Prepare a **listing** named "**DMSALRL**" (computer file - for details see Section H-4) of all sales of the product concerned, both invoices and credit notes to related customers on your domestic market, on a transaction-by-transaction basis.
3. Prepare a **listing** named "**DMCUSTOM**" (computer file - for details see Section H-4) providing information on all customers.

SECTION F - COST OF PRODUCTION

This Section asks for detailed information on the cost of production "**COP**" of the product concerned. The COP includes:

1. the cost of manufacturing "**COM**" (cost of materials/parts, labour and manufacturing overheads)
2. total selling, general, and administrative expenses including total interest expenses - "**SG&A**", i.e. full costs.

You are requested to reply as comprehensively as possible to each of the following questions. In cases where explanations are requested be as thorough as possible.

F - 1 Accounting system and policies

1. Indicate your normal corporate financial accounting period.
2. Please indicate the address(es) of the manufacturing site(s) and the address(es) where the accounting records concerning all the activities of the company, production and sales records, invoices, orders, transportation documents, etc. are located. If they are maintained in different locations please indicate which records are kept at which location.
3. Attach an original (accompanied by an English translation) of the audited accounts including balance sheet, profit and loss accounts and all reports, notes, footnotes and auditor's opinion to these documents for the last three financial years for your company as well as for those companies related to you who are involved in the production, marketing or sales of the product concerned. If applicable you should also provide copies of the consolidated financial statements for the same periods. In the event that your company's accounts have not been audited attach the financial statements which are required by your country's business law, accompanied by an English translation. Provide copies, accompanied by an English translation, of any financial statement or other financial report filed with the local or national government of the country in which your company or the related companies were located for the three most recent financial years.
4. If internal financial statements, management reports, standard cost reviews etc. are prepared and maintained for the product concerned, provide copies for the three most recent financial years, accompanied by an English translation.
5. Provide a chart of accounts (translate into English, if necessary), for each entity within the corporation that is involved with the production or sale of the product concerned.
6. You are requested to describe in detail your financial accounting system. State whether your accounting practices are in accordance with the generally accepted accounting principles ("GAAP") in the country of manufacture. Your description should include all principles which have a significant impact on the cost of the product concerned, including discussions of the following:
 - a) Average useful life for each class of production equipment and depreciation method and rate used for each.
 - b) Raw materials, work-in-process and finished goods inventory valuation methods (e.g., first-in, first-out ("FIFO"), last-in, first-out ("LIFO"), weighted average).
 - c) Inventory write-off and write-down methods for primary materials and finished goods.
 - d) Provisions for major repairs and maintenance.
 - e) Value for damaged or sub-standard goods generated at the various stages of production.

- f) Exchange gains and losses from transactions and from year-end financial statements. Explain what exchange rates are used to convert purchases and sales in foreign currency into your domestic currency. Specify the date you use for the exchange rate, e.g. invoice date, shipping date, etc., and the source thereof, e.g. official exchange rate or other rate used. Attach a monthly listing of total values of imports and exports made by your company. Indicate the currency in which the purchases and exports were invoiced.
 - g) Capitalisation of general expenses and/or interest expense as part of the product inventory costs.
 - h) Provisions for bad debts
 - i) Expense for idle equipment and/or plant shutdowns, planned or unplanned.
 - j) Closure costs.
 - k) Restructuring costs.
 - l) Accelerated depreciation.
7. In the event that any of the accounting methods used by your company have changed over the last three financial years provide a detailed explanation of the changes, the date of change and the reasons for it.
8. Describe the cost accounting system used by your company to record the production costs of the product concerned. Your description should be provided in narrative form, and should include, but not be limited to, the following items:
- a) A general description of the company's cost accounting method as it relates to applying production costs to individual units of the product concerned (e.g., job order, process costing). State whether the cost accounting system is an integral part of your financial accounting system used for the financial statements.
 - b) A description of the company's use of standard or budgeted costs, if applicable, including:
 - (i) the types of variances recorded under your company's cost accounting system and how they are used as part of its management reporting process;
 - (ii) the period for which the variances are calculated and recorded;
 - (iii) the methods used to develop your company's standard costs;
 - (iv) the frequency of standard cost revisions, including the date of the most recent revision;
 - c) If your company uses a standard cost system state whether standard costs were used in your response and whether all variances between standard and actual costs have been allocated. Explain in detail the allocation method used, as well as any significant or unusual cost variances that occurred during the investigation period.
 - d) A list of the direct cost centres included as part of your company's cost accounting system. Briefly describe the segment of production activity attributed to the listed cost centre.
 - e) A list of the indirect cost centres included as part of your company's cost accounting system. Briefly describe the indirect costs that are accumulated in each cost centre and the method normally used to allocate those accumulated costs to the direct cost centres and to the product concerned.
 - f) Methods and bases used to allocate costs among the company's organisational units (e.g., parent company charges to subsidiaries, corporate charges to specific plants, inter-plant allocations).

- g) Methods used to account for wastage, damaged or sub-standard goods generated at each stage of the production process. Also state the method used to account for rework.
- h) A description of your company's use of its cost accounting system to value the cost of sales and primary materials, work-in-process and finished goods inventories for the audited financial statements.
- i) A list of all costs which are valued or treated differently for cost and financial accounting purposes. Identify the difference and explain the reason for it.

F - 2 Production process and cost of production

1. Describe the manufacturing process for the product concerned. Your description should include the following:
 - a) A description of your company's production facility. If production or any one process takes place at more than one facility, list all facilities informing their exact address, and provide brief descriptions of the production activities that take place at the major facilities. Indicate whether your company forms part of the manufacturing site of a related company that supplies your company with raw materials.
 - b) Explain the production process of the product concerned produced and sold by your firm and attach a complete flowchart of the production cycle, including descriptions of each stage in the process.
 - c) In case primary material is used for the manufacturing of both the product concerned and other products not subject to this proceeding please provide information concerning the overlapping material use.
 - d) Identify any products manufactured by your company in the same production facilities as the product concerned.
 - e) Indicate the primary material values used in manufacturing cost, your relationship with the supplier (whether related or not). Indicate if the primary material was imported or not. State whether or not the value of the primary material include import charges and indirect taxes (for both exported and domestic types).
 - f) Please provide a list of all companies that are involved on a subcontracting basis in the manufacture of the product concerned. Describe the part of the manufacturing process they are performing.
 - g) Provide the number of days for which the product concerned is held in inventory in either market prior to the time of sale.

2. Please provide a complete list with your purchases from unrelated suppliers of “Raw materials” used for the production of the product concerned, during the investigation period¹. This list should at least contain references to the country of origin, date of purchase, weight, price, delivery terms, duties paid, and should also allow a direct link to the original purchasing documents. Based on this list, please summarise your purchases by filling in the following table:

Table F-1

Type	Grade	Purchased locally			Purchased locally with duties ²			Imported without duties		Imported with Duties			TOTAL			
		Without duties		Value	Quantity	(+) Duty Paid	(-) Duty Drawback	Value CIF	Quantity	Value CIF	Quantity	(+) Duty Paid	(-) Duty Drawback	Value	Quantity	Average Cost per unit
		Value	Quantity													
TOTAL																

¹ If the price of raw materials was subject to a significant increase/decrease during the investigation period, you should provide monthly tables showing those price changes.

² For example, when the raw materials were purchased locally, but were subject to duties when imported by your supplier.

3. Please provide a complete list with your purchases from related suppliers of “Raw materials” used for the production of the product concerned, during the investigation period³. This list should at least contain references to the country of origin, date of purchase, weight, price, delivery terms, duties paid, and should also allow a direct link to the original purchasing documents. Based on this list, please summarise your purchases by filling in the following table:

Table F-2

Type	Grade	Purchased locally			Purchased locally with duties ⁴			Imported without duties			Imported with Duties			TOTAL		
		Without duties		Value	Quantity	(+) Duty Paid	(-) Duty Drawback	Value CIF	Quantity	Value CIF	Quantity	(+) Duty Paid	(-) Duty Drawback	Value	Quantity	Average Cost per unit
		Value	Quantity													
TOTAL																

³ If the price of raw materials was subject to a significant increase/decrease during the investigation period, you should provide monthly tables showing those price changes.

⁴ For example, when the raw materials were purchased locally, but were subject to duties when imported by your supplier.

4. If applicable, please complete one table with the cost of production **for each type (each table should mention the sales code and PCN) manufactured by your company or a related company**, used in the production of the product concerned **during the investigation period** (in your accounting currency).

Table F-3	Last financial year	Investigation Period
Sales code and PCN		
Direct costs		
Primary materials		
Direct labour		
Energy (specify)		
Others		
(1) Sub-Total		
Manufacturing overheads		
Indirect labour		
Indirect energy		
Rent		
Lease		
Depreciation on plant, mfg. equipment, ...		
Provision for major repairs		
Maintenance and repairs (internal)		
Maintenance and services (external)		
Stock variation of work in progress		
Income from sales of by-products		
Add. costs for production of by-products		
Others		
(2) Sub-Total		
(3) Total cost of manufacturing (1) + (2)		
SG&A Expenses		
Financing		
Depreciation on adm. offices, equipment, ...		
Insurance		
Freight/Transport		
Packaging		
Administration		
Selling		
Advertising/Publicity		
Research and Development		
Patents/Royalties		
Technical assistance		
Warranties		
Security		
Add. costs for handling and sales of by-products		
Others		
(4) TOTAL of SG&A expenses		
(5) Total quantity produced in Kg		
(6) Total quantity sold in Kg		
Total Cost of Production (3)/5 + (4)/(6)		

5. Please complete the following table with the cost of production, for the **product concerned in total** (in your accounting currency).

Table F-4	Last financial year	Investigation Period
Item		
Direct costs		
Direct labour		
Energy		
Others		
(1) Sub-Total		
Manufacturing overheads		
Indirect labour		
Indirect energy		
Rent		
Lease		
Depreciation on plant, mfg. equipment, ...		
Provision for major repairs		
Maintenance and repairs (internal)		
Maintenance and services (external)		
Stock variation of work in progress		
Others		
(2) Sub-Total		
(3) Total cost of manufacturing (1) + (2)		
SG&A Expenses		
Financing		
Depreciation on adm. offices, equipment, ...		
Insurance		
Freight/Transport		
Packaging		
Administration		
Selling		
Advertising/Publicity		
Research and Development		
Patents/Royalties		
Technical assistance		
Warranties		
Security		
Others		
(4) TOTAL of SG&A expenses		
(5) Total quantity produced in Kg		
(6) Total quantity sold in Kg		
Total Cost of Production (3)/5 + (4)/(6)		

6. Prepare a listing named “**DMCOP**” (computer file –for details see Section H-5) **per PCN** for all types of the product concerned sold on the **domestic market** during the investigation period.
7. Prepare a listing named “**ECCOP**” (computer file –for details see Section H-5) **per PCN** for all types of the product concerned sold in the **European Community** during the investigation period.
8. **Describe in detail the methodology you used to report each of the costs listed above and the allocation method for all items reported.** Present the actual calculation, which you used for your calculation in the submission. For each cost item include a sample calculation for illustrative purposes. Your description should include the following:
 - a) For material costs purchased from unrelated companies explain the nature of contractual arrangements. State whether the material costs include transportation charges, duties and other expenses normally associated with obtaining the materials used in production.
 - b) In the event that you purchase material from related suppliers please state whether you consider that the transfer price was representative of a fair market price. Supply, if possible, four invoices (one for each quarter of the investigation period) issued to your company from unrelated parties supplying your company with an identical or comparable product. Supply also eight invoices (one for each quarter of the investigation period) issued by your related supplier to third unrelated parties in the domestic (four invoices) and export markets (four invoices), supplying them with an identical or comparable product. Please provide English translation for the requested documents.
 - c) In the event that your company is part of a consolidated group of companies explain how interest expenses have been derived from total borrowing costs incurred by the consolidated group companies. State whether interest has been paid to related parties and explain the details of the borrowings between the related companies.
 - d) Explain the calculation of R&D expenses for the product concerned.
9. In the event that the above reported costs of production are affected by the use of new production facilities which required substantial additional investment and resulted in low capacity utilisation rates which are the result of start-up operations you are requested to provide the following information:
 - a) A detailed description of the new production facility, i.e. location, production equipment and production activities.
 - b) A detailed listing of the expenditure for the new production facility.
 - c) Detailed information of the capacity utilisation rates for the start-up phase.
 - d) The specific date on which the production for sale commenced.
 - e) Information on the length/duration of the start-up phase.

