



Exporter Verification Report

Verification & Case Details

Initiation Date	18 March 2019	ADN:	2019/35
Case:	Power Transformers - Dumping Investigation - Wilson Transformer Company Pty Ltd - China		
Case Number	507		
Exporter	Siemens Transformer (Jinan) Co., Ltd and Siemens Transformer (Wuhan) Co., Ltd		
Location	Jinan, The People's Republic of China		
Verification from	22 May 2019	to	27 May 2019
Investigation Period	1 January 2016	to	31 December 2018

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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BACKGROUND AND PURPOSE

Siemens Transformer (Jinan) Co., Ltd (Siemens Jinan) and Siemens Transformer (Wuhan) Co., Ltd (Siemens Wuhan) provided the Anti-Dumping Commission (the Commission) with a response to the exporter questionnaire (REQ). The verification team undertook a full on-site verification of the data provided by Siemens Jinan on the basis that it accounted for a larger volume of exports. A risk based benchmark analysis and downwards sales verification of the data provided by Siemens Wuhan was completed. This report will primarily detail the outcome of the Siemens Jinan verification, with a single chapter dedicated to the verification of Siemens Wuhan.

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Siemens Jinan, Siemens Wuhan and Siemens Transformer (Guangzhou) Co., Ltd (Siemens Guangzhou), manufacture and export power transformers from the People's Republic of China (China).

All three companies are independent legal entities operating in China with a common shareholder, Siemens Ltd. China (Beijing) (Siemens China). Siemens China is wholly owned by Siemens Aktiengesellschaft (Siemens AG). Siemens AG has been a publically listed company in Germany since 8 March 1899.

Siemens Jinan is a joint venture established between Siemens China and XD Jinan Transformer Group Co., Ltd. Prior to August 2011 Siemens Jinan's company name was Siemens Transformer Co., Ltd.

Siemens Financial Services (Siemens FS) is a Siemens owned financial institution that offers global financial services to all Siemens companies. The Siemens group of companies is a multi-national organisation. The Siemens Transformer business has 19 manufacturing locations in 13 countries.

Some raw materials are sourced from related Siemens entities. These entities are:

- Siemens High Voltage Circuit Breaker Co., Ltd;
- Siemens Medium Voltage Switching Technologies (Wuxi) Ltd;
- Siemens High Voltage Switchgear Co., Ltd. Shanghai;
- Siemens Surge Arresters Ltd; and
- Trench High Voltage Products Ltd.

Siemens Ltd (Siemens Australia) is the Australian customer of both Siemens Jinan and Siemens Wuhan.

1.2 Related parties

The verification team examined the relationships between related parties involved in the manufacture and sale of the goods.

1.2.1 Related customers

Siemens Jinan sells all goods exported to Australia to one related Australian entity, Siemens Australia. Siemens Australia is the responsible entity for tendering with the end-user in Australia.

On the domestic market, Siemens Jinan sells like goods to one Chinese related entity, Siemens China. In addition, Siemens Jinan sells like goods to unrelated domestic entities.

Siemens Jinan explained that all transactions between related entities are arms length transactions in accordance with Siemens' global policies. Siemens Jinan provided the verification team with documents in support of cross border transactions, intercompany transactions and payments terms.

The verification team are satisfied that all transactions between related entities are at arms length and not influenced by a commercial relationship.

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1.2.2 Related suppliers

Some raw materials and components are sourced from related entities as listed in section 1.1. The verification team found no evidence that prices of these supplies were influenced by a commercial relationship.

The verification team are satisfied that raw materials purchased from related parties are arms length transactions.

2 THE GOODS AND LIKE GOODS

2.1 Production process

The production of power transformers include the following processes:

- Construction of the windings
- Core construction, including cutting and stacking
- Assembly of the active part (core and windings)
- Connection of some accessories (leads)
- Drying of the active part
- Final assembly of remaining accessories and components
- Oil filling
- Testing
- Dispatch

For exported goods, the power transformers will be partially dismantled and packaged for shipping. Like goods sold on the domestic market are transported intact with little or no packaging.

2.2 Model control codes (MCCs)

Siemens Jinan provided sales and cost data in its response to the exporter questionnaire in accordance with the MCC structure detailed in Consideration Report No. 507.

2.3 The goods exported to Australia

The verification team are satisfied that Siemens Jinan produced and exported the goods to Australia during the investigation period.

2.4 Like goods sold on the domestic market

The verification team are satisfied that Siemens Jinan sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- the goods compete in the same market sector and follow similar tendering and negotiation processes; and
- can be considered functionally alike, as they have similar end uses.

2.5 Model matching

Power transformers manufactured by Siemens Jinan are made to order according to bespoke specifications. Each model is unique and as such are not necessarily comparable to any other sale.¹ For this reason the Model Matching Code (MCC) structure is not considered to be meaningful for the goods subject to measures.

2.6 Like goods – assessment

The verification team considers that the goods produced by Siemens Jinan for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore ‘like goods’ in accordance with subsection 269T(1) of the *Customs Act 1901* (the Act).²

¹ Refer ADN No. 2019/35 for specific case details and ADN No. 2018/128 for the Commission’s policy regarding MCC. Both notices can be found on the Commission’s website at: www.adcommission.gov.au

² References to any section or subsection in this report relate to provisions of the Act, unless specifically stated otherwise.

3 UPWARDS VERIFICATION OF SALES

3.1 Verification of sales completeness and relevance

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The verification team verified the completeness and relevance of the export and domestic sales listings provided in the REQ by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

Siemens Jinan was able show the annual sales figures for the Investigation Period (IP) starting 1 January 2016 to 31 December 2018 in their SAP system. These reconciled to the audited financial statements. Siemens Jinan demonstrated how these could be reconciled to the sales listings provided with the REQ by downloading a complete extract of all company sales from SAP for each calendar year. Each project was categorised by its specification and split between domestic, Australian exports and third country exports. The amounts for these all reconciled from the financial statements into the individual sales listings.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

3.1.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution	Evidence Relied On
1	The verification team identified that Siemens Jinan had not included all third country sales that meet the goods description under the category "Goods under consideration" in their sales summary spreadsheets.	The verification team were able to identify all category of sales in the SAP extract, including all third country sales, goods under consideration and goods that fall outside the goods description and update the sales summary spreadsheet accordingly. The verification team was not required to update domestic or export sales listing.	SAP sales listing for 2016, 2017 and 2018.

3.2 Completeness and relevance finding

The verification team are satisfied that the sales data provided in the exporter questionnaire response by Siemens Jinan, including any required amendments as outlined as an exception above, is complete and relevant. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

4 DOWNWARDS VERIFICATION OF SALES

4.1 Verification of sales accuracy

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data and cost data down to source documents. This verifies the accuracy of the data (e.g. for sales data, the volume and value of the records for selected transactions are accurate and reflect sales that did occur). The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

4.2 Sales accuracy finding

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

The verification team are satisfied that the sales data provided in the exporter questionnaire response by Siemens Jinan is accurate.

5 COST TO MAKE AND SELL

5.1 Verification of completeness and relevance of CTMS data

The verification team verified the completeness and relevance the cost to make and sell (CTMS) information provided in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

5.2 Completeness and relevance finding of CTMS data

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

The verification team are satisfied that the cost to make and sell data provided in the exporter questionnaire response by Siemens Jinan and Siemens Wuhan is complete and relevant.

5.3 Verification of CTMS allocation methodology

The verification team verified the reasonableness of the methodology used to allocate the CTMS information provided in the REQ to the relevant models, in accordance with ADN No. 2016/30.

Cost Area	Methodology Applied	Evidence Relied On
Raw Materials	Actual direct cost incurred by each project	SAP system and source documents including invoices and purchase orders.
Scrap Allocation	There was no allocation of scrap to each project	Verification of costs to financial statements
Manufacturing Overheads	Actual cost allocated by labour hours to each project	SAP System and source documents including invoices and purchase orders
Labour	Actual working hours by the planned hourly rate	SAP system
Depreciation	Straight-line depreciation method allocated to each project based on labour hours	SAP system and asset register
Packaging	Actual direct costs incurred by each project	SAP system and source documents including invoices

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5.4 Verification of CTMS methodology finding

The verification team are satisfied that the allocation methodology for the cost to make and sell (CTMS) data provided in the exporter questionnaire response by Siemens Jinan is reasonable.

5.5 Verification of accuracy of CTMS data

The verification team verified the accuracy of the CTMS information provided in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

5.6 Accuracy finding of CTMS data

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at Confidential Attachment 1.

The verification team are satisfied that the cost to make and sell data provided in the exporter questionnaire response by Siemens Jinan is accurate.

6 EXPORT PRICE

6.1 The importer

In relation to the goods exported by Siemens Jinan to Australia, the verification team considers that the customer listed for each shipment, Siemens Australia was the beneficial owner of the goods at the time of importation, and therefore was the importer of the goods.

6.2 The exporter

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.

The verification team were satisfied that for all Australian export sales during the period the verification team considers Siemens Jinan to be the exporter of the goods.

6.3 Arms length

In respect of Siemens Jinan's Australian sales of the goods during the period, the verification team 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 receive a benefit for, or in respect of, the whole or any part of the price.³

The verification team therefore considers that all export sales to Australia made by Siemens Jinan during the period were arms length transactions.

6.4 Export price – assessment

In respect of Australian sales of the goods by Siemens Jinan, the verification team recommends that the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

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

³ Section 269TAA of the Act refers.

7 DOMESTIC SALES SUITABILITY

The verification team has assessed the domestic sales to determine if the prices paid in respect of domestic sales of like goods are suitable for assessing normal value under subsection 269TAC(1).

7.1 Arms length

In respect of domestic sales of the goods made by Siemens Jinan to its customers during the review period, the verification team 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 not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by Siemens Jinan to its domestic customer during the period were arm's length transactions.

7.2 Ordinary course of trade

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

The verification team compared the revenue (i.e. net sales value) for each domestic sale of like goods to the corresponding domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20 per cent for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the investigation period. However, due to the nature of power transformers being produced by Siemens Jinan on a project by project basis, the CTMS, which in this case is calculated on a project specific basis, is equal to the weighted average CTMS over the investigation period. Those sales found to be unrecoverable were considered not to be in the ordinary course of trade.

The verification team's assessment of domestic sales in OCOT are at **Confidential Appendix 3**.

7.3 Suitability of domestic sales

As power transformers produced by Siemens Jinan are individually designed and engineered to meet the customer's specifications, the verification team considers that each power transformer design constitutes a unique model, and that model matching between Australian and domestic models to determine a normal value under subsection 269TAC(1) is not possible when power transformer designs differ substantially from project to project. As a result, in line with subsection 269TAC(2)(a)(i), there is an absence of *relevant* sales of like goods on the domestic market in China for the purposes of calculating the normal value under subsection 269TAC(1).

Therefore normal values in this circumstance have been constructed under subsection 269TAC(2)(c), using the costs to make the goods that were exported to Australia, plus SG&A costs applicable to the goods sold domestically, and an additional amount for profit.

7.4 Profit

Where the Commission is required to calculate a normal value under section 269TAC(2)(c), an amount of profit must be determined. The verification team has calculated an amount of profit based on the profit achieved on domestic sales of power transformers in the OCOT in accordance with Subsection 45(2) of the Regulation.

The verification team's preliminary calculation of domestic profit is at **Confidential Appendix 3**.

8 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at free-on-board (FOB) terms, the verification team has considered the following adjustments in accordance with subsection 269TAC(9).

8.1 Rationale and methodology

Adjustment Type	Rationale for Adjustment	Calculation Methodology	Evidence	Claimed in REQ?
Domestic credit terms	Downwards adjustment to the normal value for domestic credit to ensure a fair comparison to the FOB export price.	Based on interest rate and average account receivable turnover ratio for domestic sales verified at the visit.	Accounts receivable ledgers from SAP for each year of the investigation period.	N
Export inland transport	An upwards adjustment to the normal value for inland transport to ensure a fair comparison to the FOB export price.	Based on the weighted average cost per unit for those expenses incurred over the investigation period.	Source documents provided in downwards verification of export sales.	Y
Export packaging	An upwards adjustment to the normal value for packaging to ensure a fair comparison to the FOB export price.	Based on the weighted average cost per tonne for those expenses incurred over the review period.	Source documents provided in downwards verification of export sales.	Y
Export credit terms	An upwards adjustment to the normal value for export credit terms to ensure a fair comparison to the FOB export price.	Based on interest rate and average account receivable turnover ratio for export sales verified at the visit.	Accounts receivable ledgers from SAP for each year of the investigation period.	N

8.2 Adjustments

Adjustment Type	Deduction/addition
Domestic credit terms	Deduction
Export inland transport	Addition
Export packaging	Addition
Export credit terms	Addition

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 4**.

9 NORMAL VALUE

The verification team is satisfied that because of the absence of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a normal value, the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1).

The verification team has therefore calculated a preliminary normal value under subsection 269TAC(2)(c).

The verification team's preliminary normal value calculations are at **Confidential Appendix 4**.

10 DUMPING MARGIN

The dumping margin has been assessed by comparing weighted average Australian export prices to the corresponding weighted average normal value for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The dumping margin in respect of the goods exported to Australia by Siemens Jinan for the period is **-10.2 per cent**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 5**.

11 SIEMENS WUHAN BENCHMARK VERIFICATION

11.1 Benchmark verification

The verification team assessed the information provided by Siemens Wuhan in its REQ and the verification activities from investigation 219.⁴ Based on this information, it is considered that it is suitable to conduct a benchmark verification with respect to power transformers exported by Siemens Wuhan to Australia from China.

The benchmark verification involves comparing key variables to those of Siemens Jinan. The data provided by Siemens Jinan was subject to a comprehensive on-site verification, as detailed in this report. Due to the nature and size of the goods manufactured in each Siemens factory, it is not reasonable to compare the variable factors directly. Therefore the verification team have conducted the benchmark analysis by comparing key cost variables as proportion of revenue for each exporter.

Where benchmarking identifies results that are inconsistent with expectations, the verification team will escalate the level of verification and may consider a partial or full verification.

The verification team found that the benchmarking analysis is consistent with the expected results and can be considered reliable for the purposes of determining an interim dumping margin.

In addition to the benchmark analysis, the verification team tested the accuracy of the data by reconciling selected data submitted “downwards” to source documents. This verification was done on-site at Siemens Jinan during its verification visit. The verification team identified one inconsistency where the manual input of a date was mistyped. Siemens Wuhan were able to provide an updated listing with the correct date.

The verification team’s benchmark analysis is at **Confidential Appendix 6**.

11.2 Corporate structure and ownership

Siemens Wuhan provided information in its REQ related to the ownership and structure of its company. Siemens Wuhan is wholly owned by Siemens China. Further details are outlined in section 2.1 of this report.

11.3 Related customers and suppliers

The verification team identified that Siemens Wuhan has the same related customers and suppliers as Siemens Jinan. (Refer to section 2.2 of this report).

11.4 The goods and like goods

Siemens Wuhan provided information in its REQ with respect to the production process of the goods it manufactures and sells domestically in the Chinese market and exports to Australia. The verification team are satisfied that the production process is identical to that of Siemens Jinan, despite manufacturing different sized goods.

⁴ Investigation 219 was terminated in relation to China, in December 2014.

11.4.1 Goods exported to Australia

The verification team are satisfied that Siemens Wuhan produced and exported the goods to Australia during the investigation period.

11.4.2 Like goods sold on the domestic market

The verification team are satisfied that Siemens Wuhan sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- the goods compete in the same market sector and follow similar tendering and negotiation processes; and
- can be considered functionally alike, as they have similar end uses.

11.4.3 Model matching

Power transformers manufactured by Siemens Wuhan are made to order according to bespoke specifications. Each model is unique and as such are not necessarily comparable to any other sale.⁵ For this reason the Model Matching Code (MCC) structure is not considered to be meaningful for the goods subject to measures.

11.4.4 Like goods – assessment

Based on the information provided in Siemens Wuhan's REQ and consistent with the verification activities undertaken, the verification team considers that the goods produced by Siemens Wuhan for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods in accordance with subsection 269T(1).

11.5 Export price

11.5.1 The importers

In relation to the goods exported by Siemens Wuhan to Australia, the verification team considers that the customer listed for each shipment, Siemens Australia, was the beneficial owner of the goods at the time of importation, and therefore was the importer of the goods.

11.5.2 The exporter

Section 7.2 of this report outlines the Commission's policy regarding identifying an exporter.

⁵ Refer ADN No. 2019/35 for specific case details and ADN No. 2018/128 for the Commission's policy regarding MCC. Both notices can be found on the Commission's website at: www.adcommission.gov.au

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The verification team were satisfied that for all Australian export sales during the period the verification team considers Siemens Wuhan to be the exporter of the goods.

11.5.3 Arms length

In respect of Siemens Wuhan's Australian sales of the goods during the period, the verification team 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 receive a benefit for, or in respect of, the whole or any part of the price.⁶

The verification team therefore considers that all export sales to Australia made by Siemens Wuhan during the period were arms length transactions.

11.5.4 Export price assessment

In respect of Australian sales of the goods by Siemens Wuhan, the verification team recommends that the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

The verification team's preliminary export price calculations are at **Confidential Appendix 7**.

11.6 Domestic sales suitability

The verification team has assessed the domestic sales to determine if the prices paid in respect of domestic sales of like goods are suitable for assessing normal value under subsection 269TAC(1).

11.6.1 Arms length

In respect of domestic sales of the goods made by Siemens Wuhan to its customers during the review period, the verification team 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 not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by Siemens Wuhan to its domestic customer during the period were arm's length transactions.

11.6.2 Ordinary course of trade

As discussed at section 7.2 of this report, section 269TAAD provides that if like goods are sold in the country of export at a price less than the cost of such goods, and are unrecoverable within a

⁶ Section 269TAA of the Act refers.

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reasonable period, then they are taken not to have been sold in the ordinary course of trade (OCOT).

The verification team compared the revenue (i.e. net sales value) for each domestic sale of like goods to the corresponding domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20 per cent for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the investigation period. However, due to the nature of power transformers being produced by Siemens Wuhan on a project by project basis, the CTMS, which in this case is calculated on a project specific basis, is equal to the weighted average CTMS over the investigation period. Those sales found to be unrecoverable were considered not to be in the ordinary course of trade.

The verification team's assessment of domestic sales in OCOT are at **Confidential Appendix 9**.

11.6.3 Suitability of domestic sales

As power transformers produced by Siemens Wuhan are individually designed and engineered to meet the customer's specifications, the verification team considers that each power transformer design constitutes a unique model, and that model matching between Australian and domestic models to determine a normal value under subsection 269TAC(1) is not possible when power transformer designs differ substantially from project to project. As a result, in line with subsection 269TAC(2)(a)(i), there is an absence of *relevant* sales of like goods on the domestic market in China for the purposes of calculating the normal value under subsection 269TAC(1).

Therefore normal values in this circumstance have been constructed under subsection 269TAC(2)(c), using the costs to make the goods that were exported to Australia, plus SG&A costs applicable to the goods sold domestically, and an additional amount for profit.

11.6.4 Profit

Where the Commission is required to calculate a normal value under section 269TAC(2)(c), an amount of profit must be determined. The verification team has calculated an amount of profit based on the profit achieved on domestic sales of power transformers in the OCOT in accordance with Subsection 45(2) of the Regulation.

The verification team's preliminary calculation of domestic profit is at **Confidential Appendix 9**.

11.7 Adjustments

To ensure the normal value is comparable to the export price of goods exported to Australia at free-on-board (FOB) terms, the verification team has considered the following adjustments in accordance with subsection 269TAC(9).

11.7.1 Rationale and methodology

Adjustment Type	Rationale for Adjustment	Calculation Methodology	Evidence	Claimed in REQ?
Domestic credit terms	Downwards adjustment to the normal value for domestic credit to ensure a fair comparison to the FOB export price.	Based on interest rate and average account receivable turnover ratio for Siemens Jinan's domestic sales verified at the visit.	Siemens Jinan accounts receivable ledgers from SAP for each year of the investigation period.	N
Export inland transport	An upwards adjustment to the normal value for inland transport to ensure a fair comparison to the FOB export price.	Based on the weighted average cost per unit for those expenses incurred over the investigation period.	Source documents provided in downwards verification of export sales.	Y
Export packaging	An upwards adjustment to the normal value for packaging to ensure a fair comparison to the FOB export price.	Based on the weighted average cost per tonne for those expenses incurred over the review period.	Source documents provided in downwards verification of export sales.	Y
Export credit terms	An upwards adjustment to the normal value for export credit terms to ensure a fair comparison to the FOB export price.	Based on interest rate and average account receivable turnover ratio for Siemens Jinan's export sales verified at the visit.	Accounts receivable ledgers from SAP for each year of the investigation period.	N

11.7.2 Adjustments

Adjustment Type	Deduction/addition
Domestic credit terms	Deduction
Export inland transport	Addition
Export packaging	Addition
Export credit terms	Addition

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 10**.

11.8 Normal value

The verification team is satisfied that because of the absence of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a normal value, the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1).

The verification team has therefore calculated a preliminary normal value under subsection 269TAC(2)(c).

The verification team's preliminary normal value calculations are at **Confidential Appendix 10**.

11.9 Dumping margin

The dumping margin has been assessed by comparing weighted average Australian export prices to the corresponding weighted average normal value for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The dumping margin in respect of the goods exported to Australia by Siemens Wuhan for the period is **-3.7 per cent**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 11**.

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Siemens Jinan export price
Confidential Appendix 2	Siemens Jinan cost to make and sell
Confidential Appendix 3	Siemens Jinan domestic sales, OCOT and profitability
Confidential Appendix 4	Siemens Jinan normal value
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Confidential Appendix 7	Siemens Wuhan export price
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Confidential Attachment 1	Verification work program