



## Exporter Verification Report

### Verification & Case Details

<b>Initiation Date</b>	529 – 25/10/2019 532 – 15/11/2019	<b>ADN:</b>	529 – 2019/132 532 – 2019/141
<b>Case</b>	529 - Hollow Structural Sections - Review of Measure - China, Korea, Taiwan, Malaysia, Thailand 532 - Hollow Structural Sections – Continuation Inquiry – Thailand		
<b>Case Number</b>	529 – Review of Measures 532 – Continuation Inquiry		
<b>Exporter</b>	Pacific Pipe Public Co Ltd		
<b>Location</b>	Desktop Verification		
<b>Review / Inquiry Period</b>	1 October 2018 <b>to</b> 30 September 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**

Pacific Pipe Public Co., Ltd (Pacific Pipe) is a publicly listed company on the Thai stock exchange. It is involved in the production of hollow structural sections (HSS, or the goods), which it sells domestically in the Kingdom of Thailand (Thailand) and export markets, excluding Australia.

### **1.2 Related Parties**

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

#### **1.2.1 Related suppliers**

Meesup Transport Company Limited (Meesup) provided inland transport services in relation to sales of HSS. This entity was dissolved as at 4 December 2019.

#### **1.2.2 Related customers**

Tamose Trading Company Limited (Tamose) was identified as a related party trader of HSS during the review/inquiry period. Pacific Pipe sold HSS directly to unrelated customers and also to Tamose, who then on-sold to unrelated customers.

#### **1.2.3 Accounting records**

Pacific Pipe's annual financial statements were audited and includes a statement that the financial accounts comply with Thai Generally Accepted Accounting Principles (GAAP).

Therefore, the verification team considers that the accounting records held by the company are in accordance with the GAAP of Thailand.

## **2 THE GOODS AND LIKE GOODS**

### **2.1 Production Process**

Pacific Pipe first purchases hot rolled coil (HRC) steel (black or pre-galvanised), which is then slit on-site into smaller coils. The slit coil is loaded into the production line, unrolled, and passed through a series of roller mechanisms to achieve the desired profile. The open profile then undergoes electric resistance welding to close the profile, along with the cutting of the section, thus completing the production of HSS.

The HSS can be painted, which is completed by Pacific Pipe. Subsequent to production, goods are bundled, packaged, and stored in inventory. Product is then despatched according to agreed terms with customers.

### **2.2 Model Control Codes (MCCs)**

Pacific Pipe provided sales and cost data in its response to the exporter questionnaire in accordance with the model control code (MCC) structure detailed in ADN 2019/132.

Pacific Pipe did not propose any variations to the MCC structure.

### **2.3 Verification of MCCs**

Category	Determination of the sub-category
Yield Strength	Based on the standard and grade shown on the commercial invoices.
Prime	Based on product name on commercial invoices.
Shape	Based on product descriptions and dimensioning on commercial invoices and purchase orders.
End	Not provided (optional sub-category).
Galvanised	Based on galvanisation description on commercial invoices where applicable (i.e. not non-galvanised).
Finish	Based upon additional product descriptions on commercial invoices and purchase orders where applicable (i.e. not black).

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Yield Strength	Based on the standard and grade shown on the commercial invoices.
Prime	Based on product name on commercial invoices.
Shape	Based on product descriptions and dimensioning on commercial invoices and purchase orders.
End	Not provided (optional sub-category).
Galvanised	Based on galvanisation description on commercial invoices where applicable (i.e. not non-galvanised).
Finish	Based upon additional product descriptions on commercial invoices and purchase orders where applicable (i.e. not black).

**Table 1: MCC sub-category determination**

## **2.4 The goods exported to Australia**

The verification team were satisfied that Pacific Pipe did not export HSS to Australia during the review/inquiry period.

## **2.5 Like goods sold on the domestic market**

The verification team were satisfied that Pacific Pipe sold like goods on 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 from other exporters.

### **2.5.1 Physical Likeness**

- Shapes and profiles sold in the domestic market are the similar to those sold and offered to the Australian market by other producers;
- Size of HSS products were of similar perimeter, diameter and length to those sold in Australia by other producers; and
- Coatings and finishes are not dissimilar to those offered into the Australian market by other producers.

### **2.5.2 Production Likeness**

- Based upon the production process outlined by Pacific Pipe, goods sold domestically undergo the same production processes as the goods sold into Australia;
- Similar forming and processing procedures; and
- Similar raw material inputs.

### **2.5.3 Commercial Likeness**

- Pacific Pipe negotiates directly with customers setting sales and delivery terms prior to production; and
- Goods sold domestically by Pacific Pipe are interchangeable with the goods sold into Australian market sectors by other producers.

### **2.5.4 Functional Likeness**

- Goods domestically are used for similar purposes to HSS in Australia; and
- Domestic goods are completely interchangeable with the goods, with identical product specifications (painting, end-types, and steel strength).

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

- P-G-N-C-250- -
- P-G-N-R-250- -
- P-G-P-C-250- -
- P-N-N-R-250- -
- P-N-N-R-350- -
- P-N-O-R-350- -

- P-N-P-C-250- -
- P-N-P-R-250- -

## **2.6 Like goods – assessment**

The verification team considers that the goods produced by Pacific Pipe for domestic sale have characteristics closely resembling those of the goods exported to Australia by other producers and are therefore ‘like goods’ in accordance with section 269T(1) of the *Customs Act 1901* (the Act).<sup>1</sup>

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<sup>1</sup> References to any section or section in this report relate to provisions of the Act, unless specifically stated otherwise.

### **3 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 total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the domestic sales listings provided in the Response to the Exporter Questionnaire (REQ) by reconciling these to audited financial statements, having regard to ADN No 2016/30.

The verification team verified the relevance and completeness of the sales data as follows:

- Reconciled the 2018 trial balance revenue to the 2018 audited financial statement for the review/inquiry period;
- Reconciled the 2019 trial balance revenue to the revenue reported for review/inquiry period in Pacific Pipe's REQ.

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 Exceptions during verification of sales completeness and relevance**

No.	Exception	Resolution
1	The verification team identified that Pacific Pipe's upwards sales reconciliation did not include all revenue lines identified in its audited financial statement and trial balance.	The verification team revised Pacific Pipe's upwards sales reconciliation using the available data from its audited financial statement and trial balance.
2	Pacific Pipe included non-like goods of rectangular hollow sections (RHS) with thickness < 1.6 mm in the domestic sales list and accordingly in the upwards sales reconciliation.	As these goods could be identified and excluded, a revised domestic sales list was not requested. The verification team revised the upwards sales reconciliation to separately account for revenue and volume of domestic like goods.
3	A material variance was identified between the revenue in the trial balance and the upwards sales reconciliation from all products sold in the review/inquiry period.	Whilst the variance was considered material by the Commission's materiality standards, the variance was still small and was only slightly over the Commission's materiality threshold. Given that other revenue items reconciled and that the downwards domestic sales verification was considered accurate, the case manager considered that the variance was acceptable and reasonable under the circumstances. Accordingly, the data provided in the D-2 domestic sales list was accepted as being complete and relevant.

**Table 2: Exceptions during verification of completeness and relevance of sales data**

### **3.2 Sales completeness and relevance finding**

The verification team is satisfied that the sales data provided by Pacific Pipe, including any required amendments as outlined in the exception table above, is complete and relevant.



## **4 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 verifies the accuracy of the data.

The verification team verified accuracy of the domestic sales listing submitted in the REQ by reconciling these to source documents with regard to 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**.

### **4.1 Exceptions during verification of sales accuracy**

No.	Exception	Resolution
1	Pacific Pipe added discounts to the gross invoice value when calculating the net invoice value for domestic sales.	The verification team revised the calculation of the net invoice value to subtract discounts from the gross invoice value.
2	Pacific Pipe reported two MCCs in the domestic sales listing which did not have a correct 'steel grade' MCC classification. The 'steel grade' classification is a mandatory MCC category.	The verification team notes that the MCCs without a correct 'steel grade' classification represents three sales lines. Given this, the verification team found it reasonable to change the 'steel grades' for the three sales lines, to be consistent with the proposed MCC code, having regard to cost data and domestic sales volumes.
3	Pacific Pipe misclassified some MCC subcategories, describing galvanised HSS as non-galvanised HSS and painted HSS as non-coated HSS in its domestic sales list	Pacific Pipe provided a description of the type of galvanising and paint costs in its domestic sales and CTM data. Accordingly, the verification reclassified the MCC subcategories.
4	Pacific Pipe excluded packing costs from its domestic sales list.	The verification team calculated a weighted average per THB/kg packing cost based on packing costs identified in Pacific Pipe's trial balance.
5	<p>Pacific Pipe included handling expenses in its domestic sales list and advised that these are the expenses incurred by its distribution centres involved in shipping like goods.</p> <p>The verification team observed that –</p> <ul style="list-style-type: none"> <li>• Freight was included in the handling expense. As a direct selling expense – this was separately calculated for domestic sales and to include this again would be a double-count; and,</li> <li>• All other expenses were listed as indirect selling expenses and were included in Pacific Pipe's SG&amp;A list.</li> </ul>	The verification team excluded handling expenses from Pacific Pipe's domestic sales list to avoid double counting.
6	Pacific Pipe included separate credit and debit price adjustments in the domestic sales list, however the verification team	The verification team excluded any transactions that had a zero quantity from the domestic sales list for the purpose of conducting the OCOT test.

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	was unable to identify the sale transactions which the price adjustment applied to.	
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**Table 3: Exceptions during verification of accuracy of sales data**

## **4.2 Sales accuracy finding**

The verification team is satisfied that the sales data provided by Pacific Pipe, including any required amendments as outlined in the exception table above, is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

## 5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) 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 total cost to make data is reconciled to the cost of production in the management reports with particular attention given to ensuring that all relevant costs are included and irrelevant costs have been excluded. The cost of production data is then reconciled, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, selling, general and administration (SG&A) expenses are reconciled to income statements, with particular attention given to specific expenses that were excluded or should be excluded.

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

The verification team verified the relevance and completeness of the cost data as follows:

- Reconciled the 2018 trial balance costs to the 2018 audited financial statements, and the data reported in the REQ; and
- Reconciled the total cost of goods sold for the review/inquiry period and the total cost to make for the same period.

The verification team verified the relevance and completeness of the SG&A data as follows:

- Reconciled the 2018 trial balance to the profit and loss statement for 2018.
- Reconciled the 2018 SG&A costs from the REQ to the profit and loss statement for 2018; and,
- Reconciled the SG&A list for the review/inquiry period to the trial balance for the same period, and assessing which SG&A accounts should be included or excluded from the SG&A cost used for dumping margin calculations.

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 Exceptions during verification of completeness and relevance of CTMS data

No.	Exception	Resolution
1	The verification team identified that the data provided in the upwards cost reconciliation for the review and inquiry period was inaccurate.	The verification team completed the upwards cost reconciliation using data from Pacific Pipe's trial balance and audited financial statement.
2	The verification team noted material variances between the like goods cost to make entry in the upwards cost reconciliation and the total cost and volume provided in the separate cost to make data.	The verification team replaced the incorrect values with the values from the cost to make data. The upwards cost data reconciled to the trial balance.

**Table 4: Exceptions during verification of completeness and relevance of CTMS data**

## **5.2 Completeness and relevance finding of CTMS data**

The verification team is satisfied that the CTMS data provided in the exporter questionnaire response by Pacific Pipe, including any required amendments as outlined as an exception above, is complete and relevant.

## **6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY**

### **6.1 Cost allocation method**

The verification team verified the reasonableness of the method used to allocate the cost information provided in the REQ to the relevant MCCs, with regard to ADN No 2016/30.

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 table below outlines the allocation method applied to each cost item.

<b>Cost item</b>	<b>Method applied</b>
Raw Materials	Allocated to the goods based on production quantity, and on a moving weighted average cost.
Manufacturing Overheads	Allocated to the goods based on production quantity, after a monthly variance is calculated.
Labour	
Depreciation	

**Table 5: Cost allocation method**

### **6.2 Verification of Accuracy of CTMS data**

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 cost data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the CTMS information provided in the REQ by reconciling it to source documents with regard to 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**.

### **6.3 Exceptions during verification of accuracy of CTMS data**

<b>No.</b>	<b>Exception</b>	<b>Resolution</b>
<b>1</b>	Pacific Pipe misclassified some MCC subcategories, describing galvanised HSS as non-galvanised HSS and painted HSS as non-coated HSS.	Pacific Pipe provided a description of the type of galvanising and paint costs in its cost to make data. Accordingly, the verification team reclassified the MCC subcategories.
<b>2</b>	As Pacific Pipe included RHS with thickness less than < 1.6 mm, Pacific Pipe's domestic SG&A calculation was incorrect.	The verification team recalculated Pacific Pie's domestic SG&A calculation, excluding domestic sales of RHS with thickness < 1.6mm in the calculation.
<b>3</b>	Pacific Pipe included export-specific expenses in its domestic SG&A calculation.	These expenses could be identified from Pacific Pipe's SG&A list and its trial balance. These expenses were excluded from Pacific Pipe's domestic SG&A calculation.

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4	Pacific Pipe misclassified some MCC subcategories, describing galvanised HSS as non-galvanised HSS and painted HSS as non-coated HSS in its domestic sales list	Pacific Pipe provided a description of the type of galvanising and paint costs in its domestic sales and CTM data. Accordingly, the verification reclassified the MCC subcategories and recalculated the domestic SG&A calculation using the revised MCC categories
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**Table 6: Exceptions during verification of accuracy of CTMS data**

### **6.4 Accuracy finding**

The verification team is satisfied that the CTMS data provided in the exporter questionnaire response by Pacific Pipe, including any required amendments as outlined as an exception above, is accurate and reasonably reflects the costs associated with the production and sale of the goods.

## 7 EXPORT PRICE

### 7.1 The importers

The verification team generally considers an exporter's Australian customer to be the beneficial owner of the goods at the time of importation, and therefore the importer. As Pacific Pipe did not export HSS to Australia in the review/inquiry period, there is no Australian importer.

### 7.2 The exporter

The verification team generally considers the manufacturer to be the exporter of the goods<sup>2</sup>. In this case, the verification team considers that if Pacific Pipe had exported HSS to Australia in the review/inquiry period, it would be considered the exporter.

### 7.3 Export Price – assessment

Subject to further enquiries by the case management team, the verification team considers that there is insufficient information to ascertain the export price of the goods manufactured by Pacific Pipe under section 269TAB(1) due to an absence of exports to Australia during the review/inquiry period.

Therefore, the verification team finds it relevant to ascertain the export price of the goods under section 269TAB(2B)(c). Accordingly, the verification team has had regard to the export prices from other Thai exporters which exported HSS to Australia during the review/inquiry period.

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

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<sup>2</sup> 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.

## **8 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 section 269TAC(1).

### **8.1 Arm's length**

#### **8.1.1 Related party customers**

In respect of Pacific Pipe's domestic sales of like goods to its related customer 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.<sup>3</sup>

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

The arm's length determination was made in consideration of the following:

- no price differences between related and unrelated customers;
- no consideration transferred other than the price payable; and
- no difference in sales process between related and unrelated customers.

#### **8.1.2 Unrelated customers**

In respect of Pacific Pipe's domestic sales of like goods to its unrelated customers 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 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 Pacific Pipe to its unrelated domestic customers during the period were arm's length transactions.

### **8.2 Ordinary course of trade**

Section 269TAAD states that domestic transactions are not in the ordinary course of trade (OCOT) if arms length transactions are:

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<sup>3</sup> Section 269TAA of the Act refers.



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- unprofitable in substantial quantities over the investigation period; and
- unlikely to be recoverable within the period.

The verification team tested profitability by comparing the price at ex-works against the relevant cost for each domestic sales transaction.

The team then tested whether the unprofitable sales were in substantial quantities (not less than 20%) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the period.

The team tested recoverability by comparing the price at ex-works against the relevant weighted average cost over the period for each domestic sales transaction.

The following table sets out further detail:

<b>OCOT particulars</b>	<b>Details</b>
Price	Net invoice price, excluding direct selling expenses
Cost	Quarterly cost to make and sell, excluding direct selling expenses
Weighted average cost	Weighted average cost to make and sell, excluding direct selling expenses, over the period.

**Table 7: OCOT details**

### **8.3 Suitability of domestic sales**

Section 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. Domestic sales of like goods are taken to be in a low volume under section 269TAC(14) where the total volume of like goods is less than five percent of the total volume of the goods under consideration that are exported to Australia (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison).

The verification team assessed the total volume of like goods as a percentage of the goods exported to Australia for the whole period and found that the domestic sales were sufficient. As a result, the normal value can be ascertained under section 269TAC(1).

As per the *Dumping and Subsidy Manual*, where the total volume of like goods is greater than five percent of the total volume of the goods under consideration, and where comparable models exist, the Commission also tests the suitability of domestic sales of like goods individually for each model type.

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

<b>Export MCCs</b>	<b>Sufficient domestic sales of identical MCC</b>	<b>Treatment of normal value where there were insufficient domestic sales of identical MCC</b>
P-N-N-R-350	Y	N/A
P-N-O-C-350	N	Surrogate domestic MCC used for normal value
P-N-O-R-350	N	Surrogate domestic MCC used for normal value

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P-N-P-C-350	N	Surrogate domestic MCC used for normal value
P-N-P-R-350	N	Surrogate domestic MCC used for normal value
P-G-N-R-350-	N	Surrogate domestic MCC used for normal value
<b>All sales</b>	<b>Y</b>	

**Table 8: Sufficiency test**

As outlined in the table above, the verification team found that there were sufficient domestic sales volumes of identical MCCs made in OCOT for one MCC exported to Australia.

For the other five MCCs exported to Australia, where there were insufficient sales of the identical MCCs, the verification team found sufficient domestic sales volumes of surrogate models based on the MCCs with the closest physical characteristics under the MCC hierarchy structure. In relying on surrogate models, the verification team considered specification adjustments under TAC(8) is warranted to ensure fair comparison between the export model and surrogate domestic model.

The specification adjustments were made by calculating the quarterly cost to make (CTM) difference between the:

- export CTM for each MCC – weighted average CTM based on the export CTM of other Thai exporters who exported to Australia in the period; and
- domestic CTM of the surrogate MCCs from Pacific Pipe’s data.

Having determined the cost difference between the export CTM and the surrogate domestic CTM, the verification team applied Pacific’s Pipe’s domestic OCOT profit to the cost difference to calculate the specification adjustment. The adjustment could be a (+/-).

The surrogate normal value for each MCC to match the corresponding export MCC was then calculated based on the normal value for the surrogate domestic MCC plus the adjustment.

The verification team’s preliminary assessment of domestic sales is at **Confidential Appendix 3**.

## **9 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 section 269TAC(8).

### **9.1 Rationale and Method**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Claimed in REQ?</b>	<b>Adjustment required?</b>
Domestic credit terms	There is a difference in payment terms between domestic and export sales.	The verification team utilised the interest rate claimed by Pacific Pipe for domestic credit.	Yes	Yes
Domestic inland transport	A difference was observed between inland transport for domestic and export sales.	The verification team used the weighted average review/inquiry period cost from Pacific Pipe's trial balance.	Yes	Yes
Domestic packaging	Packaging costs for domestic goods were different from export.	The verification team used the weighted average review/inquiry period cost from Pacific Pipe's accounting records.	No	Yes
Export packaging	Packaging costs for export goods were different from domestic.	The verification team used the weighted average review/inquiry period cost from export sales data from other Thai exporters.	No	Yes
Export inland transport	A difference was observed between inland transport for domestic and export sales.	The verification team used the weighted average review/inquiry period cost from export sales data from other Thai exporters.	No	Yes
Export handling and other charges	Handling and other charges are relevant only for export sales.	The verification team used the weighted average review/inquiry period cost from another Thai exporter's data.	No	Yes
Export credit terms	There is a difference in payment terms between domestic and export sales.	The verification team utilised the interest rate claimed by Pacific Pipe for domestic credit. The average export credit days from another Thai exporter, was used.	No	Yes
Non-refundable VAT	Not applicable	N/A	No	N/A
Commissions	Not applicable	N/A	No	N/A

**Table 9: Assessment of adjustments**

## 9.2 Adjustments

The verification team considers the following adjustments under section 269TAC(8) are necessary to ensure that the normal value so ascertained is properly compared with the export price of those goods.

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic packaging	Deduct an amount for domestic packaging
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export handling and other charges	Add an amount for handling and other charges
Export credit terms	Add an amount for export credit terms
Specification adjustment	Add or deduct an amount for specification differences

**Table 10: Summary of adjustments**

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

## 10 NORMAL VALUE

The verification team found that there was one export model with sufficient volumes of domestic sales of the goods. For the other export models which have insufficient volumes of domestic sales of the goods to export sales, the verification team used comparable models as surrogates. All of the models used 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 9 above.

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

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## 11 DUMPING MARGIN

The dumping margin was assessed by comparing weighted average Australian export prices to the corresponding quarterly weighted average normal value for the review/inquiry period under section 269TACB(2)(a).

In relation to Pacific Pipe, the dumping margin for the goods exported to Australia for the period is **negative 4.3 per cent**.

The preliminary dumping margin calculation is at **Confidential Appendix 5**.

## **12 APPENDICES AND ATTACHMENTS**

<b>Confidential Appendix 1</b>	Export price
<b>Confidential Appendix 2</b>	Cost to make and sell
<b>Confidential Appendix 3</b>	Domestic sales, OCOT and profitability
<b>Confidential Appendix 4</b>	Normal Value
<b>Confidential Appendix 5</b>	Dumping Margin
<b>Confidential Attachment 1</b>	Verification work program