



Exporter Verification Report

Verification & Case Details

Initiation Date	24 June 2019	ADN:	2019/83
Case:	High Density Polyethylene - Dumping Investigation - Qenos Pty Ltd - Korea, Singapore, Thailand, USA		
Case Number	515		
Exporter	Thai Polyethylene Co., Ltd. (TPE)		
Location	1 Siam Cement Road, Bangsue, Bangkok 10800 Thailand		
Verification from	21 August 2019	to	26 August 2019
Investigation 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

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1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

Thai Polyethylene Co., Ltd. (TPE) manufactured high density polyethylene (HDPE, or the goods) that were exported to Australia and sold on the domestic market in Thailand during the investigation period. TPE sold via two related commercial traders, SCG Performance Chemicals Co., Ltd. (SCG Performance) and SCG Plastics Co., Ltd. (SCG Plastics).

TPE and the traders are wholly owned by holding company SCG Chemicals Co., Ltd. (SCG Chemicals), which in turn is wholly owned by holding company Siam Cement Group. With respect to HDPE, there is one other related entity that further fabricates HDPE products – SCG ICO Polymers Co., Ltd. (SCG ICO) – which did not export the goods to Australia during the investigation period. The traders do not undertake any manufacturing or fabrication activities.

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

Australian sales

For all Australian sales, TPE exported the goods to Australia via related traders, SCG Performance and SCG Plastics. The verification team's assessment of arms length is at chapter 6.3.

The verification team did not identify any Australian customers that were related to TPE or the traders.

Domestic sales

For the majority of domestic sales, TPE sold the goods domestically via the related traders (SCG Performance and SCG Plastics). The verification team's assessment of arms length is at chapter 7.1.

TPE sold a small number of domestic sales to SCG ICO, in which SCG Chemicals has significant shareholding. SCG ICO did not export the goods to Australia during the investigation period. The verification team's assessment of arms length is at chapter 7.1.

TPE made a minor number of domestic sales to its parent company, SCG Chemicals, during the investigation period. TPE described these transactions as being sample sales. Refer to chapter 4.1.1 for the verification team's treatment of these transactions.

1.2.2 Related Suppliers

TPE purchased the key raw material, ethylene, from two related olefin manufactures during the investigation period – Rayong Olefins Co., Ltd. (ROC) and Map Ta Phut Olefins Co., Ltd. (MOC). TPE has a shareholding in the latter supplier.

TPE provided the purchase agreements for both suppliers and the verification team tested the arms length nature of these purchases when verifying the accuracy of ethylene costs to source documents. The verification team found that TPE purchased ethylene in accordance with the

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purchase agreements and with reference to global ethylene prices published by ICIS. Accordingly the verification team considers that the nature of these purchases were arms length.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

TPE summarised the production process for HDPE as follows:

- **Raw Materials:** The key raw material, ethylene, is manufactured by related entities and supplied to TPE's production facility.
- **Catalyst and polymerisation:** The catalyst is prepared, then fed into the reactor with the raw materials for polymerisation, then dried to produce HDPE powder.
- **Extrusion:** The HDPE is mixed with additives and extruded into pellets, then moved into silos.
- **Finished goods:** HDPE pellets within silos are bagged and moved to distribution centres for storage.
- **Packaging:** Bagging types vary based on size.
 - Domestic product was packed in bags including pallets, for example 25 kg normal bags and jumbo bags with pallets.
 - Export product was packed primarily in sea bulk bagging, as well as jumbo bags.
- **Despatch:** The bagged HDPE is despatched from one of several distribution centres, which are located in close proximity to TPE's factory.

TPE advised that there were no differences in the production process between the goods exported to Australia and like goods sold on the domestic market.

2.2 Model Control Codes (MCCs)

In its exporter questionnaire response, TPE provided sales and cost data in accordance with the model control codes (MCC) structure detailed in Anti-Dumping Notice (ADN) 2019/83.

In its exporter questionnaire response, TPE included three additional application categories in the MCC, being rotational moulding (R), coating (C), and wire and cable (W). Based on TPE's business divisions, accounting system, product brochures and price analysis, the verification team is satisfied that these additional application categories influence the price and are relevant to defining TPE's sales of the goods under consideration. Therefore, the verification team has accepted the additional three application categories proposed by TPE in the MCC.

The verification team's analysis is at **Confidential Attachment 1**.

2.3 The goods exported to Australia

The verification team were satisfied that TPE produced and exported the goods to Australia. TPE exported the goods to Australia with the following MCCs during the investigation period:

- A-B-N
- A-F-N
- A-I-N
- A-P-C
- A-P-N
- A-T-N

2.4 Like goods sold on the domestic market

The verification team were satisfied that TPE sold like goods in the domestic market.

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The verification team considers that the goods sold domestically 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 majority of TPE's sales are not made to order – following production, the product sits in stock until withdrawn for domestic or export sale. 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 or similar market sectors, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

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

- A-B-C
- A-B-N
- A-C-N
- A-F-N
- A-I-N
- A-I-O
- A-P-C
- A-P-N
- A-R-C
- A-R-N
- A-T-N
- A-W-C
- A-W-N
- B-B-N
- B-C-N
- B-F-N
- B-I-N
- B-P-C
- B-P-N
- B-R-C
- B-T-N
- B-W-C
- B-W-N

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
Specification (prime/non-prime)	The verification team considers the price of TPE's sales to be influenced by specification category. Therefore, specification is a relevant MCC criteria for model matching.	Yes

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Application	The verification team found that the price of TPE's sales was influenced by application category. Therefore, application category is a relevant MCC criteria for model matching.	Yes
Additive	The verification team considers the price of TPE's sales to be influenced by additive category. Therefore, additive category is a relevant MCC criteria for model matching.	Yes

The verification team observed that TPE's sales and costs are recorded in its accounting system by product grades, which typically includes information on specification, application and additives, and may include additional information on criteria like melt index and density. The verification team analysed the prices of product grades that fall under the same MCC and controlled for other variables including month, customer, level of trade and quantity. The verification team found that there were negligible price differences for product grades that fall under the same MCC. As such, the verification team considers that it is appropriate to model match on the basis of the MCC criteria set out in the table above.

2.6 Like goods – assessment

The verification team considers that the goods produced by TPE and sold domestically have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the *Customs Act 1901* (the Act).¹

¹ References to any section 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 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 exporter questionnaire response by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

For each of the entities (TPE, SCG Performance and SCG Plastics), the verification team verified the sales data submitted to the audited financial accounts as follows:

- Total revenue reported in financial year 2018 audited financial accounts was traced to SAP accounts, including adjustments for any price reductions like discounts.
- Using the same filtering process in SAP, the total revenue for the investigation period was obtained, including adjustments for price reductions.
- The total revenue from SAP for the investigation period was tied to a sales listing extracted from SAP Data Warehouse.
- The revenue for each product type sold was categorised and the revenue for HDPE could be identified.
- As SAP Data Warehouse also records the customer and market destination of the sales, HDPE sales could be categorised by Australia, domestic and third country markets.
- The revenue for HDPE was reconciled to the Australian and domestic sales listings for the investigation period.

Using the same process as above, the verification team was able to trace the total sales quantity from the SAP accounts to the sales listing extracted from SAP Data Warehouse, then to product types and markets.

The verification team identified one issue 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 it did not have sales data for a negligible number of transactions that were exported to Australia during the investigation period. The reason why these transactions were not in the sales data is because TPE had issued its invoice to the traders prior to the investigation period.	In order to include these transactions in the export sales data, the verification team determined TPE's export price as the price paid or payable by the Australian customers to the traders, less the weighted average trader margin achieved by each	Verified sales and direct selling costs data from TPE and traders. Verified selling, general and administrative expenses from the traders.

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		trader on their sales of the goods to Australia during the investigation period.	
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3.2 Completeness and Relevance Finding

The verification team is satisfied that the sales data provided in the exporter questionnaire response by TPE, and the traders, is complete and relevant.

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 down to source documents. This process 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 exporter questionnaire response by reconciling these to audited financial statements in accordance with ADN. No 2016/30.

The verification team verified Australian and domestic sales listings submitted by TPE, SCG Performance and SCG Plastics.

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**.

4.1.1 Exceptions during Verification of Sales Accuracy

No.	Exception	Resolution	Evidence Relied On
1	The verification team identified that TPE made a small number of sample sales to its parent company SCG Chemicals.	The verification team does not consider that these sample sales represent sales in the ordinary course of trade. As such, the verification team removed these sales from TPE's sales listing.	Source documents, including invoices, and description by TPE.
2	The verification team identified that a negligible number of TPE's domestic sales transactions were to transport companies for the purpose of back-charging the cost of goods damaged during transportation.	TPE did not identify which original sales transactions these back-charges related to. As such, the verification team considers it appropriate to remove these transactions from TPE's domestic sales listing.	TPE's sales listing and source documents.
3	The verification team was unable to verify credit costs relevant to TPE's domestic sales via SCG Performance on the domestic market.	The verification team revised these domestic credit costs based on the verified payment days and minimum loan rate from Bangkok Bank.	Verified payment days and minimum loan rate from Bangkok Bank used by TPE.
4	The verification team identified that TPE had listed all TPE domestic transactions as delivered. However, the verification team verified that certain transactions were made at EXW terms.	The verification team revised the delivery terms in TPE's sales listing for domestic sales.	SAP extracts, verified SCG Performance and SCG Plastics domestic sales listings and source documents.

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5	The verification team identified a minor number and quantity of transactions relating to TPE's credit notes for quantity and price, and debit notes for price. However, these transactions could not be linked to the original invoices.	As these transactions could not be linked to the original invoices, the verification team removed these transactions from TPE's sales listing.	Source documents, including debit notes.
6	The verification team identified a negligible number of domestic transactions that did not have quantities or sales values.	As these transactions did not have quantities or sales values, the verification team removed these transactions from the TPE's sales listing.	TPE's sales listing.
7	The verification team identified a negligible value and quantity of TPE transactions for which it was unable to trace to the verified trader's domestic sales listings.	The verification team removed these transactions from TPE's sales listing.	TPE's and the trader's domestic sales listings.
8	The verification team identified a negligible value of transactions relating to TPE's credit notes for quantity adjustments.	As these transactions could not be linked to the original invoices, the verification team removed these transactions from TPE's sales listing.	TPE's sales listing and source documents.

4.2 Sales Accuracy Finding

The verification team is satisfied that the sales data provided in the exporter questionnaire response by TPE, and the traders, including any required amendments as outlined as an exception above, 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.

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**.

5.1.1 Exceptions during Verification of Completeness and Relevance of CTMS data

No.	Exception	Resolution	Evidence Relied On
1	TPE provided a revised costs reconciliation which identified a variance between the audited COGS and the accounting period COGS provided in the REQ.	The verification team verified that the variance was immaterial resulting from a post-audit adjustment. The verification team also noted that the data for the investigation period was not amended.	TPE's audited 2018 financial statement 2018 and 2019 Trial Balance and Income Statements Other SAP records
2	TPE include what would normally be considered SG&A expenses as part of COGS as it considers expenses spent in relation to the factory and factory workers is a production cost, even if the expense has no relationship to production.	The verification team undertook a detailed analysis to determine the effect of including some SG&A expenses as part of production costs and found that it had an immaterial effect on the CTMS when compared to a CTMS that was calculated with SG&A separate from production.	TPE's audited 2018 financial statement 2018 and 2019 Trial Balance and Income Statements Other SAP records
3	TPE excluded finance costs, forex and other income from its SG&A calculation provided in its REQ. SG&A was lower than what is otherwise would have been.	The verification team identified relevant expenses (that were not already included in the CTM data) from TPE's 2018 and 2019 Trial balance and Income statements. The relevant expenses were included in the SG&A calculation. As TPE did not in the normal course of business allocate these expenses to the sales of product types of destination markets, the verification team calculated a general entity-wide SG&A. This had the effect of increasing the percentage SG&A (not already included in the CTM) for the investigation period and the unit SG&A allocated to sales of HDPE.	TPE's audited 2018 financial statement 2018 and 2019 Trial Balance and Income Statements Other SAP records

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4	<p>TPE pay a brand royalty fee to its parent company SCG Chemicals for use of the SCG brand. TPE identified this fee as a direct selling expense.</p> <p>The verification team considers that this should be a general expense as it is not market specific and not sales specific.</p>	<p>The verification team removed the royalty fee from direct selling expenses and added it to the calculation of SG&A.</p> <p>There were no other issues identified with the remaining direct selling expenses.</p>	<p>2018 and 2019 Trial Balance and Income Statements</p> <p>Other SAP records</p>
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5.2 Completeness and Relevance Finding of CTMS data

The verification team is satisfied that the cost to make and sell (CTMS) data provided in the exporter questionnaire response by TPE, 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**.

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 consumption of ethylene masterbatch and quantity produced	SAP
Scrap Allocation	Quantity produced	SAP
Manufacturing Overheads	Production hours and production quantity	SAP
Labour	Production hours	SAP
Depreciation	Production related allocated according to production hours	SAP
Packaging	Actual cost to quantity bagged	SAP

5.4 Verification of CTMS Methodology Finding

The verification team is satisfied that the allocation methodology for the cost to make and sell (CTMS) data provided in the exporter questionnaire response by TPE, including any required amendments as outlined as an exception above, 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**.

5.7 Accuracy Finding of CTMS data

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

6 EXPORT PRICE

6.1 The importers

In relation to the goods exported by TPE to Australia, the verification team identified that there were sales to selling agents listed for certain shipments, which were acting on behalf of Australia customers. The verification team considers that given the agent's role in the sales process, the agents were not the beneficial owners of the goods at the time of importation, and therefore were not the importers of the goods. Rather, the Australian customers were the beneficial owners of the goods at the time of importation and were the importer of the goods for these shipments.

The verification team considers that the remaining 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.

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 has found the following in relation to TPE and the traders:

- TPE was the sole manufacturer of the goods exported to Australia from Thailand during the investigation period;
- TPE arranges for, and incurs the cost of, inland transport of the goods to the port of export;
- TPE were aware that the goods were destined to Australia when making sales to the traders;
- in general, TPE keeps inventory of the goods stocked at distribution centres, from which the traders will order the goods;
- the traders do not act like distributors because they don't have their own inventory for export sales – that is, they do not take physical possession of the goods;
- the traders do not undertake any further manufacturing, fabrication or alteration of the goods exported to Australia.

The verification team considers that TPE is the exporter of the goods for all Australian export sales during the investigation period.

6.3 Arms length

TPE and the traders are related through a common parent company, SCG Chemicals. Sales from TPE to the traders is dictated by their respective sales contracts, and the price TPE receives is based on a resale pricing method that takes the end customer price negotiated between the traders and customer, less the trader's direct selling expenses. The sales contracts aims to ensure that the trader's sales operations are covered and that they do not make a loss on Australian and domestic sales.

In assessing the verified sales listings for TPE and the traders, the verification team found that the traders covered the cost of their sales operations, which included direct and indirect selling expenses.

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Further, in respect of TPE's Australian sales of the goods during the investigation 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.²

The verification team therefore considers that all Australian sales made by TPE to the traders during the investigation period were arms length transactions.

The verification team's analysis is at **Confidential Attachment 1**.

6.4 Export Price – assessment

In respect of Australian sales of the goods by TPE, the verification team recommends that the export price be cannot be determined under paragraph 269TAB(1)(a) or 269TAB(1)(b). The verification team recommends that the export price be calculated under section 269TAB(1)(c) having regard to all the circumstances of the exportation.

The *Dumping and Subsidy Manual* sets out that when an intermediary is involved, the export price, for the purposes of calculating the dumping margin, will be the price received by that exporter when selling to the intermediary, even if the intermediary is in the same country as the exporter.³ The verification team has found that for the goods exported to Australia, TPE's sales to the traders represent arms length transactions (refer chapter 6.3).

The verification team considers that it is appropriate to calculate the export price as the price paid or payable by the traders, SCG Performance and SCG Plastics, to TPE for the goods exported to Australia at free carrier (FCA) terms during the investigation period in accordance with 269TAB(1)(c).

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

² Section 269TAA of the Act refers.

³ P. 30, *Dumping and Policy Manual* (November 2018).

7 DOMESTIC SALES SUITABILITY

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

7.1 Arms length

Traders – SCG Performance and SCG Plastics

TPE and the traders (SCG Performance and SCG Plastics) are related through a common parent company, SCG Chemicals. Sales from TPE to the traders is dictated by their respective sales contracts, which is based on a resale pricing method that takes the end customer price less direct selling expenses. The sales contracts aims to ensure that the trader's sales operations are covered and that they do not make a loss on Australian and domestic sales.

In verifying TPE's sales to the traders, and the trader's sales to domestic customers, the verification team found that the traders covered the cost of their sales operations, which included direct and indirect selling expenses.

SCG ICO

TPE also sold a small number of domestic sales to SCG ICO, an entity in which SCG Chemicals has significant shareholding. The verification team analysed the prices from TPE to SCG ICO and found that, in controlling for models, sales to SCG ICO were at a higher price than sales to unrelated parties over the investigation period. The verification team does not consider that the price was influenced by the commercial relationship.

In respect of domestic sales of the goods made by TPE's during the investigation period, including sales to SCG ICO, 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 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 TPE to the traders, and to SCG ICO, during the investigation period were arms 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 quarterly 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. Those sales found to be unrecoverable were considered not to be in the ordinary course of trade.

The results of the verification team's testing of the ordinary course of trade are as follows:

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Number of Models	Models in OCOT
23	18

The verification team's calculations are at **Confidential Appendix 3**.

7.3 Suitability of domestic sales

Subparagraph 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export. Low volume is defined by section 269TAC(14) as less than 5 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 MCC	Sufficient sales of identical model sold on the domestic market	Surrogate model identified
A-B-N	Yes	Not applicable
A-F-N	Yes	Not applicable
A-I-N	Yes	Not applicable
A-P-C	Yes	Not applicable
A-P-N	Yes	Not applicable
A-T-N	Yes	Not applicable

The verification team's calculations are at **Confidential Appendix 3**.

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 as follows should a normal value be required under this provision.

The verification team calculated a weighted average profit margin by comparing the quarterly cost to make and sell, including packaging costs, on an MCC basis to TPE's domestic invoice transactions (net values) on a line-by-line basis for the investigation period.

The verification team's calculations are at **Confidential Appendix 3**.

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8 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at free carrier (FCA) terms, the verification team has considered the following adjustments in accordance with section 269TAC(8).

8.1 Rationale and Methodology

Adjustment Type	Rationale for Adjustment	Calculation Methodology	Evidence	Claimed in exporter questionnaire response?
Domestic credit terms	<p><u>TPE's credit terms</u> TPE's credit terms to the traders are consistently 15 days from invoice date. In verifying credit terms to source documents, the verification team observed that while the traders often did not pay on time, there was overall no material difference in the delay/timing of the payments between domestic and Australian markets.</p> <p>As such, the verification team has not adjusted for TPE's credit terms to the traders.</p> <p><u>Trader's credit terms</u> The traders offered credit terms to most domestic customers.</p> <p>TPE do not incur the cost of the trader's extending credit on any market. Given that the export price has been determined to be TPE's price at the FCA (delivered to port) point and that these prices have been found to be arms length, the VT considers that the cost for extending credit is only relevant to the trader's price and not TPE's.</p> <p>As such, the VT has not adjusted for the cost of credit incurred by the traders on the domestic and Australian (see below) markets.</p>	N/A	N/A	Yes

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	As such, the verification team has adjusted for the cost of credit incurred by the traders on the domestic and Australian (see below) markets.			
Domestic and export packaging	<p>TPE's packaging varies based on destination but is not <i>strictly</i> different between export and domestic markets. As such, there is some overlap in packaging types (e.g. jumbo bag 750 kg and normal value 25 kg).</p> <p>The key difference in packaging between Australia and domestic markets is that:</p> <ul style="list-style-type: none"> • all of domestic sales use bagging with <u>pallets</u>; and • Australian sales comprise mainly of 18.75 MT sea bulk bagging (<i>without pallets</i>) and some sales with big bags and pallets. <p>The cost of packaging is relevant for adjustments to the normal value because the packaging type is included on the invoice and forms part of the price, and packaging types differ between export and domestic markets.</p>	TPE calculated a weighted average cost adjustment for each packaging type using monthly actual cost data from SAP Data Warehouse.	Packaging costs by bagging type recorded monthly by SAP Data Warehouse and verified total export quantity.	Yes
Domestic inland transport	For domestic sales, TPE incurs the cost of transporting the finished goods from the distribution centre to customers.	Actual inland transport costs recorded by SAP and allocated to invoices based on total export quantity of the goods to Australia.	Actual inland transport costs recorded by SAP and verified total domestic quantity.	Yes
Export inland transport	For Australian sales, TPE incurs the cost of transporting the finished goods from the distribution centre to the port of export.	Actual inland transport costs recorded by SAP and allocated to invoices based on total export quantity of the goods to Australia.	Actual inland transport costs recorded by SAP and verified total export quantity.	Yes
Export port handling charges	<p>The verification team does not consider that the normal value should be adjusted for port handling costs given that the export price is being calculated as the price from TPE to the traders at an FCA (delivered to port of export) level.</p> <p>Given that TPE's export price is at FCA terms, and is set with reference to the trader's FOB/CFR/CIF price minus direct selling expenses (including port handling) to the FCA level, the verification team does not consider that there is a</p>	N/A	N/A	Yes

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	difference in port handling cost between export and domestic markets.			
Export credit terms	See above under 'Domestic credit terms' for rationale on why the verification team does not considers it appropriate to adjust for credit terms.	N/A	N/A	Yes
Export tax refund	Based on Thai regulations, the traders were entitled to receive a tax refund on exported HDPE produced by TPE. That is, TPE do not directly receive the benefit of the export tax refund. Given that the export price has been determined to be TPE's price to the traders at the FCA (delivered to port) point and that this has been found to be arms length, the VT considers that the tax benefit is only relevant to the traders. As such, the VT does not consider it appropriate to adjust the normal value to account for the export tax benefit received by the traders.	N/A	N/A	Yes

8.2 Adjustments

Adjustment Type	Deduct/add
Domestic packaging cost	Deduct
Domestic inland transport cost	Deduct
Export packaging cost	Add
Export inland transport cost	Add

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

9 NORMAL VALUE

The verification found that there were models with sufficient volumes of domestic sales of the goods, exported to Australia, 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 under section 269TAC(1).

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

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 quarterly 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 TPE for the investigation period is **0.7 per cent**.

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

11 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 Attachment 1	Verification work program