PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Exporter verification report

Verification and case details

Company verified	Hoa Sen Group		
Case number	698		
Initiation Anti-Dumping Notice (ADN)	2026/027		
The goods under consideration	Aluminium zinc coated steel (≥ 600mm)		
Case type	Continuation inquiry		
Location	183 Nguyen Van Troi, Ward 10, Phu Nhuan District, Ho Chi Minh City, Vietnam		
Verification meeting dates	22 July 2026	to	24 July 2026
Inquiry period	1 January 2025	to	31 December 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 Continuation inquiry 698 (case 698) into Aluminium zinc coated steel (≥ 600mm) exported from Republic of Korea (Korea) and the Socialist Republic of Vietnam (Vietnam) during the investigation period.

Lodgement of the exporter questionnaire and initial submission were due by 19 March 2026.

The commission received a request from Hoa Sen for an extension of time to submit an exporter questionnaire and due consideration was given to the extension request.[1]

When considering the extension request, the Customs (Extensions of Time and Non-Cooperation) Direction 2015 requires the Commissioner to:

- take into account the responsibility to conduct the case in a timely and efficient manner
- reject a request for an extension if the request has not been made before the due date and
- consider the reasons provided for the extension, having regard to:
  - the reasons why it could not provide its response within the whole period and not only the period remaining between the request and the due date
  - ordinary business practices or commercial principles
  - the commission's understanding of the relevant industry and
  - previous correspondence from the entity, previous dealings with the entity and information provided by other interested parties.

Consequently, the commission granted Hoa Sen the following extension to submit a response to the exporter questionnaire, on the requirement that the response was submitted by the revised due date, was reasonably complete and accurate and included both confidential and public record versions.

Exporter	Extension Requested	Extension Granted	Revised due date
Hoa Sen Group	21 days	21 days	9 April 2026

Hoa Sen submitted a response to the exporter questionnaire by the revised due date.

The exporter questionnaire response contained deficiencies that could be quickly and easily rectified in a further response, in which case a reasonable timeframe was provided to rectify the deficiencies.[2] The non-confidential version of the full exporter questionnaire response was placed on the public record date stamped as received on the revised due date.

The commission met with Hoa Sen to verify the response and assessed the reliability of the information.

The commission has reviewed the information submitted by Hoa Sen. This report details the commission's verification findings and recommendations about Hoa Sen for case 698.

[1] This is consistent with Article 6.1.1 of the Anti-Dumping Agreement
[2] Section 6 of the *Customs (Extensions of Time and Non-Cooperation) Direction 2015.*

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 698.

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 0.9 %**
Subsidy margin	N/A
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 Hoa Sen 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 Hoa Sen 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.

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

3.2.1 Who is the exporter?

The commission considers Hoa Sen is the exporter of the Australian export goods because this company:

Below are examples of evidence to identify an exporter. Amend based on your findings.

- produced the Australian export goods
- is named as the supplier on commercial invoices
- is named as consignor on bills of lading
- 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

3.2.2 Who is the importer?

In respect of Australian sales of the goods by Hoa Sen, the verification team found that for FOB and CFR transactions sold directly to its Australian customers, these Australian customers are the beneficial owner of the goods at the time of importation.

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
- paid for all the importation charges

- arranged delivery from the port of arrival in Australia

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 Hoa Sen 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 Hoa Sen:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

3.2.3.2 *Related customers*

The commission finds that Hoa Sen did not sell the exported goods to related customers in Australia during the inquiry period.

3.3 Normal value

The commission finds that there is a sufficient sales volume of domestic like goods, sold at arm's 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 Insurance	Deduct an amount for domestic insurance
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic bank fee	Deduct an amount for domestic bank fee
Domestic commission	Deduct an amount for domestic commission
Domestic handling & other	Deduct an amount for domestic handling & other
Domestic other expenses	Deduct an amount for domestic other expenses
Export inland transport	Add an amount for export inland transport
Export port handling	Add an amount for port charges
Export bank charges	Add an amount for bank charges
Export credit terms	Add an amount for export credit terms
Specification	Add or deduct an amount for specification
Timing	Add or deduct an amount for timing adjustment

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 inquiry period, Hoa Sen produced and sold like goods for domestic home consumption.

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

3.3.1.1 *Physical likeness*

Hoa Sen’s domestic like goods are not distinguished from the Australian exported goods.

3.3.1.2 *Production likeness*

Hoa Sen’s domestic like goods are produced at the same facilities as the exported goods, using the same raw material inputs and product processes.

3.3.1.3 *Commercial likeness*

Both the goods and like goods complete in the same market sector, are interchangeable and use similar distribution channels.

3.3.1.4 *Functional likeness*

All goods are considered 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 Hoa Sen 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 Hoa Sen:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

3.3.2.2 *Related customers*

For all related customer transactions, the commission finds that Hoa Sen sold the domestic goods **not at arm’s length** as defined under section 269TAA.

For these transactions, the commission finds that a relationship between a buyer, a seller or their associates appeared to influence the price.

For these transactions, the commission notes that:

- Hoa Sen directly owned the whole of related customers during the inquiry period.
- Domestic customers purchased the goods exclusively from Hoa Sen.
- An internal pricing guide determined prices between Hoa Sen and domestic customers.

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

The commission finds that Hoa Sen's accounting records for the inquiry period comply with the generally accepted accounting principles of Vietnam.

PwC (Vietnam) audited Hoa Sen's financial statements and included a statement that the financial accounts comply with Vietnamese Accounting Standards in the annual report.

3.3.4 Did the production records reasonably reflect competitive market costs?

The commission finds that Hoa Sen's production records reasonably reflect competitive market costs.

3.3.4.1 *The commission's finding about related party suppliers*

Hoa Sen purchased cold rolled steel from during the inquiry period.

The commission notes that Hoa Sen submitted a pricing policy with its related party supplier. The policy includes a formula that calculates a profit margin. The margin is approved by the board of directors and fluctuated during the inquiry period based on market movement. Also, an analysis of raw material purchase prices for the inquiry period identified price fluctuation. Based on these findings the team was satisfied that the purchases of raw material from its related supplier are at arm's length.

3.3.5 Were domestic sales in the ordinary course of trade?

The following table summarises the figures the commission used to assess if Hoa Sen's domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The inquiry period.
Reasonable recoverability period	The inquiry 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 inquiry period including direct selling expenses for each transaction.

Table 2 Ordinary course of trade assessment details

3.3.5.1 *Domestic sales volumes for each model*

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

Export MCC	Is MCC's domestic sales volume 5% or greater the export sales volume?	Treatment of normal value
P-1-F-1-2-C	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-2-D-4-2-C	No	Surrogate model P-2-F-5-2-C used, with specification adjustment under section TAC(8).
P-2-E-5-2-C	Yes	Domestic sales of the same MCC permits a proper comparison to exported goods.
P-2-F-2-2-C	No	Surrogate model P-2-F-5-2-C used, with specification adjustment under section TAC(8).

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 domestic prices is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the payment terms provided to domestic customers and interest rate based on the weighted average short-term loans.	The verified company	Yes
Domestic Insurance	A downward adjustment to the normal value for domestic insurance is required to ensure a fair comparison to export prices.	The verification team has applied this adjustment based on the insurance cost listed for each domestic transaction that was delivered to the customer.	The verified company	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?
Domestic inland transport	Inland transport expenses incurred on domestic sales were 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.	Calculated based on the actual inland transport expense, for each individual sale, with reference to the inland transport invoices.	The verified company	Yes
Domestic bank fee	A downward adjustment to the normal value for domestic bank fee is required to ensure a fair comparison to export prices.	Calculated based on weighted average unit cost (per ton) for bank charges over the investigations period.	The verified company	Yes
Domestic Commission	A downward adjustment to the normal value for domestic commission is required to ensure a fair comparison to export prices.	The verification team has applied this adjustment based on the domestic commission paid listed for each domestic transaction.	The verified company	Yes
Domestic handling & other	Domestic handling and other expenses were incurred on domestic sales. A downwards adjustment to the normal value is therefore necessary to ensure a fair comparison to export prices.	Calculated based on the actual amounts from the invoices allocated to the products in proportion to their weight.	The verified company	Yes
Domestic other expenses	A downward adjustment to the normal value for other expenses is required to ensure a fair comparison to export prices.	Calculated based on the value of each transaction over total revenue of domestic sales.	Commission	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?
Domestic packaging	Packaging expense incurred on domestic sales is allocated to CTM and was found to have an immaterial difference compared to packaging expense for export sales to Australia. Therefore, a downwards adjustment to domestic prices is not necessary.	Photographic evidence and calculations of the unit cost difference between domestic and export packaging cost.	N/A	No
Export packaging	Packaging expense incurred on export sales is allocated to CTM and was found to have an immaterial difference compared to packaging expense for domestic sales. Therefore, a downwards adjustment to domestic prices is not necessary.	Photographic evidence and calculations of the unit cost difference between export and domestic packaging cost.	N/A	No
Export inland transport	Inland transport expenses incurred on export sales to Australia were 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 company	Yes
Export port handling	Port handling and other export expenses were incurred on export sales to Australia, which were not 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 port handling expenses with reference to the export port handling invoices.	The verified company	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 bank charges	Bank charges were incurred on 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 weighted average unit cost (per ton) for bank charges over the investigations period.	The verified company	Yes
Export credit terms	Credit terms were provided to Australian customers. 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 company	Yes
Specification	Where a surrogate MCC is used for a normal value of an MCC exported to Australia, an adjustment for the specification differences is required to ensure a fair comparison.	Calculated based on the difference between the quarterly CTMS of the export MCC and the surrogate MCC, plus amount for profit.	The commission	Yes
Timing	Where there is no quarterly normal value in a particular quarter, and the normal value from another quarter was used, then an adjustment for the timing difference is required to ensure a fair comparison.	Calculated based on the relative change in quarterly normal values of a surrogate model.	The commission	Yes

Table 4 Assessment of adjustments

4 VERIFICATION DETAILS

4.1 About this chapter

This chapter details what the commission found when verifying Hoa Sen's questionnaire response for case 698.

This chapter first summarises the commission's assessment of Hoa Sen'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 Hoa Sen, 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 Hoa Sen'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 Hoa Sen submitted is complete, relevant and accurate after material revisions.

4.2.1 Sales

Material revision 1: Revised export port handling charges

Description: Hoa Sen identified during its review of pre-verification materials that fumigation charges had been omitted from the amount reported under 'port handling and other export charges' in the export sales listing for one transaction.

Resolution: The verification team reconciled the incomplete listing to the supporting documentation. Hoa Sen subsequently submitted a revised export sales listing to include the omitted fumigation charges

Material revision 2: Consolidation of port handling charges

Description: The export sales listing submitted by Hoa Sen reported charges across separate expense categories labelled port handling charges and other charges. Port handling charges included export THC, bill of lading, seal and fumigation fees, while other charges included certificate of origin, inspection, port infrastructure and telex fees. Hoa Sen advised that these expenses were reported separately because they are recorded in different general ledger accounts.

Resolution: The commission verified the reported port handling and other charges to supporting documentation. As both categories related to export handling expenses, the Commission consolidated them into a single expense field in the export sales listing.

Material revision 3: Revised export bank charges

Description: Hoa Sen identified during its review of pre-verification materials that not all bank charges had not been included in the amount reported under bank charges in the export sales listing for one sales transaction. **Resolution:** The verification team reconciled the reported export sales data to the supporting documentation. Hoa Sen subsequently submitted a revised export sales listing to include the omitted bank charges.

Material revision 4: Revised domestic sales discounts

Description: Hoa Sen identified, during its review of pre-verification materials, that a sales discount relating to a product defect had been allocated to the incorrect transaction in the domestic sales listing **Resolution:** The verification team reconciled the revised sales data to the supporting transaction documentation. Hoa Sen subsequently submitted a revised domestic sales listing reflecting the corrected allocation of the sales discount.

Material revision 5: Revised sales price adjustments

Description: During the preparation of the verification materials, Hoa Sen identified that a sales price adjustment was required to correct the reported unit sales price for one transaction. **Resolution:** The verification team reconciled the revised sales listing to the supporting transaction documentation. Hoa Sen subsequently submitted a revised domestic sales listing reflecting the corrected sales price.

Material revision 6: Removal of related party domestic sales

Description: During verification, the team identified that certain domestic sales were made to related party customers and prices are determined according to an internal pricing guideline. Also, the team determined there was no genuine bargaining or negotiating process between Hoa Sen and their related party customers, therefore the team was not satisfied that the sales were conducted at arms length for the purposes of section 269TAA. **Resolution:** The verification team removed the related party transactions from the domestic sales listing and normal value calculation. This treatment is consistent with the commission's practice of excluding related party transactions that are not considered arm's length.

4.2.2 Cost to make and sell

Material revision 7: Revised capacity utilisation

Description: Hoa Sen submitted capacity utilisation information in their exporter questionnaire response that included abnormal high-capacity utilisation rates. These rates indicated Hoa Sen had no spare capacity to increase production of the goods during the inquiry period. The verification team determined the capacity utilisation rates were based on volume manufactured directly from the NOF production lines and also volume related to additional processing including volume produced through outsourced manufacturing. **Resolution:** Hoa Sen subsequently submitted revised capacity utilisation information including revised capacity utilisation rates. Hoa Sen advised the revised rates are based on volume manufactured directly from the NOF production lines and does not include volume related to additional processing. The verification team considered the revised capacity utilisation rates to be more appropriate measure of production volume directly relating to the NOF production lines.

Material revision 8: Revised SG&A calculation

Description: The verification team selected a sample of high-risk SG&A accounts from the SG&A listing to determine whether they related to the sale and production of the goods under consideration. As a result of discussions with Hoa Sen and information submitted by Hoa Sen the verification team considered certain SG&A accounts did not relate to the sale and production of the goods under consideration. **Resolution:** The verification team excluded several accounts considered not related to the sale and production of the goods under consideration from the SG&A calculation.

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 Hoa Sen submitted complies with the model control code (MCC) structure detailed in ADN 2026/027.

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

4.3.2 Verification of model control codes

Table 5 details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Quality	Verified to the accounting system, product code and commercial invoice.
Coating mass	Verified to the accounting system, product code and commercial invoice.
Steel grade	Verified to the accounting system, product code and commercial invoice
Base metal thickness (BMT)	Verified to the accounting system, product code and commercial invoice
Width	Verified to the accounting system, product code and commercial invoice.
Form	Verified to the accounting system, product code and commercial invoice.

Table 5 MCC sub-category determination

4.3.3 List of model control codes

Hoa Sen both produced and sold the MCCs listed in attachment 1 during the inquiry period.

4.4 Corporate information

4.4.1 Company information

Hoa Sen Group (HSG) was originally incorporated in 2001 as Lotus Joint Stock Company, changing its name to Hoa Sen Corporation in March 2007, and to Hoa Sen Group in November 2007. HSG is a publicly traded company whose shares are listed on the Ho Chi Minh Stock Exchange.

HSG manufactures and sells iron and steel products, with sales made to the domestic and international markets. HSG produces aluminium zinc alloy, galvanized steel, steel pipes and plastic building products, operating 12 manufacturing plants across Vietnam.

4.4.2 Related companies

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

4.4.2.1 *Related suppliers*

As stated in section 3.3.4.1 based on a pricing policy and analysis undertaken the verification team determined that Hoa Sen's purchases of raw materials with its related supplier were at arm's length.

4.4.2.2 *Related customers*

The verification team examined the relationships between Hoa Sen and its related parties. It observed that Hoa Sen sells significant volumes of the goods to related parties. These related parties are subsidiaries, branches and affiliates which then on-sell the goods directly to unrelated customers.

4.5 Method used to verify information

4.5.1 Sales completeness and relevance

The commission:

1. Reconciled the revenue for the 2025 financial year to the income statement in the audited financial statements and trail balance.
2. Reconciled the revenue for the investigation to the trial balance.
3. Reconciled the master sales listing for the period to the trial balance.
4. Reviewed the categorisation of the goods to the master sales listing.
5. Reconciled the sales value of the goods from 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 2025 financial accounting year to the audited financial statements and trial balance.
2. Reconciled the cost of goods sold regarding the goods for the period to the trial balance.
3. Reconciled the cost of goods sold to the total cost of make for the period.
4. Reviewed the categorisation of the cost to make of the goods and non-goods.
5. 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 inquiry period to the trial balance and income statement.
2. Reviewed selected accounts of the SG&A listing to ascertain whether these were relevant for the domestic SG&A calculation.
3. Reviewed selected accounts and determined reasons for material changes between the accounting and inquiry periods.
4. Verified the appropriate categorisation of direct selling expenses.

4.5.4 Cost allocation

Table 6 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Raw materials	Perpetual monthly average cost as an average unit cost of each item product code evidenced by Oracle cost of production ledgers.
Scrap offset	Standard internal unit prices and crediting (offsetting) that value against production costs evidenced by Oracle cost of production ledgers.
Direct labour	Individual product codes using account coding and cost tracking evidenced by Oracle cost of production reports.
Manufacturing overheads	Individual product codes using account coding and cost tracking evidenced by Oracle cost of production reports.
Depreciation	Individual product codes using account coding and cost tracking evidenced by Oracle cost of production reports.

Table 6 Cost allocation method

4.5.5 Sales volume unit of measure

Table 7 outlines how the commission verified unit of measure reported for sales volume.

Sales market	Assessment
Australia	The verification team ascertained that the weight quantities listed (metric ton) in the Australian sales listing reported by Hoa Sen reflects the actual weight of the goods sold.

Sales market	Assessment
Domestic	The verification team ascertained that the weight quantities listed (metric ton) in the domestic sales listing reported by Hoa Sen reflects the actual weight of the goods sold.

Table 7 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?
- Was 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?
- Was 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).

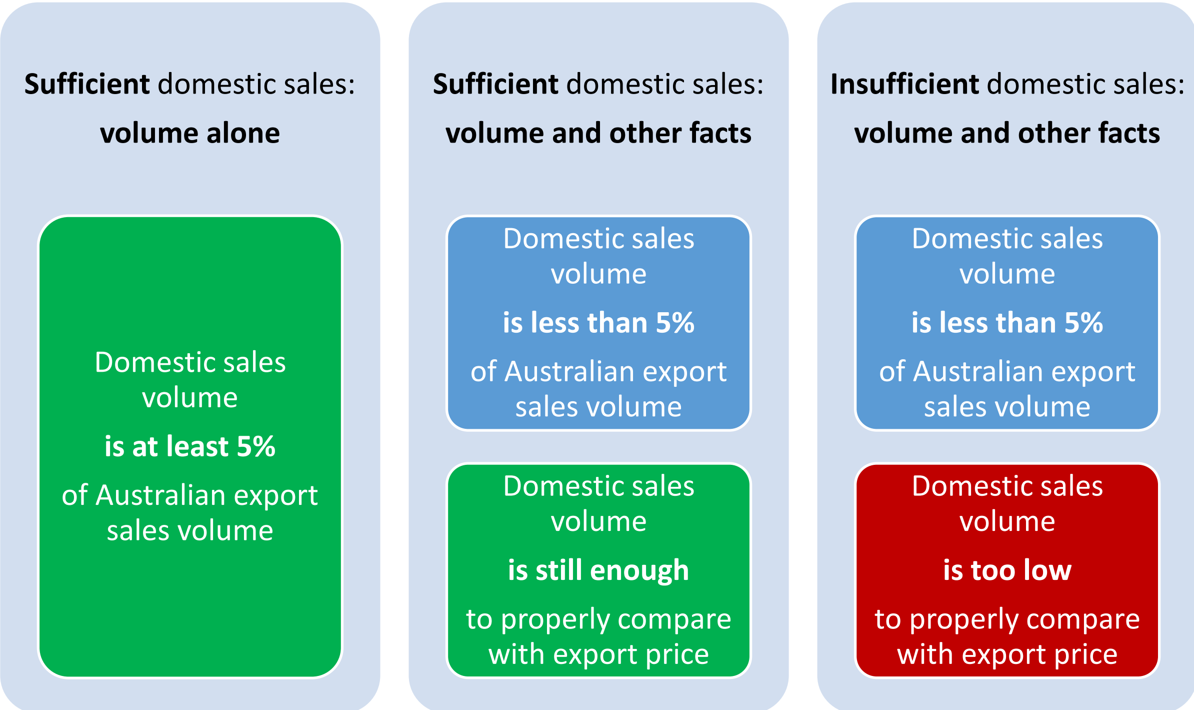

Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

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.

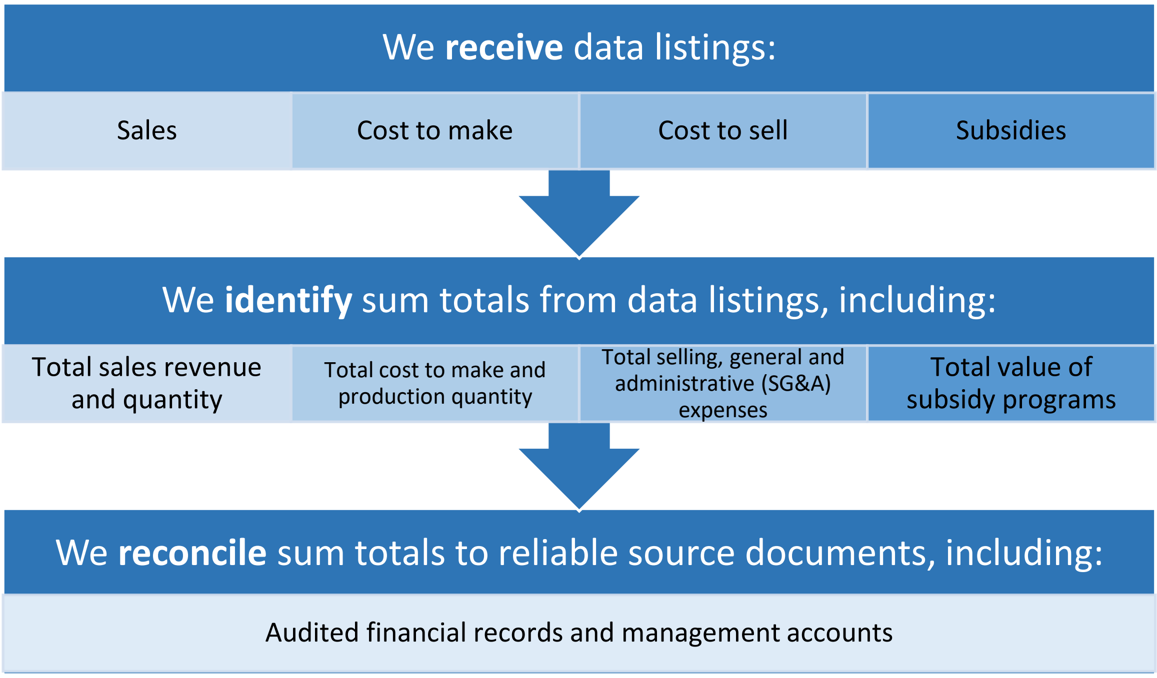

Figure 2 How the commission verifies data as complete and relevant

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.

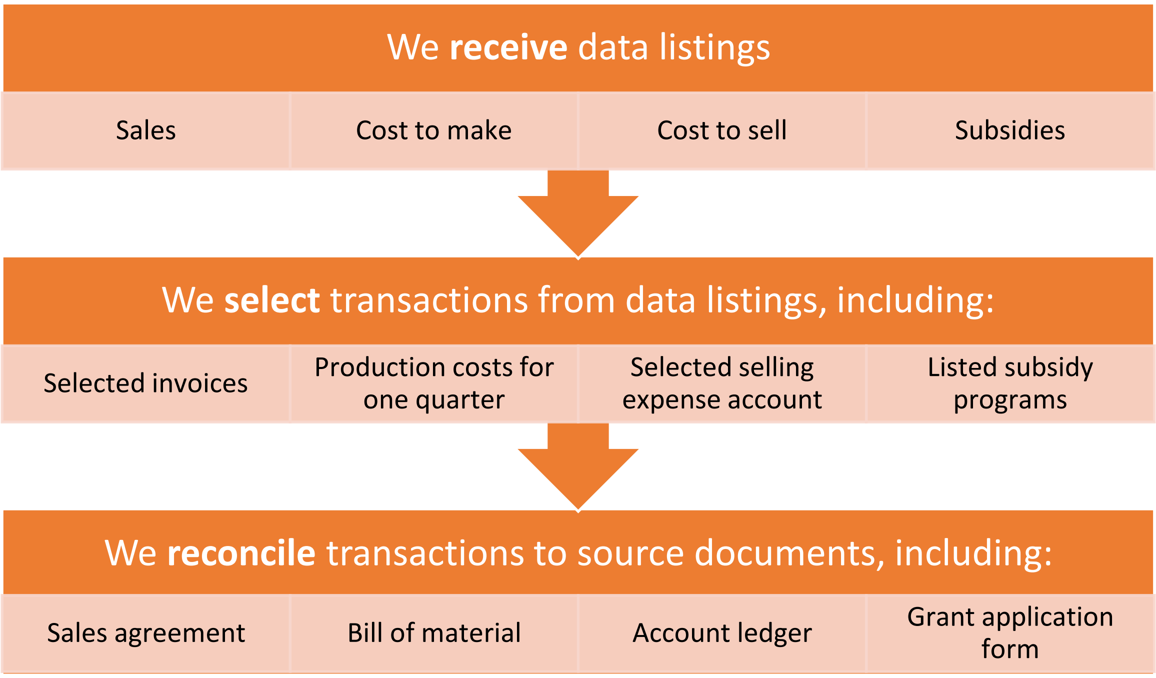

Figure 3 How the commission verifies data as +accurate

ATTACHMENT 1: LIST OF MCCS PRODUCED OR SOLD

Sales MCC	Australian sales	Domestic sales	Costs MCC
N-1-A-1-2-C	No	Yes	1-A-1-2-C
N-1-A-2-2-C	No	Yes	1-A-2-2-C
N-1-A-3-2-C	No	Yes	1-A-3-2-C
P-1-A-5-2-C	No	Yes	1-A-5-2-C
N-1-C-1-2-C	No	Yes	1-C-1-2-C
N-1-C-3-2-C	No	Yes	1-C-3-2-C
N-1-C-5-2-C	No	Yes	1-C-5-2-C
N-1-D-1-2-C	No	Yes	1-D-1-2-C
N-1-D-2-2-C	No	Yes	1-D-2-2-C
N-1-D-3-2-C	No	Yes	1-D-3-2-C
P-1-D-3-2-C	No	Yes	
N-1-D-4-2-C	No	Yes	1-D-4-2-C
P-1-D-4-2-C	No	Yes	
N-1-D-5-2-C	No	Yes	1-D-5-2-C
P-1-D-5-2-C	No	Yes	
N-1-E-1-2-C	No	Yes	1-E-1-2-C
N-1-E-2-2-C	No	Yes	1-E-2-2-C
P-1-E-3-2-C	No	Yes	1-E-3-2-C
N-1-E-4-2-C	No	Yes	1-E-4-2-C
N-1-F-1-2-C	No	Yes	1-F-1-2-C
P-1-F-1-2-C	Yes	Yes	
P-1-F-1-2-S	No	Yes	1-F-1-2-S
N-1-F-2-2-C	No	Yes	1-F-2-2-C
P-1-F-2-2-C	No	Yes	
P-1-F-2-2-S	No	Yes	1-F-2-2-S
N-1-F-3-2-C	No	Yes	1-F-3-2-C
P-1-F-3-2-C	No	Yes	
P-1-F-3-2-S	No	Yes	1-F-3-2-S
N-1-F-4-2-C	No	Yes	1-F-4-2-C
P-1-F-4-2-C	No	Yes	
N-1-F-5-2-C	No	Yes	1-F-5-2-C
N-2-A-1-2-C	No	Yes	2-A-1-2-C
N-2-C-2-2-C	No	Yes	2-C-2-2-C
N-2-C-3-2-C	No	Yes	2-C-3-2-C
N-2-C-5-2-C	No	Yes	2-C-5-2-C

N-2-D-1-2-C	No	Yes	2-D-1-2-C
N-2-D-2-2-C	No	Yes	2-D-2-2-C
N-2-D-3-2-C	No	Yes	2-D-3-2-C
P-2-D-3-2-C	No	Yes	
N-2-D-4-2-C	No	Yes	2-D-4-2-C
P-2-D-4-2-C	Yes	Yes	
N-2-D-5-2-C	No	Yes	2-D-5-2-C
P-2-D-5-2-C	No	Yes	
N-2-D-6-2-C	No	Yes	2-D-6-2-C
N-2-E-2-2-C	No	Yes	2-E-2-2-C
N-2-E-3-2-C	No	Yes	2-E-3-2-C
N-2-E-4-2-C	No	Yes	2-E-4-2-C
P-2-E-4-2-C	No	Yes	
N-2-E-5-2-C	Yes	Yes	2-E-5-2-C
P-2-E-5-2-C	No	Yes	
N-2-F-1-2-C	No	Yes	2-F-1-2-C
N-2-F-2-2-C	No	Yes	2-F-2-2-C
P-2-F-2-2-C	Yes	Yes	
N-2-F-3-2-C	No	Yes	2-F-3-2-C
P-2-F-3-2-C	No	Yes	
N-2-F-4-2-C	No	Yes	2-F-4-2-C
N-2-F-5-2-C	No	Yes	2-F-5-2-C
P-2-F-5-2-C	No	Yes	
N-2-F-6-2-C	No	Yes	2-F-6-2-C
N-3-D-2-2-C	No	Yes	3-D-2-2-C
N-3-D-3-2-C	No	Yes	3-D-3-2-C
N-3-D-4-2-C	No	Yes	3-D-4-2-C
P-3-D-4-2-C	No	Yes	
N-3-D-5-2-C	No	Yes	3-D-5-2-C
P-3-D-5-2-C	No	Yes	
N-3-F-2-2-C	No	Yes	3-F-2-2-C
N-3-F-3-2-C	No	Yes	3-F-3-2-C
N-3-F-5-2-C	No	Yes	3-F-5-2-C