



INVESTIGATION 254

**ALLEGED DUMPING OF
CERTAIN HOLLOW STRUCTURAL SECTIONS
EXPORTED FROM THE KINGDOM OF THAILAND**

EXPORTER VISIT REPORT

SAMCHAI STEEL INDUSTRIES

March 2015

This report and the views or recommendations contained therein will be reviewed by the case management team and may not reflect the final position of the Anti-Dumping Commission

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ABBREVIATIONS

ACBPS	Australian Customs and Border Protection Service
The Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
API	American Petroleum Institute
AS/NZS	Australian Standard/New Zealand Standard
ASTM	American Society For Testing and Materials
AUD	Australian dollars
ATM	Austube Mills Pty. Ltd.
BS	British Standard
CE	Conformity European Standard
CFR	Cost and freight
CHS	Circular Hollow Sections
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTM	Cost to make
CTMS	Cost to make and sell
DIN	Deutscher Institut For Normung E.V. (German Standard)
EQR	Exporter questionnaire response
FOB	Free on board
the goods	the goods the subject of the application (also referred to as the goods under consideration, GUC)
HDG	Hot-dipped galvanised
HSS	Hollow Structural Sections
JIS	Japanese Industrial Standard
L/C	Letter of credit
██████████	██
OCOT	Ordinary course of trade
PAD	Preliminary Affirmative Determination
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry and Science
RHS	Rectangular and Square Hollow Sections
██████████	██
SEF	Statement of Essential Facts

SG&A	Selling, general and administrative costs
██████████	██
Thailand	The Kingdom of Thailand
THB	Thai baht
UL	Underwriters Laboratories Inc.
USD	United States dollars
VAT	Value-added tax
WTO	World Trade Organization

1 BACKGROUND

1.1 General

On 10 June 2014, Austube Mills Pty Ltd (ATM) lodged an application requesting that the Minister for Industry and Science (the Minister) publish a dumping duty notice in respect of hollow structural sections (HSS) exported to Australia from the Kingdom of Thailand (Thailand).

ATM alleges that the Australian industry has suffered material injury caused by HSS exported to Australia from Thailand at dumped prices. ATM claims that material injury in respect of HSS commenced in June 2012 following the imposition of anti-dumping measures on exports from the People's Republic of China (China), the Republic of Korea (Korea), Malaysia and Taiwan. ATM identified the injurious effects as:

- lost sales volumes;
- lost market share;
- price depression;
- reduced profit;
- reduced profitability;
- reduced capital investment;
- reduced research and development expenditure;
- reduced return on investment;
- reduction in capacity utilisation for like goods;
- write-down of goodwill associated with HSS business;
- reduction in employment levels; and
- reduced attractiveness to re-invest.

After consideration of the application, an investigation was initiated on 21 July 2014, and public notification of the initiation of the investigation was published in *The Australian* on that day.

Anti-Dumping Notice (ADN) No. 2014/59 refers to the initiation of the investigation, and is available at <http://www.adcommission.gov.au/notices-reports/acdn/acdn2014.asp>

A search of the Australian Customs and Border Protection Service (ACBPS) import database indicated that Samchai Steel Industries (Samchai) exported HSS to Australia from Thailand during the investigation period (1 July 2013 to 30 June 2014). The Commission wrote to Samchai advising it of the investigation and requesting its co-operation by completing an exporter questionnaire.

Samchai completed the exporter questionnaire and provided relevant attachments. A confidential version of the exporter questionnaire response (exporter questionnaire response) is at **Confidential Attachment GEN 1**. A non-confidential version of the exporter questionnaire response is available on the public record.

Taking into consideration the information provided in the exporter questionnaire response, and noting that Samchai had not previously been verified, the Commission, conducted a risk analysis to identify critical information that need to be

verified. Based on the results of this assessment, it has been determined that a truncated verification visit was required.

1.2 Purpose of visit

The purpose of this visit was to verify the accuracy of the domestic and export sales data submitted by Samchai in its exporter questionnaire response. Adopting a risk based approach, the visit team did not verify the completeness and relevance of the sales data, nor did it verify the cost to make and sell data.

Information from the exporter questionnaire response has been used to make preliminary assessments regarding:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margins.

Prior to the visit, we provided an agenda to Samchai. A copy of the visit agenda is at **Confidential Attachment GEN 2**.

1.3 Meeting dates and attendees

Company Head Office	75/14, 75/17, 85 Moo 5, Soi Wat Sopanaram, Ekkachai Rd., Tumbol Kokkham, Amphur Muang, Samutsakorn 74000
Samutprakan Office (Accounts)	56/1 Moo2, Poochaosamingprai Rd, Bangyapreak, Prapradeang, Samutprakan 10130
Dates of visit	18 – 19 March 2015

The following people were present at various stages of the meeting:

Samchai	
Mr Varunchai Leekanchanakorn	Managing Director
Mrs Vasana Lamatipanont	Accounts Director
Miss Kanyapat Tantadprasert	International Sales Executive
Anti-Dumping Commission representatives	
Mr An Chew	Assistant Director, Operations 3
Ms Angela Kidson	Investigator, Operations 4

1.4 Investigation process and timeframes

At the verification visit, the visit team advised Samchai of the following.

- The investigation period is from 1 July 2013 to 30 June 2014.
- The injury analysis period is from 1 July 2011 for the purpose of analysing the condition of the Australian industry.
- A preliminary affirmative determination (PAD) was made on the 16 March 2015 and provisional measures were imposed at the time of the PAD.
- The Statement of Essential Facts (SEF) for the investigation is due to be placed on the public record by 28 May 2015, or such later date as the Parliamentary Secretary allows under section 269ZHI of the Act¹.
- The SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein. Interested parties are encouraged to make submissions within 20 days of the SEF's release.
- Following receipt and consideration of submissions made in response to the SEF, the Commission will provide its final report and recommendations to the Parliamentary Secretary. This final report is due no later than 13 July 2015, unless an extension to the SEF or the final report is approved by the Parliamentary Secretary.
- The Parliamentary Secretary has 30 days from receipt of the final report to make a decision on the report's recommendations.

1.5 Visit report

Samchai was advised that the visit team would prepare a report of the visit (this report) and provide it to Samchai for review of its factual accuracy and to identify those parts of the report that the company considers confidential. It was explained that, in consultation with Samchai, the visit team would prepare a non-confidential version of the report and place this on the public record.

¹ On March 2015, the Parliamentary Secretary approved an extension to publication of the SEF to 28 May 2015 (refer ADN No. 2015/32).

2 COMPANY INFORMATION

2.1 Company background

Samchai stated that it was established in 1997 and manufactures and sells steel pipes. It advised that it also trades in other steel products. Samchai stated that it operates two production plants in Thailand, one in Samutsakorn (east of Bangkok) and a second smaller plant in Samutprakarn (south of Bangkok). The company stated that it has a manufacturing capacity of [REDACTED] tonnes per annum.

The company states that it sells four categories of steel products including structural steel pipes, galvanised steel pipes, furniture pipes and hot rolled steel plates and sheets. Products include:

- Round pipe
- Square and rectangle pipe
- Lip channel steel
- H beam
- I beam
- Wide flange
- Galvanised pipe
- Furniture pipe
- Black steel plate
- Angle, channel bar and T channel bar
- SR bar
- SD bar

Samchai stated that products are manufactured to order in a range of standards, finishes and specifications. Samchai provided copies of its current product catalogues at the verification visit which detail these products (**Confidential Attachment GEN 1**).

Samchai stated that it sells its products predominantly on the domestic markets but also to Australia and Burma. According to information contained in the exporter questionnaire response, export sales represent less than [REDACTED] per cent of total sales.

2.2 Corporate, organisational and ownership structure

Samchai is publicly listed company. The four largest shareholders represent over [REDACTED] per cent of the company shares. The company provided a listing of current shareholdings in its questionnaire response (**Confidential Attachment GEN 2**).

2.3 Related parties

2.3.1 Customers

Samchai stated that it is not related to any of its customers of HSS. The visit team found no evidence of any relationship other than a commercial buyer/seller relationship between Samchai and its customers.

2.3.2 Suppliers

Samchai stated in its exporter questionnaire response that it has normal commercial relationships (of buyer and seller) with its suppliers of raw materials used to manufacture HSS. It advised that it does not purchase any of its major raw materials from related companies. The visit team found no evidence of any relationship other than a commercial buyer/seller relationship between Samchai and its raw material suppliers.

2.4 Accounting

Samchai advised that its financial year is the calendar year (1 January to 31 December).

Samchai provided the following accounting information:

- Auditor's report and consolidated financial statement for the year ended 2014 **(Confidential Attachment GEN 3)**
- Chart of accounts **(Confidential Attachment GEN 4)**

Samchai's financial statements are audited quarterly by DIA International Audit Co., Ltd.

3 THE GOODS UNDER CONSIDERATION AND LIKE GOODS

3.1 Description of the goods subject to anti-dumping measures

The goods the subject of the investigation (the goods), are:

Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm. CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.

The following categories of HSS are excluded:

- *conveyor tube made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1mm on outer surface and 0.25mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6mm in order to maintain vibration free rotation and minimum wind noise during operation);*
- *precision RHS with a nominal thickness of less than 1.6 mm (i.e. not used in structural applications); and*
- *stainless steel CHS and RHS sections.*

3.2 Tariff classification of the goods

The goods may be classified to the following subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36 and 37);
- 7306.50.00 (statistical code 45);
- 7306.61.00 (statistical codes 21, 22, 25 and 90); and
- 7306.69.00 (statistical code 10).

The goods exported to Australia from Thailand under the Thailand Free Trade Agreement are free from duty as of 1 January 2010.

3.3 Product range

Samchai produces and exports circular, rectangular and square pipe in a range of finishes and ends. These include hot dipped galvanised, painted and black painted (lightly oiled). Pipe ends may also be plain, roll grooved or threaded.

Products are manufactured to domestic and international standards including American Society For Testing and Materials (ASTM), British Standard (BS) Deutscher Institut For Normung E.V. (Din), Japanese Industrial Standard (JIS), Thai Industrial Standard (TIS), Australian and New Zealand Standard (AS/NZS) and Conformity European (Ce).

Samchai use product codes to denote the different types of pipe that they produce. The codes provide information on the product shape, finish, diameter, width, length, standard and grade.

3.3.1 Like goods

In the exporter questionnaire response, Samchai stated that there were no differences between the goods sold domestically and goods exported to Australia in terms of quality, chemical composition, structure, or design. Samchai also advised that it sells AS standard goods in the domestic market.

Review of the domestic sales and export sales spreadsheets submitted by Samchai revealed that the company sold a number of identical models (as shown by product code) on both the domestic and export markets. There were also a large number of similar, but not exact matches between the two listings. The team therefore considers that domestic sales of HSS are like to Australian sales of HSS.

3.3.2 Model Matching

During the visit, the visit team explained its intended approach to model matching HSS sales between domestic and export markets. In order to facilitate accurate model matching, the visit team sought to identify the price premiums of different models. Samchai stated that it did not have a price extra list detailing product premiums, however the company demonstrated how it calculated the export price and the factors affecting price, such as standard, shape and finish. Samchai provided a number of price calculation worksheets (**Confidential Attachment GEN 5**).

Based on these factors, the visit team considers it reasonable to match domestic and export sales using the following characteristics:

- standard (AS1163 or AS1074)
- shape (square, rectangle or circle hollow sections)
- finish (black, galvanised or painted)
- end type (plain or threaded)
- thickness (less than or greater than [REDACTED] for square hollow sections only)

3.4 Like goods – preliminary assessment

The verification team considers that the HSS produced and sold domestically by HSS has characteristics closely resembling those of the goods exported to Australia and are therefore like goods in terms of subsection 269T(1) of the Act.

4 EXPORTS TO AUSTRALIA

4.1 General

According to data provided in the exporter questionnaire response, Samchai exported approximately [REDACTED] tonnes of HSS to Australia during the investigation period to its Australian customers,

[REDACTED]
[Customers].

Samchai advised that it does not have any price lists for the export market and that there are no sales agreements in place. Sales contracts are negotiated for each purchase. It stated that no discounts or commissions were paid during the investigation period.

Samchai stated that its Australian export sales were invoiced and paid for in US dollars. Samchai explained that the exchange rates used to convert USD to THB figures in export sales were drawn from their system, which is updated monthly.

In the exporter questionnaire response, Samchai provided a detailed Australian export sales listing for HSS on a line by-line basis. The export sales listing included the following information:

- customer name;
- product code;
- product type (RHS/CHS);
- product standard;
- product dimensions (width, height, length, nominal thickness);
- product finish;
- invoice number;
- invoice date, dispatch date, date of sale;
- order number;
- shipping terms;
- payment terms;
- quantity (in pieces);
- theoretical weight (in kilograms);
- gross and net invoice value (in THB);
- exchange rate; and
- handling and other charges.

The product type field included a product description that included product type, dimensions, standard and sometimes grade.

The verification team observed that all sales were listed as:

- Delivery terms of [REDACTED] and
- Payment terms of letter of credit payable at sight (L/C).

4.2 Verification of exports to source documents

Prior to the visit, the visit team selected 12 export sales transactions (covering multiple products over different quarters during the investigation period) from the export sales listing and requested Samchai provide the associated source documents.

Samchai provided invoice, packing list, certificate of origin, beneficiaries statement, mill test certificate, bill of lading, sales contract and customer issued purchase contract for the selected transactions at the visit. The documents are included at **Confidential Attachment EXP 1**.

Using the source documents, the team reconciled invoice number, order number, product dimensions (width, height, length and nominal thickness), net weight, finish and gross invoice value to the export sales spreadsheet with the exception of a number of minor data entry errors.

The figure provided for quantity (pieces) in the export sales listing was actually the total net weight for the product, as calculated by the number of pieces multiplied by the theoretical weight per unit. The team was able to match this figure to net weight figures provided on the invoice but for a number of minor data entry errors which were subsequently resolved. Following the verification visit, Samchai provided an updated Australian export sales spreadsheet with these issues corrected for all sales.

4.2.1 Date of sale

Samchai provided three dates in their export sales listing as listed above. Samchai advised that the invoice date is the accounting entry date and the date of sale is the date of the sales contract. Invoice and packing list documents are typically issued on the same date. These documents correspond to the invoice and dispatch date in the export sales listing but with a variance of a few days up to a week. The date on the sales contracts sighted by the team was within a few days of the date of sale in the sales listing.

The visit team considers that the invoice date listed in the export sales spreadsheet as the date of sale to ascertain export prices.

4.2.2 Shipping terms

The verification team discovered that the shipping terms for

[redacted] [shipping term details]. The team requested further documentation to calculate the cost of freight for these consignments, which Samchai provided (**Confidential Attachment EXP 2**), and applied this amount to those transactions.

4.3 Inland freight, handling and port charges

Samchai included expenses for inland transport in the sales listing and the visit team requested documents to support these amounts. The company provided tax invoices from their freight company for services received, and a document linking sales

invoices and contracts to services charged for port dues, custom fees, delivery, tug service and berth hire. However, the team was unable to reconcile the figures to the sales listing, and so using the documents provided, calculated a weighted average cost for each transaction and applied this rate to the export sales.

4.3.1 Proof of payment

At the visit, Samchai was able to provide a copy of the credit advice/receipt from its bank as evidence of payment for all 12 selected invoices. Credit terms are L/C at sight with no tenor meaning that Samchai incurs no credit expense. The visit team is therefore satisfied that the invoiced price was the price paid.

4.3.2 Conclusion

The visit team considers that Samchai's export sales listing, with its various amendments, represents a reasonably accurate record of its sales of HSS to Australia during the investigation period.

4.4 The exporter

The Commission will generally identify the exporter as:

- a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal in the transaction, located in the country of export, who owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

For all export sales during the investigation period, the verification team considers Samchai to be the exporter of the goods because it:

- is the manufacturer of the goods;
- determines the price for the sale of the goods;
- owns the goods at the time prior to export;
- arranges delivery to the port of export (and is listed as the supplier on the bill of lading);
- arranges and pays for associated handling costs and other export expenses incurred in moving the goods to the port of export;
- is the principal in the country of export from where the goods are knowingly placed in the hands of a freight forwarder for delivery to Australia; and
- sent the goods for export to Australia and was aware of the identity of the purchaser.

4.5 The importer

The verification team considers that Samchai's Australian customers named [REDACTED] are the beneficial owners of the goods at the time of importation, and therefore are the importers of the goods exported by Samchai during the investigation period.

4.6 Arms length

In respect of Samchai's export sales of HSS to Australia during the investigation period, the visit team found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, whole or any part of the price.

The verification visit team therefore consider that all HSS export sales to Australia during the investigation period were arms length transactions.

4.7 Export price – preliminary assessment

The verification visit team considers that:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods were arms length transactions.

The verification team recommends that the export price be determined under subsection 269TAB(1)(a) of the Act, as the price paid by the importer less transport and other costs arising after exportation.

The team's preliminary export price calculations are at **Confidential Appendix 1**.

5 DOMESTIC SALES

5.1 General

In its exporter questionnaire response, Samchai provided a detailed domestic sales listing for HSS on a line-by-line basis. The domestic sales listing included the following information:

- customer code;
- product code;
- product dimensions (width, height, length, nominal thickness);
- product finish;
- invoice number;
- invoice date, date of sale;
- delivery terms;
- payment terms;
- quantity (in pieces);
- actual weight (in kilograms);
- gross and net invoice value (in THB) and VAT.

The verification team found that Samchai had inadvertently included export sales in their domestic sales listing. However, the export and domestic sales were easily identifiable by the invoice number where export sales invoice numbers contains the letters “SAM” whereas domestic sales invoice numbers contains the letters “SC”.

5.2 Verification of domestic sales to source documents

Prior to the visit, the visit team selected 12 domestic sales transactions (covering multiple products over different quarters during the investigation period) from the domestic sales listing and requested Samchai provide the associated source documents. Samchai provided the source documents at the verification visit; these are included at **Confidential Attachment DOM 1**.

Using the source documents, the team reconciled invoice date, invoice number, customer code, payment terms, product code, type, standard, finish, dimensions (width, height, length and nominal thickness), quantity in pieces, gross invoice value, VAT and net invoice value to the domestic sales spreadsheet.

The visit team attempted to reconcile the weights provided in the sales listing to the source documents, however this was not possible as weights were not recorded on Samchai’s domestic invoices. Samchai explained that they sell HSS by the piece and that they calculate weight based on standard weights as specified by the relevant standard and schedule (e.g. AS1074).

The visit team considered that it would be appropriate to match domestic and export sales based on standard weights. However in order to ensure that the weight of domestic sales used in model matching against export sales were accurate, the visit team asked Samchai to provide a table of standard weights by product code for AS standard products. Samchai provided this table subsequent to the visit, allowing the team to calculate the standard weight (**Confidential Attachment DOM 2**).

5.2.1 Delivery terms and inland transport

Samchai stated that all of its domestic prices are inclusive of delivery, however the sales listing did not include a cost for inland freight. During the visit, Samchai was able to provide the visit team with a calculation of the weighted average delivery expense on a per quarter basis over the investigation period (**Confidential Attachment DOM 3**).

5.2.2 Discounts

Samchai advised in the exporter questionnaire response that it

[redacted] [discount policy]. Discounts were not identified in the sales listing however. One of the selected sales (56DC-005958) had a discount applied which appeared on the invoice. The visit team was able to verify that the net invoice figure for this sale in the sales listing was net of discounts (i.e. the amount provided in the sales listing was the price paid).

5.2.3 Credit costs

Samchai explained that payment methods were negotiated with customers for each order. Payment terms were provided in the domestic sales listing, and the team matched these to invoices for the selected sales. The team was not able to verify the company's cost of credit, and therefore an adjustment was not applied.

5.2.4 Proof of payment

The visit team requested proof of payment for a randomly chosen invoice at the meeting. For the selected invoice, Samchai provided a copy of the remittance advice with a bank cheque from the customer. The team is therefore satisfied that the invoice price was the price paid.

5.2.5 Conclusion

The visit team considers that Samchai's domestic sales listing is an accurate record of its domestic sales of HSS during the investigation period.

5.3 Arms length

In respect of Samchai's domestic sales of HSS during the investigation period, the visit team found no evidence that:

- there is any consideration payable for or in respect of the HSS other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

The visit team therefore considers that all domestic sales during the investigation period were arms length transactions.

5.4 Ordinary course of trade

Section 269TAAD provides that if like goods are sold in the country of export at a price less than the cost of such goods and are unrecoverable within a reasonable period, they are taken not to have been paid in the ordinary course of trade (OCOT).

The verification visit team compared the net sales value (the net invoice sale value minus any applicable discounts) for each domestic sale of HSS to the CTMS for each quarter. Where the volume of unprofitable sales exceeded 20 per cent for the product category, the team then tested the recoverability of the unprofitable sales by comparing the unit selling price to the corresponding weighted average CTMS over the whole of the investigation period. Those sales found to be unrecoverable were deemed not to be made in the OCOT.

The verification team found that, overall, [redacted] [percentage higher than 80] per cent of sales by value of HSS in the Thailand market were made in the OCOT.

5.5 Volume of domestic sales

Section 269TAC(2) of the Act provides that certain domestic sales may be unsuitable for use in determining normal values because of factors in the market. One such factor is where there is an absence, or low volume, of sales of like goods in the domestic market.

Low volume is defined in section 269TAC(14) of the Act as less than 5 per cent of the total volume of goods under consideration that are exported to Australia.

The visit team first compared the volume of like goods sold in OCOT on the domestic market to the volume of the goods export to Australia over the investigation period and found that there were sufficient volumes of domestic sales of Australian Standard (e.g. AS1163) products having similar shape, finish, end type and thickness.

The visit team then tested individually whether the volumes of domestic sales made in OCOT for each model was at least 5 per cent of the total volume of the comparable model exported to Australia using the model matching methodology outlined in section 3.3.2 above. Where there were insufficient volumes for an identical model, the visit team matched the next closest matching domestic model and applied an adjustment, either upwards or downwards as required, based on the export price premium. The visit team found there were sufficient volumes of comparable models sold in OCOT on the domestic market for all export models.

5.6 Domestic sales – preliminary assessment

The verification team found sufficient volumes of domestic sales of HSS by Samchai that were arms length transactions and at prices that were in OCOT. Based on the information provided and the verification processes conducted on site, the verification

team is satisfied that prices paid in respect of domestic sales of HSS are suitable for assessing normal values under section 269TAC(1) of the Act.

The domestic sales spreadsheet is at **Confidential Appendix 3**.

6 ADJUSTMENTS

To ensure that the normal value was comparable to the Australian export price, the following adjustments were made.

6.1 Domestic inland freight

The visit team considers a downward adjustment for domestic inland freight is required to ensure fair comparison to the export price. The visit team applied a downwards adjustment based on quarterly weighted average domestic inland freight costs as discussed in section 6.2.1.

6.2 Specification adjustment

As discussed in sections 3.3.2 and 6.6 above, where there were insufficient domestic sales of an identical export model, the visit team matched the next closest matching domestic model and applied an adjustment, either upwards or downwards if required, based on the export price extras.

6.3 Export inland freight, handling and port charges

The visit team considers an upward adjustment for export inland freight, handling and port charges is required to ensure fair comparison to the export price. The visit team applied a weighted average upwards adjustment over the investigation period based on actual export inland freight, handling and port charges listed for each transaction as discussed in section 4.3 above.

6.4 Weight tolerance adjustment

As explained in Section 5.5 of this report, there were sufficient volumes of Australian Standard like goods sold by Samchai in its domestic market in arms length transactions and in ordinary course of trade. Therefore, as the production weight tolerances of the domestic products that are matched with export products are the same, the visit team did not apply any weight tolerance adjustment to normal value.

6.5 Adjustments – conclusion

The visit team is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

Domestic inland freight	Deducted cost for domestic freight
Specification adjustment	Add or deducted price extras for model differences
Export inland freight, handling and port charges	Add cost of export inland freight, handling and port charges

7 NORMAL VALUE

The visit team found sufficient volumes of domestic sales of like goods by Samchai that were arms length transactions and at prices that were sold in the OCOT over the investigation period. The visit team is therefore satisfied that prices paid in respect of domestic sales of HSS are suitable for assessing normal values under section 269TAC(1) of the Act.

In using domestic sales as the basis for normal values, the visit team considers that certain adjustments, in accordance with section 269TAC(8) of the Act, are necessary to ensure comparability of normal values with export prices as outlined in Chapter 8 above.

The normal value calculations are at **Confidential Appendix 4**.

8 DUMPING MARGIN – PRELIMINARY ASSESSMENT

The dumping margin has been assessed by comparing the weighted average export prices to the corresponding weighted average normal values for the review period.

The dumping margin in respect of HSS exported to Australia by Samchai for the investigation period is 19.8 per cent.

The preliminary dumping margin calculation is at **Confidential Appendix 5**.

9	LIST OF APPENDICES AND ATTACHMENTS
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Confidential Appendix 1	Export sales
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal value
Confidential Appendix 5	Dumping margin
Confidential Attachment GEN 1	Product catalogue
Confidential Attachment GEN 2	Shareholders listing (EQR)
Confidential Attachment GEN 3	Auditor's report and consolidated financial statement for the year ended 2014
Confidential Attachment GEN 4	Chart of accounts
Confidential Attachment GEN 5	Price calculation worksheet
Confidential Attachment EXP 1	Source documents for selected export sales
Confidential Attachment EXP 2	Cost of freight
Confidential Attachment DOM 1	Source documents for selected domestic sales
Confidential Attachment DOM 2	Standard weights table – AS models
Confidential Attachment DOM 3	Quarterly weighted average delivery expense calculation