PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Exporter verification report

Verification and case details

Company verified	Kamen Steel Industries Sdn Bhd		
Case number	692		
Initiation Anti-Dumping Notice (ADN)	2025/114		
The goods under consideration	Certain Welded Steel Mesh Sheets		
Case type	Dumping Investigation		
Location	No. 873 MK 13, Jalan Perindustrian Bukit Minyak 1,Kawasan Perindustrian Bukit Minyak,14100 Bukit Mertajam, Pulau Pinang, Malaysia		
Verification meeting dates	28/04/2026	to	30/04/2026
Investigation period	1/10/2024	to	30/09/2025

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission.

This report may not reflect the Anti-Dumping Commission's final position.

CONTENTS

1 ABOUT THIS REPORT

The Anti-Dumping Commission (the commission) issued a questionnaire that sought exporter data and information for Dumping Investigation 692 (case 692) into Certain Welded Steel Mesh Sheets exported from China and Malaysia during the investigation period.

Kamen Steel Industries Sdn Bhd (Kamen Steel), an exporter of the goods from Malaysia, submitted a questionnaire response.

The commission met with Kamen Steel to verify the response and assessed the reliability of the information.

The commission has reviewed the information submitted by Kamen Steel. This report details the commission's verification findings and recommendations about Kamen Steel for case 692.

A finding made in this verification report (verification finding) and verification recommendations (verification recommendations) are made in the context of this verification only. These verification findings and verification recommendations may be referred to and relied on in the Statement of Essential Facts and Final Report for case 692.

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901*** **(Cth)**
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015*** **(Cth)**
- the term **ADN** refers to **Anti-Dumping Notice**.

The commission details its process and findings in the verification work program at **Confidential attachment 1**.

2 KEY OUTCOMES

Dumping margin	**Negative 4.0%**
Export price method	269TAB(1)(a)
Normal value method	269TAC(1)
Adjustment method	269TAC(8)
Sales data complete, relevant and accurate?	Yes, with material revisions
Cost data complete, relevant and accurate?	Yes, with material revisions

3 VARIABLE FACTORS

3.1 About this chapter

This chapter details the commission's recommendations about how to set the variable factors used to calculate the rate of dumping for goods that Kamen Steel produced or sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available.

This chapter summarises the commission's recommendations about how to set:

- an **export price**
- a **normal value**
- a **dumping margin**

More information on what variable factors are and how the commission determines variable factors is in **Non-Confidential Appendix 1**.

3.2 Export price

The commission recommends setting an export price for Kamen Steel under section 269TAB(1)(a).

Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

To calculate an export price using a consistent delivery term for all sales, the commission adjusted some transactions using export price delivery term adjustments.

Confidential appendix 1 contains the commission's export price calculations.

3.2.1 Who is the exporter?

The commission considers Kamen Steel is the exporter of the Australian export goods because this company:

- produced the Australian export goods.
- is named as the supplier on commercial invoices.
- arranged and paid for inland transport to the port of export.
- arranged and paid for port handling charges at the port of export.
- arranged and paid for ocean freight and marine insurance.
- is named as consignor on bills of lading.

3.2.2 Who is the importer?

For all transactions, the commission considers Kamen Steel's Australian customers are the importers of the Australian export goods. In other words, the Australian customers beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, the Australian customer:

- is named as the consignee on bills of lading
- is named as the importer on import declarations to ABF.

- is named as the buyer on the commercial invoice at the time of importation

3.2.3 Were the Australian export sales sold at arm's length?

3.2.3.1 Unrelated customers

For all unrelated customer transactions, the commission finds that **Error! Reference source not found.** sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that **Error! Reference source not found.**:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market.

3.2.3.2 Related customers

The commission is satisfied that Kamen Steel has no related party customers.

3.3 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arms length and in the ordinary course of trade to set a normal value under section 269TAC(1).

The commission recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8).

The commission recommends the following adjustments:

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic packaging	Deduct an amount for domestic packaging
Domestic technical support	Deduct an amount for domestic technical support
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port handling and other charges	Add an amount for port handling and other charges
Export credit terms	Add an amount for export credit terms

Table 1 Summary of adjustments

The commission calculated and applied adjustments in the normal value calculations at **confidential appendix 3**.

3.3.1 Did the verified company produce and sell like goods for the domestic market?

The commission finds that, during the investigation period, Kamen Steel produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestic goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

3.3.1.1 Physical likeness

Company does not distinguish between domestic like goods and the Australian export goods.

3.3.1.2 Production likeness

Company produced all goods at the same facilities, using the same raw material inputs and production processes.

3.3.1.3 Commercial likeness

The goods compete in the same market sector, are interchangeable and use similar distribution channels, i.e. all export sales and most domestic sales are made to traders and distributors and relate to standard sizes of mesh. On the domestic market customised mesh is also supplied for project-specific applications, requiring extensive technical support from Kamen Steel in ascertaining the specification, sizes and quantities of mesh required based on customer architectural drawings. The commission has adjusted for domestic technical support under section 269TAC(8).

3.3.1.4 Functional likeness

All goods are functionally alike, as they have similar end uses.

3.3.2 Were the domestic sales sold at arm's length?

3.3.2.1 Unrelated customers

For all unrelated customer transactions, the commission finds that **Error! Reference source not found.** sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Kamen Steel:

- sold goods at similar prices to all unrelated customers
- referred to a market price index when setting the domestic market price for unrelated customers.

3.3.3 Do the accounting records comply with generally accepted accounting principles?

The commission finds that Kamen Steel's accounting records for the investigation period comply with the generally accepted accounting principles of Malaysia.

Wong Liu & Partners audited Kamen SteelKamen Steel's financial statement and included a statement that the financial accounts comply with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia in the annual report.

3.3.4 Did the production records reasonably reflect competitive market costs?

The commission finds that Kamen Steel's production records reasonably reflect competitive market costs.

The commission did not identify related party suppliers or any other evidence of non-competitive market costs.

3.3.5 Were domestic sales in the ordinary course of trade?

The following table summarises the figures the commission used to assess if **Error! Reference source not found.**'s domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The investigation period

Component	Details
Reasonable recoverability period	The investigation period
Price	Net invoice price
Cost	Quarterly cost to make and sell the like goods, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell the like goods over the investigation period, including direct selling expenses for each transaction.

Table 2 Ordinary course of trade assessment details

Domestic sales volumes for each model

P-N-A-XL	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-L	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-M	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-S	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-XL	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.

Table 3 details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Is the MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
P-N-A-L	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-A-XL	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-L	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-M	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-S	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-N-B-XL	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.

Table 3 Export models compared to domestic model by volume

The commission's volume analysis is at **confidential appendix 3.**

3.3.6 Adjustments to compare export price and normal value

The commission assessed all potential adjustments to properly compare the export price for Australian export goods to the corresponding normal value.

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Credit terms are provided to domestic customers. A downwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Applied based on average credit period.	The verified exporter	Yes
Domestic inland transport	Inland transport expense incurred on domestic sales was found to differ from the amount incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	The domestic inland transport allocation refers to the total domestic inland transport incurred during the investigation period dividing by the total quantity sold during the investigation period.	The verified exporter	Yes
Domestic packaging	Packaging expense incurred on domestic sales was found to differ from the amount incurred on exports to Australia. A downwards adjustment to domestic prices is therefore necessary to ensure a fair comparison to export prices.	The domestic packaging allocation refers to the relevant domestic packaging expenses incurred during the investigation period, which are allocated by dividing the total domestic packaging expenses by the total quantity sold during the investigation period.	The verified exporter	Yes
Domestic handling	Upon review the commission found that this cost relates to internal handling costs and is not specific to domestic sales. Therefore, no adjustment is required.	No adjustment	The verified exporter	No

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic technical support	The expense was incurred to support cut-to-size mesh products, which are not sold in the Australian market. A downward adjustment to domestic prices would be necessary to ensure a fair comparison with export prices.	The domestic technical support allocation refers to the relevant technical team's labour cost and printing cost expenses incurred during the investigation period, which are allocated by dividing the total technical support expense by the total quantity of cut-to-size goods sold on the domestic market during the investigation period.	The verified exporter	Yes
Export packaging	The exporter claimed that export packaging differs from domestic packing due to the requirements of container loading and ocean transport. The commission reviewed these export specific costs and is satisfied that an upwards adjustment to the normal value is necessary to ensure a fair comparison to export prices.	Allocated by dividing the total export packaging expenses by the total export quantity sold during the investigation period.	The verified exporter	Yes
Export inland transport	Inland transport expense incurred on export sales to Australia was found to differ from the amount incurred on domestic sales. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export inland transport expenses with reference to the export inland transport invoices.	The verified exporter	Yes

Adjustment type	Adjustment assessment – is the adjustment required?	Evidence and calculation method – how was the adjustment applied?	Who claimed this adjustment?	Did the commission apply this adjustment?
Export port and handling charges	Kamen Steel incurred expenses for port handling and other export charges expense in relation to export sales to Australia. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the weighted average export port handling expenses with reference to the export port handling invoices.	The verified exporter	Yes
Export credit terms	Payment terms on Australian sales vary between customers and include credit terms on some transactions. An upwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to Australian customers and interest rate based on the weighted average short-term borrowings.	The verified exporter	Yes
Export Freight and Insurance	The exporter claimed the costs of ocean freight charges and marine insurance to be adjusted for in relation to Australian export sales at CFR and or CIF. As commission calculated the export price at FOB for all transactions (having made necessary deductions for the CFR and CIF sales) no further adjustments are necessary.	No adjustment applied	The verified exporter	No
Export handling	Upon review the commission found that this cost relates to internal handling costs and is not specific to export sales. Therefore, no adjustment is required.	No adjustment applied	The verified exporter	No

Table 4 Assessment of adjustments

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying Kamen Steel's questionnaire response for case 692.

This chapter first summarises the commission's assessment of Kamen Steel's submitted information. This summary includes a list of material revisions made to this information before the commission finalised the verification.

This chapter summarises verified key details about Kamen Steel, relating to:

- the range of goods produced or sold
- corporate operations and structure.

This chapter then outlines the commission's method to verify and validate Kamen Steel's submitted information.

More information on how the commission verifies information is in **Non-Confidential Appendix 1**.

4.2 Verification findings and material revisions

The commission finds that the information Kamen Steel submitted is complete, relevant and accurate after material revisions.

4.2.1 Sales

Material revision 1: Export sales – Average credit period

Description: During the verification of source data, the commission identified that for some transactions the actual payment occurred after the payment terms ended. This was also the case for domestic sales. **Resolution:** Kamen Steel provided average accounts receivables turnover data for export and domestic sales. The commission has utilised this data to calculate average credit period.

Material revision 2: Export sales – Actual quantity

Description: the exporter advised that sales quantities are recorded using standard weight, calculated from the number of sheets sold and a product-specific conversion factor. In contrast, cost data is reported in actual tonnes, resulting in quantity differences between the sales and cost datasets.

Resolution: Kamen Steel updated the B-2 Australian sales listing to add an additional column reflecting actual weights that could be verified by the commission.

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Material revision 3: Export sales – Handling

Description: The commission identified adjustments for internal handling cost in the B-2 sales listing. The commission identified corresponding adjustments in the domestic sales listing.

Resolution: The commission queried the nature and rationale of these proposed adjustments. The exporter stated the adjustments related to charges for internal handling costs in relation to the goods. As the claimed charges were identical on a per tonne basis for domestic and export goods the commission is satisfied that the adjustment is not required and therefore requested the exporter to remove the item. The commission is also satisfied that the charges are already included in the SG&A.

Material revision 4: Export sales – Revised packing cost allocations

Description: The commission identified post verification that the packing cost allocations were incorrect as they were based on standard quantities, whilst the commission preference is to base its calculations on actual quantities where possible.

Resolution: The exporter provided revised packing cost allocations calculated using actual quantities.

Material revision 5: Export sales – Removal of Non-GUC

Description: The commission identified a few transactions in the export sales listing that were not goods under consideration.

Resolution: The commission removed the transactions relating to the non-GUC from the sales listing.

Material revision 6: Export sales – Revised port handling

Description: The commission identified a formula error in the export sales listing provided by the exporter that affected the calculation of the total port handling costs. The commission also identified that some cost items making up these costs had been converted to MYR using an incorrect exchange rate.

Resolution: The commission corrected the formula error in the listing and added a new column to convert the currency for the relevant cost items.

Material revision 7: Domestic sales – Average credit period

Description: During the verification of source data, the commission identified that for some samples the actual payment occurred after the payment terms ended. **Resolution:** Kamen Steel provided average accounts receivables turnover data for export and domestic sales. The commission has utilised this data to calculated average credit period.

Material revision 8: Domestic sales – Actual quantity

Description: During verification, the exporter advised that sales quantities are recorded using standard weight, calculated from the number of sheets sold and a product-specific conversion factor. In contrast, cost data is reported in actual tonnes, resulting in quantity differences between the sales and cost datasets. **Resolution:** Kamen Steel updated the D-2 domestic sales listing to add an additional column reflecting actual weights that could be verified by the commission.

Material revision 1: Domestic sales – Other charges or surcharges

Description: The "other surcharge" column represents the transportation charge as noted in the commercial invoices. Initially, when completing the D-2 listing, the exporter recorded the total transportation cost against each item in the commercial invoice, resulting in duplication. **Resolution:** The exporter identified this as an error on their part and subsequently revised the listing accordingly.

Material revision 2: Domestic sales – Handling

Description: The commission identified adjustments for internal handling cost in the D-2 sales listing. The commission identified corresponding adjustments in the export sales listing. The commission queried the nature and rationale of these proposed adjustments. The exporter stated the adjustments related to charges for internal handling costs in relation to the goods. **Resolution:** As the claimed charges were identical on a per tonne basis for domestic and export goods the commission is satisfied that the adjustment is not required and therefore requested the exporter to remove the item.

Material revision 3: Domestic sales – Revised Technical support

Description: Kamen Steel had claimed that the indirect labour cost pertaining to the technical sales department relate to domestic sales of cut to size goods only. The commission verified this claim during the verification of SG&A costs but found post-visit that insufficient technical support costs had been allocated as direct selling expenses in the D-2 sales listing. **Resolution:** The exporter provided a revised D-2 sales listing containing the updated technical support costs. The total quantum of the support costs represents the amount that was verified during the verification.

4.2.2 Cost to make and sell

Material revision 4: SG&A – Removal of commercial property expenses

Description: The commission identified expenses relating to commercial property management. The commission queried whether these costs related to the administration, sales or general running of the company. The company confirmed that these costs related to investments of commercial property.

Resolution: The commission has elected to remove these expenses and the corresponding commission expense incurred from these investments from the SG&A listing as these expenses don't relate to the manufacture and selling of the goods.

Material revision 13: SG&A – Reclassification of expenses for technical sales department

Description: Kamen Steel claimed that the indirect labour cost pertaining to the technical sales department relate to domestic sales of cut to size goods only.

Resolution: The commission verified the quantum of salaries and bonuses paid to the technical sales department in the period. In addition, the commission visited the technical sales department and is satisfied of the existence of this department and the particulars of work undertaken by the staff. The commission is satisfied that these expenses that consist of an allocation of indirect labour, should be carved out, and allocated to direct selling expenses in relation to said domestic sales. The direct selling expenses for technical sales support were amended for a corresponding amount.

Material revision 5: SG&A – Reallocation of some electricity costs from CTM to SG&A

Description: The commission queried why there was no electricity cost in the corporate overhead.

Resolution: Kamen Steel stated that the plant only has one electricity meter and as such had allocated all power expenditure to production. The company reallocated a proportion of the cost in the period to SG&A based on number of power outlets and estimated consumption

Material revision 6: SG&A Removal of a portion of directors' remuneration

Description: The commission queried the amounts recorded for directors' remuneration and incentive and questioned how these expenses related to the goods.

Resolution: Kamen Steel provided an explanation of the basis on which these amounts are paid. The commission considers that a portion of these amounts is not an expense in relation to the production or sales of the goods and has removed that portion from the SG&A calculation.

Material revision 7: SG&A – Inclusion of some other income items to the SG&A listing

Description: Kamen Steel requested that the SG&A listing be amended to include some other income items that corresponds to expenses already listed. The items include various interest received as an offset to finance costs, and Gain/(Loss) on disposal as an offset to depreciation.

Resolution: The commission reviewed the claim against the income statement and considers it reasonable.

Material revision 8: SG&A – Removal of bank charges

Description: The commission identified that bank charges had been allocated as direct selling expenses.   **Resolution:** The commission therefore removed bank charges from the SG&A listing noting that these are already included as a direct selling expense in 'other export charges'.

Material revision 9: CTM – Revised raw material purchases

Description: When verifying the raw materials component of the cost to make, the commission noted that the raw materials listing included items not relevant to the production of the goods.   **Resolution:** Kamen Steel explained that these items related to non-subject goods. At the commission's request, Kamen Steel reviewed the raw materials listing and indicated what items are not relevant to the production of mesh. The exporter also re-calculated the cost to make accordingly.

4.3 Types of goods produced or sold in the submitted information

4.3.1 Model control code compliance and amendments

The sales and costs data Kamen Steel submitted complies with the model control code (MCC) structure detailed in ADN 2025/114.

After comparing prices of different models of the goods, the commission does not recommend amending the MCC structure.

Kamen Steel proposed an amendment to the MCC structure, in the form of the introduction of an additional sub-category to distinguish between "Cut to Size" and "Not Cut to Size" products. The company submitted that this distinction is warranted on the basis that it produces a specific product type, referred to as "project mesh" or "cut-to-size" mesh, which involves a different production process and consistently attracts a higher price compared to standard mesh.

Kamen Steel further advised that cut-to-size products are not exported to Australia and are supplied exclusively to domestic customers. The company explained that the production of such products requires additional process and time relative to standard mesh, contributing to the higher pricing. It was also noted that a dedicated facility and a separate department are utilised to produce cut-to-size products.

During verification, the commission's verification team inspected the relevant department responsible for cut-to-size production. This included an examination of the processes undertaken, such as studying customer's construction plans, and preparing drafts (engineering drawing) prior to manufacture. Based on the verification procedures performed, the team gained an understanding of the distinct production process and the costs associated with cut-to-size products. The exporter also lodged a submission to the electronic public record (EPR) on this subject.[1]

[1] EPR 692, Document No. 28

The commission preliminarily agrees that the domestic cut-to-size products are commercially different than the standard mesh supplied to the Australian market. However, it is the commission's view that this price difference is adjusted for by the downwards adjustment for technical support under section 269TAC(8) and that an amendment to the MCC structure hence is not required.

Verification of model control codes**Error! Reference source not found.** details how the commission determined MCC sub-categories and verified them to source documents.

4.3.2 List of model control codes

Kamen Steel both produced and sold the following MCCs during the investigation period:

Sales MCC	Australian sales	Domestic sales	Costs MCC
P-G-A-M	No	Yes	P-G
P-G-A-S	No	Yes	
P-N-A-L	Yes	Yes	P-N
P-N-A-M	No	Yes	
P-N-A-S	No	Yes	
P-N-A-XL	Yes	Yes	
P-N-B-L	Yes	Yes	
P-N-B-M	Yes	Yes	
P-N-B-S	Yes	Yes	
P-N-B-XL	Yes	Yes	
P-N-C-L	No	Yes	
P-N-C-XL	No	Yes	

Table 6 List of MCCs produced or sold

4.4 Corporate information

4.4.1 Company information

- Kamen Steel Industries Sdn Bhd was established in 1989 as a manufacturer of welded steel mesh and related reinforcing steel products
- The core business activities include the manufacture of standard welded steel mesh, the production of cut-to-size customised mesh, and the supply of associated steel products such as hard-drawn wire, steel bars, and security fencing panels.
- Kamen Steel is a privately held company. All the principal shareholders are members of the same family.

4.4.2 Related parties

The commission examined the relationships between Kamen Steel and the parties involved in it producing or selling the goods.

The commission found no related party customers or suppliers involved in Kamen Steel producing or selling the goods during the investigation period.

4.5 Method used to verify information

4.5.1 Sales completeness and relevance

The commission:

1. Reconciled the revenue for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the revenue for the period to the trial balance.
3. Reconciled the sales master sales listing for the period to the trial balance.
4. Reviewed the categorisation of the goods in the master sales listing.
5. Reconciled the sales value of the goods from the master sales listing to the domestic and Australian sales listings.

4.5.2 Cost to make completeness and relevance

The commission:

1. Reconciled the cost of goods sold for 2024 financial year to the audited financial statements and trial balance.
2. Reconciled the cost of goods sold for the investigation period to the cost of goods sold for the audited period having regard to the management accounts.
3. Reconciled cost of goods sold to the total company cost to make for the period.
4. Reviewed the categorisation of the cost to make of the goods and non-goods.
5. Reconciled the offset for scrap applied to the cost to make of the goods to the company's sales of scrap in the investigation period.
6. Reconciled the cost to make of the goods to the domestic and Australian cost spreadsheets.

4.5.3 Selling, general and administrative expense completeness and relevance

The commission:

1. Reconciled the SG&A listing for the 2024 financial year to the audited financial statements and trial balance.
2. Reconciled selected balances of the SG&A listing for the investigation period to general ledger.
3. Reviewed selected accounts of the SG&A listing to ascertain whether these were relevant for the domestic SG&A calculation.
4. Verified the direct selling expenses and reconciled these to the sales listings.

4.5.4 Cost allocation

Table 7 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Raw materials	The exporter allocates raw material costs based on production quantity.
Scrap/by-products	The exporter deducts an amount for scrap. This is an allocation made per metric tonne.
Labour	Exporter allocates labour costs based on production quantity.

Cost component	Allocation method applied
Manufacturing overheads	Exporter allocates manufacturing overheads based on production quantity
Depreciation	Exporter allocates depreciation based on production quantity

Table 7 Cost allocation method

4.5.5 Sales volume unit of measure

Table 8 outlines how the commission verified unit of measure reported for sales volume.

Sales market	Assessment
Australia	The commission identified that the weight quantities listed in the Australian sales listing reported by the exporter reflected the standard weight of the goods sold. The exporter therefore updated the sales listing to reflect also actual weight of the goods sold. The dumping margin calculations have been made on this basis.
Domestic	The commission identified that the weight quantities listed in the domestic sales listing reported by the exporter reflected the standard weight of the goods sold. The exporter therefore updated the sales listing to reflect also actual weight of the goods sold. The dumping margin calculations have been made on this basis.

Table 8 Sale volume unit of measure assessment

5 APPENDICES AND ATTACHMENTS

Confidential attachment 1: Verification work program
Confidential appendix 1: Export price
Confidential appendix 2: Cost to make and sell
Confidential appendix 3: Normal value
Confidential appendix 4: Dumping margin
Non-confidential appendix 1: General definitions and verification method

NON-CONFIDENTIAL APPENDIX 1: GENERAL DEFINITIONS AND VERIFICATION METHOD

What are variable factors?

Variable factors are numerical values that the commission uses to calculate the levels of dumping or countervailable subsidy. By verifying a company's data, the commission aims to set accurate variable factors and accurately calculate the level of dumping or countervailable subsidy.

The commission has explained some concepts relating to variable factors. These explanations are in simple terms and may not reflect the full, technical definitions.

Goods

The goods exported into Australia are **Australian export goods** or the **goods under consideration**.

Goods that are the same or similar to Australian export goods are **like goods**.

Variable factors

Dumping occurs if the price of Australian export goods (the **export price**) is less than the equivalent price of like goods in an exporter's domestic market (the **normal value**).

The **amount of dumping** is the difference between a normal value and the corresponding export price – that is, the normal value minus the export price.

A **subsidy** is a financial contribution, income support or price support, from a country of export Government, public body or a private body being directed by the Government or public body that confers a benefit to Australian export goods.

The Australian government can cancel out – that is, **countervail** – the effect of a subsidy, if that subsidy is specific to Australian export goods. In other words, a subsidy specific to Australian export goods is a **countervailable subsidy**.

The minimum export price to prevent material injury to an Australian industry is the **non-injurious price**. The commission typically relies on information from Australian industry and other sources to calculate this price, which is beyond the scope of this verification. The commission has therefore not calculated a non-injurious price in this report.

Margins calculated using variable factors

A **dumping margin** is the rate of dumping compared to the export price.

A **subsidy margin** is the rate of countervailable subsidy attributable to Australian export goods.

Export price method

Section 269TAB lists different ways to calculate an export price based on the facts available.

The commission considers these questions, among others, before calculating an export price:

- Did the verified company sell goods for Australian export?
- Who is the exporter?
- Who is the importer?
- Did the exporter sell to the importer at arm's length?

In this chapter, the commission summarises its findings about facts that affect how to calculate an export price.

Who is the exporter method

The commission generally identifies an **exporter** as a company, located in the country of export, who is a principal company involved in an Australian export goods transaction. At least one of the following generally also applies for a company to be an exporter:

- the company knowingly transferred the goods to its own vehicle, or to a freight company, to deliver the goods to Australia
- at the time the goods shipped, the company owned or previously owned the goods.

To identify the exporter, the commission typically relies on information about Australian export transactions from stakeholders and Australian Border Force.

Who is the importer method

An **importer** is the beneficial owner of goods at the time of import. The beneficial owner may differ from the listed or nominal owner of the goods.

For example, a parent company can have direct control over a subsidiary company's assets and decisions. If that parent company lists its subsidiary company as the owner of goods at the time of import, the commission would find that parent company is the importer because it beneficially owns the goods.

To identify the importer, the commission typically relies on information about Australian export transactions provided by stakeholders and Australian Border Force.

Normal value method

Section 269TAC lists different ways to calculate a normal value based on the facts available.

The commission considers these questions, among others, before calculating a normal value:

- Did the verified company, or a party related to the verified company, sell like goods domestically?
- Were there any domestic sales of like goods?
- Was there a low volume of domestic like goods sales?
- Were the domestic like goods sales at arm's length?
- Does any component of the exporter's costs, or producer's costs, not reflect competitive market costs?
- Were the domestic like goods sales in the ordinary course of trade?
- Does the normal value require adjustments to properly compare it to the export price?

Why the commission assesses production records

The commission assesses if a company’s production cost records reasonably reflect competitive market costs as required by Regulation 43(2) before selecting which method to recommend for setting a normal value under section 269TAC.

The commission assesses production cost records through methods including:

- analysing transactions for materials or services supplied by a related party to see if they reflect other costs in the market
- considering if the domestic country has generally competitive, or non-competitive, costs for certain materials or services.

If the commission finds that the production cost records reasonably reflect competitive market costs, the commission must use the recorded costs to calculate the cost of production. If the commission finds that production cost records do not reasonably reflect competitive market costs in some part, then the commission may use other information if appropriate to adjust that part of the costs before setting a normal value.

Ordinary course of trade method

The commission assesses if domestic like goods sold in the ordinary course of trade before selecting which method to recommend for setting a normal value under section 269TAC.

Section 269TAAD sets out which sales are in the ordinary course of trade. Under this section, a domestic like goods sale is **not** in the ordinary course of trade if the conditions below apply to the sale:

- the sale is **unprofitable in substantial quantities** over an extended period
- the sale is **unlikely to be recoverable** within a reasonable period.

The commission typically uses this method to assess each step of identifying a sale not in the ordinary course of trade.

1. A sale is **unprofitable** if its unit price is less than the corresponding unit cost to make and sell in the sales month or sales quarter
2. All sales for a model are unprofitable **in substantial quantities** if the volume of unprofitable sales is 20% or more of the total volume of sales
3. A sale is **unlikely to be recoverable** if its unit price is less than the corresponding unit cost to make and sell for the entire reasonable period.

The commission typically sets both the ‘extended period’ and ‘reasonable period’ under section 269TAAD as the inquiry, investigation or review period for a case.

Low volume of relevant domestic sales method

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods.

If the commission uses a low volume of domestic like goods to set a normal value, then the normal value does not properly compare to the export price when measuring the level of dumping and the commission cannot set a normal value under section 269TAC(1).

To assess if there is a large enough volume of domestic sales to set a normal value under section 269TAC(1), the commission must compare the domestic and Australian export sales volumes for an exporter. If the domestic sales volume is less than 5% of the Australian export sales volume, the commission must also assess if the domestic sales volume is still large enough to use in a normal value that properly compares to the export price.

The commission uses this method to compare domestic and Australian export sales volumes both overall and for each model sold as Australian export goods. When comparing sales volumes for an individual model, the commission may use a surrogate domestic sales model to calculate normal value for the Australian export sales model.

Section 269TAC(14) sets this sufficiency test for dumping investigation cases. The commission also uses this sufficiency test when setting a normal value in other case types.

The figure below summarises the possible outcomes when assessing domestic sales volumes to use in a normal value set under section 269TAC(1).

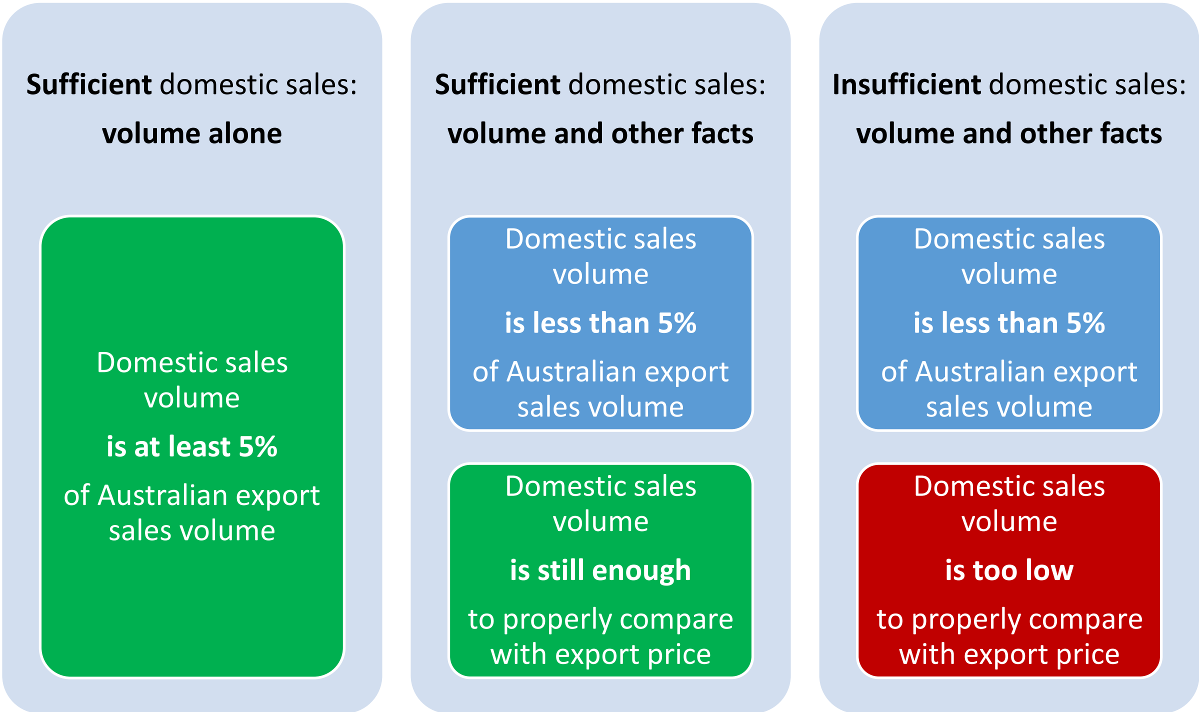

Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

Method to verify information

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs (where relevant).

Before relying on submitted data listings, the commission first verifies if these listings are:

- **complete**, as in, including all the relevant data
- **relevant**, as in, including only relevant data
- **accurate**, as in, including only correct data.

In practice, the commission typically verifies data listings as complete and relevant at the same time.

ADN 2016/30 describes the commission's standard procedure to verify and validate stakeholder information.

General method to verify information as complete and relevant

The commission verifies data listings as complete and relevant by reconciling each listing's sum total up to audited financial records.

The commission typically reconciles a listing to audited records incrementally. The commission typically links a listing subtotal to management accounts, then links those management accounts to the audited records.

Figure 2 outlines how the commission verifies different topics as complete and relevant.

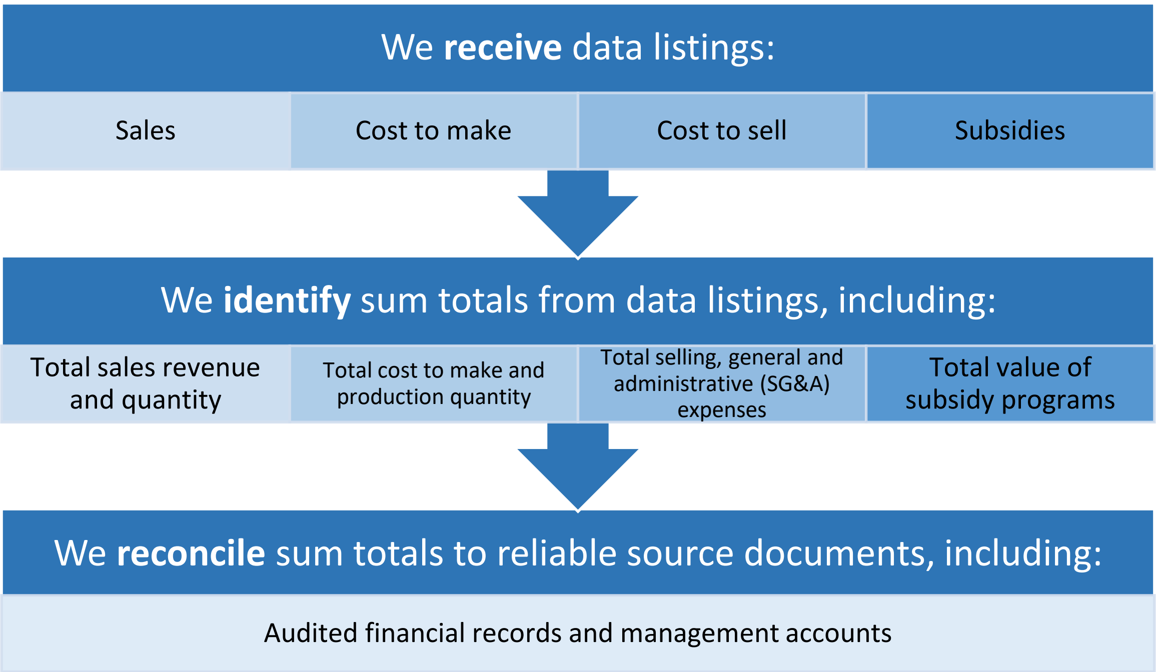

Figure 2 How the commission verifies data as complete and relevant

General method to verify information as accurate

To verify the listings are accurate, the commission typically reconciles key data from a selection of transactions in the listings down to source documents.

Figure 3 outlines how the commission verifies different topics as accurate.

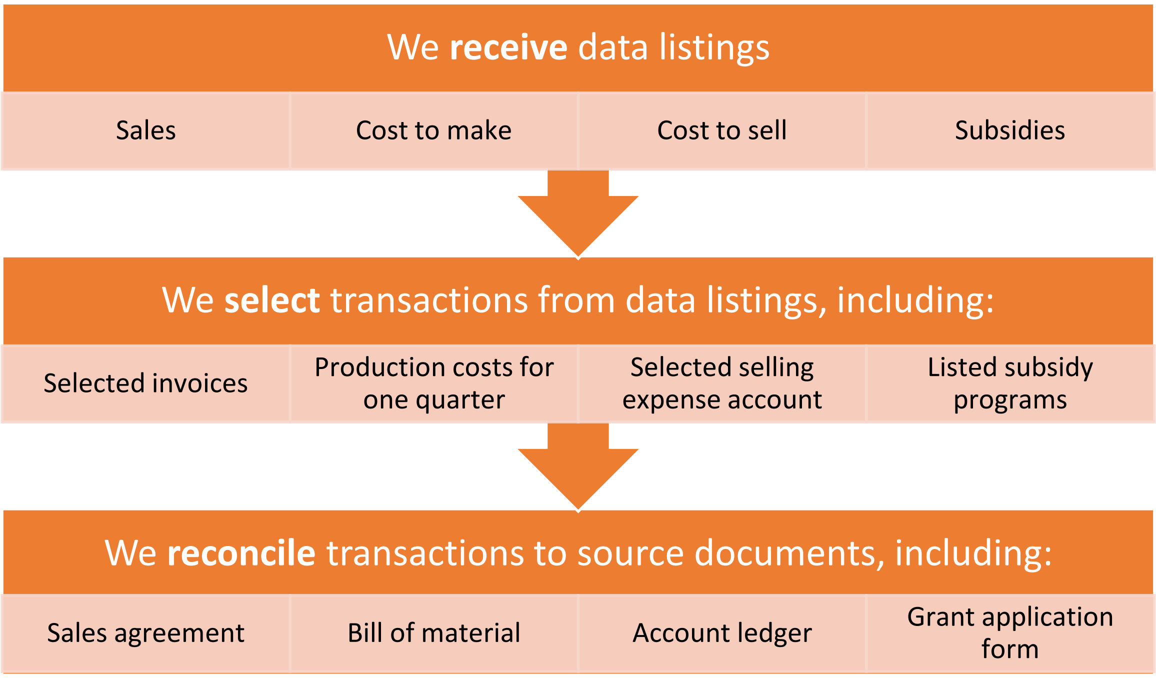

Figure 3 How the commission verifies data as accurate