



**ADC 362**

**INVESTIGATION INTO THE ALLEGED DUMPING AND  
SUBSIDISATION OF  
CERTAIN ALUMINIUM EXTRUSIONS  
EXPORTED FROM  
MALAYSIA AND THE SOCIALIST REPUBLIC OF VIETNAM**

**VERIFICATION REPORT - EXPORTER**

**GLOBAL VIETNAM ALUMINIUM CO., LTD**

**MARCH 2017**

**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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## **1 BACKGROUND**

### **1.1 Initiation**

On 16 August 2016, the Commissioner of the Anti-Dumping Commission (the Commissioner) gave public notice of his decision to initiate an investigation in respect of the alleged dumping and subsidisation of aluminium extrusions exported from Malaysia and the Socialist Republic of Vietnam (Vietnam).

Anti-Dumping Notice (ADN) No. 2016/77 provides further information on the investigation and is available on the Anti-Dumping Commission's (the Commission's) electronic public record (EPR) at [www.adcommission.gov.au](http://www.adcommission.gov.au).

The background relating to the initiation of this investigation is contained in Consideration Report No. 362 (CON 362).

Following this initiation, the Commission wrote to Global Vietnam Aluminium Co., Ltd (GVA) inviting it to cooperate with the investigation. GVA provided a completed exporter questionnaire response (EQR) and relevant attachments for the investigation period (1 July 2015 to 30 June 2016).

### **1.2 Purpose of this report**

Based on the volume of GVA's exports relative to the total export volume from Malaysia and Vietnam during the investigation period, the Commission elected not to conduct an on-site verification visit at GVA's premises.

Whilst an on-site verification visit was not conducted, a detailed analysis of the GVA's EQR was completed. To assist with the verification of GVA's EQR, the Commission sought additional data prior to verification. The Commission's analysis of GVA's EQR included tests for the reasonableness, accuracy and completeness of the export sales, domestic sales and cost to make and sell (CTMS) data utilised in calculating the dumping margin.

## **2 THE GOODS AND LIKE GOODS**

### **2.1 The goods exported to Australia**

During the investigation period GVA exported aluminium extrusions in various profiles and surface finishes (i.e. mill and powder coated).

### **2.2 Like goods sold on the domestic market**

During the investigation period GVA did not sell aluminium extrusions into the Vietnamese domestic market.

### **2.3 Model matching**

For the purpose of model matching, the Commissioner considers that it is appropriate to have regard to the finish of the product. Model matching based on finish provides a fair comparison between export price and normal value and also matches the format of the cost data presented by GVA in its EQR.

### **2.4 Like goods – preliminary assessment**

The Commission considers that aluminium extrusions produced by GVA are not sold for domestic sale and will rely on like goods sold on the domestic market by other exporters from Vietnam.

### **3 VERIFICATION OF EXPORT SALES TO AUSTRALIA**

#### **3.1 Verification of Australian sales to audited financial statements**

The Commission verified the completeness and relevance of GVA's export sales listing by reconciling it to audited financial statements having regard to the procedures outlined in ADN. No 2016/30. During this process the Commission did not identify any issues.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

#### **3.2 Verification of Australian sales to source documents**

The Commission verified the accuracy of GVA's export sales listing by reconciling it to source documents having regard to the procedures outlined ADN No. 2016/30.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**. Prior to being satisfied that the data reconciled to source documents the following issue outlined below was identified in the export sales listing and accordingly the data was amended where necessary.

##### **3.2.1 Packing costs**

To verify GVA's reported packing costs the verification team requested GVA to supply its background calculations, relevant source documents and extracts from its general ledger.

In contrast to the data reported in the initial version of its EQR, the verification team observed that GVA's original packing costs were lower than the figure reported in information provided by GVA during verification. However, this figure was found to be materially lower than the packing costs reported by other Vietnamese exporters. The verification team therefore requested further clarification from GVA as to how it had calculated its packing costs. GVA provided a sample of invoices, one for each type of packing material, to support the secondary calculations provided in response to the verification team's request. Examination of the secondary calculations and information found that GVA had aggregated the total invoice value for each type of packing material reported in the sample of invoices to arrive at a unit packing cost.

The unit packing cost presented by GVA does not reflect the cost of packing materials consumed in relation to the quantity of aluminium extrusions sold. Due to the ambiguity surrounding how GVA has calculated its packing costs and given the material difference observed to other exporters, the verification team is not satisfied that GVA's packing costs are accurate. The verification team has therefore applied the weighted average packing costs for the investigation period reported by other verified exporters from Vietnam

## 3.3 The exporter

For all Australian export sales during the investigation period, the Commission considers GVA to be the exporter of the goods.<sup>1</sup>

## 3.4 The importer

The Commission considers that, in relation to the goods exported by GVA, the customer listed in the export sales listing was the beneficial owner of the goods at the time of importation. This is consistent with the terms of the exportations reported by GVA.

## 3.5 Related customers

This Commission did not find that GVA was related to its Australian customers.

## 3.6 Arms length

In respect of export sales of aluminium extrusions to Australia by GVA during the investigation period, the Commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was 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, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

The Commission therefore considers that all sales of aluminium extrusions exported to Australia by GVA during the inquiry period were arms length transactions.<sup>2</sup>

## 3.7 Export price – preliminary assessment

The Commission is satisfied that the export sales listing is reasonably complete, relevant and accurate and recommends that the export price be established under subsection 269TAB(1)(a), using the invoiced price, less deductions to the free on board (FOB) level as required.

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

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<sup>1</sup> The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

<sup>2</sup> Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as being at arms-length. These are where: there is any consideration payable for or in respect of the goods other than price; 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, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

## **4 COST TO MAKE AND SELL**

### **4.1 Verification of costs to audited financial statements**

As outlined in section 5, since GVA did not sell extrusions into the Vietnamese domestic market its normal value has been determined having regard to the domestic sales of other verified Vietnamese exporters. Due to the use of this methodology, cost data which would normally be used to identify domestic sales in the ordinary course of trade, or to construct a normal value, is not required. Although GVA prepared CTMS data for its Australian exports, the verification team has not sought to verify this data to financial statements.

Notwithstanding that GVA's cost data was not subject to full verification, it has complied with the verification team's requests by providing a limited range of financial data which has been used to verify various other aspects of its EQR, e.g. income tax payments, profit and loss results and raw material purchases.

### **4.2 Verification of costs to source documents**

On account of the explanation provided in section 4.1 the verification team has undertaken a limited verification of costs to source documents. The verification team has verified all of GVA's aluminium material purchases reported in its EQR. When compared to the source documents the data relating to its reported aluminium material purchases was found to be accurate.

Details of the verification process are contained in the verification work program, and relevant attachments, at **Confidential Attachment 1**.

## **5 VERIFICATION OF DOMESTIC SALES**

### **5.1 Verification of domestic sales to audited financial statements**

As outlined in section 3, GVA does not sell aluminium extrusions into the Vietnamese domestic market. As a result, an examination of GVA's domestic sales is not applicable.

The Commission will rely on like goods sold on the domestic market by other exporters from Vietnam in establishing a normal value for GVA in accordance with subsection 269TAC(1).



## **6 ADJUSTMENTS**

To ensure the normal value is comparable to the export price of the goods exported to Australia, the following adjustments were made to the normal value.<sup>3</sup>

### **6.1 Packing**

The Commission has applied an upwards adjustment to the ex-works (EXW) normal value calculated in section 7. The adjustment for packing costs has been determined having regard to the circumstances outlined in section 3.2.1.

### **6.2 Export inland transport**

The Commission considers an upward adjustment for export inland transport is required to ensure a fair comparison to the export price. The adjustment for export inland transport is based on the verified inland transport costs reported by GVA for each export sales transaction.

### **6.3 Export handling and other cost**

The Commission considers an upwards adjustment for export handling and other costs is required to ensure a fair comparison to the export price. The adjustment for export handling and other costs is based on the costs reported by GVA for each export sales transaction.

### **6.4 Adjustments – conclusion**

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

<b>Adjustment Type</b>	<b>Deduction/addition</b>
Export packaging costs	<b>Add</b> export packaging costs
Export inland transport and handling and other charges	<b>Add</b> export inland freight and other charges.

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<sup>3</sup> In accordance with subsection 269TAC(8)

## **7 NORMAL VALUE**

GVA did not sell like goods on the domestic market in Vietnam during the investigation period. The normal value for GVA has been established in accordance with subsection 269TAC(1) based on other seller's domestic sales. As outlined in Chapter 8.2 of the Commission's *Dumping and Subsidy Manual* (the Manual), where an exporter is known to have not made any domestic sales, already available domestic sales information from other sellers in the country of export will be considered before turning to the other methods for establishing normal value.

The verification team has therefore used suitable and relevant sales made by East Asia Aluminium Pty Ltd and Mien Hua Precision Mechanical Co., Ltd at a comparable level of trade as the goods exported to Australia by GVA and having regard to the same finish types of aluminium extrusions (e.g. mill finish, powder coated and anodised aluminium extrusions).<sup>4</sup> As such, the normal value for GVA has been calculated for each finish type of aluminium extrusions, by taking the weighted average net invoice prices of like goods sold in the ordinary course of trade in arms length transactions at ex-works terms by other sellers and adding GVA's export related adjustments in accordance with subsection 269TAC(8) to arrive at a normal value at FOB terms.

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<sup>4</sup> To protect the confidentiality of EAA and Mien Hua's data relied upon in GVA's normal value, the Commission has calculated weighted average normal values for each finish type on a quarterly basis and the underlying transactional data will not be provided to GVA.

## **8 DUMPING MARGIN**

The dumping margin has been assessed by comparing weighted average Australian export prices to the corresponding quarterly weighted average normal value for the investigation period.<sup>5</sup>

The dumping margin in respect of aluminium extrusions sold by GVA for the investigation period is **17.5%**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 1**.

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<sup>5</sup> In accordance with subsection 269TACB(2)(a).

## **9 SUBSIDIES**

### **9.1 Program 1: Preferential Import Tariffs**

The verification team obtained documentation relevant to the assessment regarding whether GVA would have received a benefit as a result of this subsidy program. A list of plant and equipment imported in the 7 year period commencing 1 July 2010 was provided by the exporter. The verification team obtained import declarations for a selection of plant and equipment to ascertain if import duty had been paid and to verify the information provided by the exporter.

GVA reported several importations of plant and equipment which had been exempt from import duty. For these items the verification team has had regard to the tariff data available on the Vietnam Government Department of Customs tariff database webpage.<sup>6</sup> The verification team found that a special rate of duty for imports from certain countries and in relation to a range of trade treaties, e.g. ASEAN, applied to the plant and equipment imported by GVA. In such cases the special rate was zero when the general rate was higher. For some tariff codes the general rate and special rate were identical. Where GVA have reported receiving an exemption of duty due the application of a special rate, the case team will further determine whether this has conferred a benefit.

The verification team also obtained import declarations for all of GVA's imported ingot and billet purchases. Based on these declarations, the importation of ingots and billets were not subject to import duty. Similar to the case for imports of plant and equipment, all of GVA's imports of ingot and billet were subject to a special rate of duty under a trade treaty. Under the relevant treaty the import tariff was zero percent.

### **9.2 Program 2: Corporate Tax Incentives**

An examination of GVA's income tax returns for FY2014 and FY2015 revealed that it had paid the full rate of tax relevant to each financial year. With respect to the investigation period, since GVA's financial year ends in December, its tax return for FY2016 is yet to be completed. In the absence of any other information and the on the basis of the observations of the FY2014 and FY2015 tax returns, the verification team is satisfied that GVA will be subject to the full rate of tax relevant to FY2016.

### **9.3 Program 3: Incentives on non-agricultural land tax**

An examination of GVA's EQR data appeared to indicate that it leased the land and buildings where it is located. In order to establish if GVA had received a benefit under Program 3, the verification team obtained copies of GVA's lease agreements, proof of lease payment being made and extracts from the relevant accounts in its general ledger showing the expenses. The documents confirmed that GVA was the lessee and was paying the lease payment. Since it is the Commission's understanding that a lease holder

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<sup>6</sup> <https://www.customs.gov.vn/SitePages/Tariff-Search.aspx?language=en-US>

## **PUBLIC RECORD**

would not be subject to land tax payments, the Commission is satisfied that this program is not applicable to GVA.

Details of the verification of subsidies are contained within the verification work program at **Confidential Attachment 1**.

**PUBLIC RECORD**

**10 APPENDICES AND ATTACHMENTS**

<b>Confidential Appendix 1</b>	GVA Dumping Margin Calculations
<b>Confidential Attachment 1</b>	Verification work program, with attachments