



Exporter Verification Report

Verification & Case Details

Initiation Date	26 April 2019	ADN:	2019/59
Case:	Aluminium Extrusions - Review and Revoke Measure - Malaysia - EverPress Aluminium Industries Sdn Bhd		
Case Number	509		
Exporter	EverPress Aluminium Industries Sdn Bhd		
Location	Remote verification		
Review Period	1 April 2018	to	31 March 2019

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

CONTENTS

CONTENTS..... 2

1 BACKGROUND..... 3

1.1 BENCHMARK VERIFICATION3

1.2 COOPERATION OF THE EXPORTER3

1.3 CORPORATE STRUCTURE AND OWNERSHIP.....3

1.4 RELATED PARTIES.....3

2 THE GOODS AND LIKE GOODS..... 4

2.1 PRODUCTION PROCESS4

2.2 MODEL CONTROL CODES (MCCs)4

2.3 THE GOODS EXPORTED TO AUSTRALIA4

2.4 LIKE GOODS SOLD ON THE DOMESTIC MARKET4

2.5 MODEL MATCHING.....5

2.6 LIKE GOODS – ASSESSMENT.....5

3 EXPORT PRICE 6

3.1 THE IMPORTERS.....6

3.2 THE EXPORTER.....6

3.3 ARMS LENGTH6

3.4 EXPORT PRICE – ASSESSMENT.....6

4 DOMESTIC SALES SUITABILITY 7

4.1 ARMS LENGTH7

4.2 ORDINARY COURSE OF TRADE7

4.3 SUITABILITY OF DOMESTIC SALES8

4.4 PROFIT.....8

5 ADJUSTMENTS 9

5.1 RATIONALE AND METHODOLOGY9

5.2 ADJUSTMENTS.....9

6 NORMAL VALUE10

7 DUMPING MARGIN11

8 SUBSIDIES12

8.1 PROGRAM 4: DOUBLE DEDUCTION FOR FREIGHT CHARGES FROM SABAH OR SARAWAK12

8.2 PROGRAM 6: REINVESTMENT ALLOWANCE.....12

8.3 SUBSIDY MARGIN12

9 APPENDICES AND ATTACHMENTS.....13

1 BACKGROUND

1.1 Benchmark verification

The case team assessed the information provided by EverPress Aluminium Industries Sdn Bhd (EverPress) in its response to the Anti-Dumping Commission's (the Commission's) exporter questionnaire (REQ) and, based on this information, found that it is suitable to conduct a benchmark verification with respect to aluminium extrusions exported by EverPress to Australia Malaysia during the period 1 April 2018 to 31 March 2019 (the review period).

The benchmark verification involves comparing key variables to other data verified by the Commission. Key variables analysed in this benchmark exercise are costs, normal values, export prices, and any subsidy programs. The analysis is used to assess reliability of the data provided by EverPress in its REQ.

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 resulting ascertained variable factors are consistent with expected values and can be considered reliable for the purposes of determining an interim dumping and subsidy margin.

Details of the benchmark verification assessment is contained in **Confidential Attachment A**.

1.2 Cooperation of the exporter

The Commissioner of the Anti-Dumping Commission (the Commissioner) has determined EverPress to be an uncooperative exporter and non-cooperating entity for the purposes of review 509.

The Commission received a response to its exporter questionnaire from EverPress, however the response was received after the legislated due date. As EverPress provided a late response to the Commission's exporter questionnaire and did not request an extension of time within the legislated period,¹ it must be deemed an uncooperative exporter and a non-cooperative entity.

Notwithstanding this determination, the Commission will consider the submission from EverPress as a late response in accordance with section 7 of the *Customs (Extensions of Time and Non-cooperation) Direction 2015*.

1.3 Corporate Structure and Ownership

EverPress is a private company owned by a holding company and individuals. EverPress has a number of subsidiary companies. EverPress manufactures aluminium extrusions and sells to domestic and international retailers, distributors other manufacturers.

1.4 Related Parties

The verification team examined the relationships between parties involved in the manufacture and sale of the goods, finding no evidence of related customers or suppliers.

¹ As is allowed under Part XVB of the *Customs Act 1901*.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

EverPress sources aluminium billet from unrelated suppliers. The billet is heated and pressed, under pressure, through a die to create a profile. This is then cut to specified lengths. The extrusion, at this stage, is mill finish. Where there is no further finishing or fabrication, the extrusions will be packed, ready for sale or transport.

The processing for anodised and powder coated finishes is outsourced by EverPress. An unrelated contractor, co-located in the same factory as EverPress, processes naturally anodised finishes. For all other anodised and powder coated finishes, EverPress transports off-site to specialist contractors.

2.2 Model Control Codes (MCCs)

EverPress provided sales and cost data in its response to the exporter questionnaire in accordance with the MCC structure detailed in Consideration Report No. 509.

2.3 The goods exported to Australia

The verification team were satisfied that EverPress produced and exported the goods to Australia. EverPress exported the goods to Australia with the following models control codes (MCCs) during the period:

- A-63-T5
- M-63-T5
- PC-63-T5

2.4 Like goods sold on the domestic market

The verification team were satisfied that EverPress 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, as:
 - the exported goods and goods sold on the domestic market are produced in the same way
 - are subject to individual customer specifications, and
 - the costs of production for models sold domestically and for export are the same;
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- the goods compete in the same market sector, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

PUBLIC RECORD

EverPress sold like goods on the domestic market with the following MCCs during the period:

- A-61-T6
- A-63-T5
- M-05-T5
- M-05-T6
- M-08-T6
- M-61-T6
- M-63-T4
- M-63-T5
- M-63-T6
- M-70-T4
- M-82-T6
- PC-63-T5

2.4.1 Exception

No.	Exception	Resolution	Evidence relied on
1	In its REQ at point C-2 in the questionnaire, EverPress did not include the MCC for its powder coated model. However, in its domestic sales listing a number of sales were identified for this model.	The verification team are satisfied that EverPress also sold the MCC PC-63-T5 model on the domestic market in Malaysia.	Domestic sales and cost data provided by EverPress in its REQ.

2.5 Model matching

The verification team considered the following categories when comparing sales of domestic models and export models.

Category	Characteristics of Category & Rationale for Model Matching	Used in Model Matching
Finish	Substantial element in price determination	Y
Alloy	Difference in alloy used to distinguish with respect to sales and cost data	Y
Temper	Difference in temper used to distinguish with respect to sales data	Y

2.6 Like goods – assessment

The verification team considers that the goods produced by EverPress 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

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

3 EXPORT PRICE

On the basis that the Commissioner has determined EverPress to be an uncooperative exporter and non-cooperating entity, the verification team recommends that export price be determined under subsection 269TAB(3), having regard to all relevant information.

3.1 The importers

In relation to the goods exported by EverPress to Australia, the verification team considers that the customers listed for each shipment were the beneficial owners of the goods at the time of importation, and therefore were the importers of the goods.

3.2 The exporter

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

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.

3.3 Arms length

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

This is on the basis that the verification team found no evidence, with respect to EverPress' Australian sales of the goods during the period, 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

3.4 Export Price – assessment

The verification team recommends that the export price be determined as the price paid by the importer to the exporter less transport and other costs arising after exportation.

In its REQ, EverPress separated the additional cost of cardboard packaging associated with its export sales to Australia. It is the verification team's view that this cost is a component in the export price and has allocated the cost, based on weight, for each shipment to Australia of the goods.

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

³ Section 269TAA of the Act refers.

4 DOMESTIC SALES SUITABILITY

On the basis that the Commissioner has determined EverPress to be an uncooperative exporter and non-cooperating entity, the verification team recommends that normal value be determined under subsection 269TAC(6).

Notwithstanding its recommendation, 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 determining normal value.

Specifically, the verification team has assessed domestic sales of like goods by examining if sales are:

- arms length transactions;
- in the ordinary course of trade; and
- sold in sufficient volumes

In making its assessment, the verification team has examined domestic sales made to customers at the same level of trade and considers that there is no evidence that the difference in trade has an effect on price.

4.1 Arms length

The verification team considers that all domestic sales made by EverPress to domestic customers during the period were arm's length transactions.

This is on the basis that the verification team found no evidence, in respect of domestic sales of the goods made by EverPress to its customers during the review period, 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.

4.2 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 quarterly domestic cost to make and sell (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 review period. Those sales found to be unrecoverable were considered not to be in the ordinary course of trade.

The results of the verification teams testing of the ordinary course of trade are as follows.

PUBLIC RECORD

Number of domestically sold models	Models sold in OCOT
12	9

4.3 Suitability of domestic sales

The verification team recommend that normal value be determined under subsection 269TAC(6), with respect to relevant information. In considering relevant information, the verification team has assessed if there is an absence, or low volume, of sales of like goods in the domestic market, that can be used to calculate a normal value. Low volume is defined by subsection 269TAC(14) as less than five per cent of the total volume of the goods under consideration that are exported to Australia.

The verification team's assessment of the suitability of domestic models to the models exported to Australia is detailed below:

Export MCCs	Sufficient sales of identical model sold on the domestic market	Surrogate model identified
A-63-T5	Yes	n/a
M-63-T5	Yes	n/a
PC-63-T5	Yes	n/a

4.4 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, should a normal value be required under this provision, as:

The profit achieved for sales of like goods sold by EverPress in the OCOT, pursuant to subsection 45(2) of the *Customs (International Obligations) Regulation 2018*.

5 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at ex-works (EXW) terms, the verification team has considered the following adjustments in accordance with subsection 269TAC(8).

5.1 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 EXW export price	Based on the interest rate and payment terms for domestic sales	Source documents provided in the REQ	Y
Domestic packaging	Downwards adjustment to the normal value for domestic packaging to ensure a fair comparison to the EXW export price	Based on the weighted average cost per kg for those expenses incurred over the review period	Data provided in the REQ	Y
Export packaging	Upwards adjustment to the normal value for export packaging to ensure a fair comparison to the EXW export price	Based on the weighted average cost per kg for those expenses incurred over the review period	Data provided in the REQ	Y
Export credit terms	Upwards adjustment to the normal value for export credit terms to ensure a fair comparison to the EXW export price	Based on the interest rate and payment terms for export sales	Source documents provided in the REQ	Y

EverPress also claimed in its REQ that due allowance should be given to costs arising from domestic inland transport and value added tax on domestic sales. The verification team do not consider such adjustments are required as export price and normal value are compared at prices net of relevant taxes and at EXW terms.

5.2 Adjustments

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

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

6 NORMAL VALUE

As stated in section 4 of this report, the verification team recommend that the normal value be ascertained according to subsection 269TAC(6), having regard to all relevant information, on the basis that the Commissioner determined EverPress to be an uncooperative exporter.

The verification found that, for models exported to Australia, there were sufficient volumes of domestic sales of the goods, that were arms length transactions and at prices that were within the OCOT. The verification team is therefore satisfied that the prices paid in respect of domestic sales of these models of the goods are suitable for assessing normal value.

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with subsection 269TAC(8), are necessary to ensure fair comparison of normal values with export prices, as outlined in section 5 above.

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

7 DUMPING MARGIN

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

The dumping margin in respect of the goods exported to Australia by EverPress for the review period is **negative 10.1 per cent**.

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

8 SUBSIDIES

Investigation 362 found two relevant countervailable subsidies that are applicable to the 'all other exporter' rate of duty:

Program 4: Double deduction for freight charges from Sabah or Sarawak; and
Program 6: Reinvestment allowance.

EverPress claimed in its REQ that no subsidies had been received in regards to the selling of aluminium extrusions.

The verification team verified the accuracy, completeness and relevance of the data relating to subsidy programs by reviewing financial statements in accordance with ADN No. 2016/30.

8.1 Program 4: Double deduction for freight charges from Sabah or Sarawak

From an examination of income tax returns for the years 2015 to 2017, the verification team did not find any evidence to suggest that EverPress had benefited from Program 4 in previous financial years.

As the income tax return covering the full review period had not been completed, the verification team considered EverPress' eligibility under this program. EverPress stated in its REQ that its company is located in Batang Benar, Malaysia and has business operations in Selangor, Malaysia and is therefore not able to access this program. This is supported by information provided by the Government of Malaysia in its response to the Commission's questionnaire.

8.2 Program 6: Reinvestment allowance

From an examination of EverPress' draft 2018 income tax, the verification team found evidence of a benefit received during the income tax year under this program. The verification team also identified a deferred benefit for this program, carried forward to future financial years.

8.3 Subsidy margin

The subsidy margin in respect of the goods exported to Australia by EverPress for the review period to the nearest tenth of a per cent is **0.0 per cent** (zero).

Details of the preliminary subsidy margin calculation are at **Confidential Appendix 6**.

9 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales, OCOT and profitability
Confidential Appendix 4	Normal Value
Confidential Appendix 5	Dumping Margin
Confidential Appendix 6	Subsidy Margin
Confidential Attachment 1	Benchmark report