



Exporter Verification Report

Verification & Case Details

Initiation Date	24/02/2020	ADN:	ADN 2020/018
Case Number	540		
The goods under consideration	Aluminium Extrusions (Mill Finish)		
Case type	Dumping Investigation		
Exporter	LB Aluminium Berhad		
Location	Remote		
Investigation Period	1/01/2019 to 31/12/2019		

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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PREFACE

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (Commission) by the verification team for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR 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.

1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

LB Aluminium Berhad (LB) is a Malaysian manufacturer and seller of aluminium extrusions. LB is a listed company and is listed on the Bursa Malaysia Securities Berhad.

LB is the parent company of a group consisting of ten wholly owned subsidiaries and four partially owned subsidiary and associate companies. The verification team examined the relationships between LB and parties involved in the manufacture and sale of the goods. Goods are sold to wholly owned subsidiaries as discussed at section 1.1.2.

1.1.1 Related suppliers

The verification team established that LB sourced raw materials from a related party supplier for the production of aluminium extrusions. Further discussion on the nature of these transactions is outlined at section 6.4

1.1.2 Related customers

At B-1.4 of its REQ, LB reported that it does not have any related Australian customers.

The verification team established that sales were made in the domestic market to related parties of LB. Further discussion on the nature of these transactions is outlined at section 8.1.1.

1.2 Accounting records

LB's financial accounting period is 1 May to 30 April. Given the difference between LB's financial accounting period and the investigation period, management accounts were also used to reconcile figures for the relevant period.

LB's audited financial statements were audited by BDO Plt, both the 2019 and 2020 Auditor's reports state that the financial statements are in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Therefore, the verification team considers that the accounting records held by the company are in accordance with the generally accepted accounting principles of Malaysia.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

LB outlined the stages of production as follows:

1. Billet Sawing
2. Extrusion
3. Cooling
4. Stretching
5. Finishing sawing
6. Ageing

2.2 Model Control Codes (MCCs)

LB provided sales and cost data in its response to the exporter questionnaire (REQ) in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/18. LB did not propose any changes to the MCC structure.

2.3 Verification of MCCs

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

Category	Determination of the sub-category
Finish	The verification team was able to verify the alloy of the product in domestic and export sales listings having regard to commercial documents and the relevant transaction narrations in LB's records.
Alloy code	The verification team was able to verify the alloy of the product in domestic and export sales listings having regard to commercial documents and the relevant transaction narrations in LB's records.
Temper	The verification was able to verify the temper of the product in domestic and export sales listings having regard to commercial documents and the relevant transaction narrations in LB's records.

Table 1 MCC sub-category determination

2.4 The goods exported to Australia

The verification team was satisfied that LB produced and exported the goods to Australia. LB exported the goods to Australia with the following MCCs during the period:

- M-6A-T1
- M-6A-T50
- M-6C-T1
- M-6D-T1
- M-O-T1

2.5 Like goods sold on the domestic market

The verification team was satisfied that LB 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 physically alike - in that the exported goods and goods sold on the domestic market are produced in the same way, look alike (noting that different dies are required for individual customer specifications), and the costs of production are the same;
- share a production likeness - in that the exported goods and goods sold on the domestic market are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- are commercially alike - in that the exported goods and goods sold on the domestic market to similar market sectors, are interchangeable and use similar distribution channels; and
- are functionally alike – in that the exported goods and goods sold domestically have similar end uses.

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

- M-6A-O
- M-6A-T1
- M-6A-T50
- M-6C-O
- M-6C-T1
- M-6D-T1
- M-O-O
- M-O-T1

2.6 Like goods – assessment

The verification team considers that the goods produced by LB for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the Act.

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 export and domestic sales listings provided in the Response to the REQ by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

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

- Having regard to the 2019 and 2020 financial year audited financial statements for LB in conjunction with management accounts to account for timing differences between financial accounting period and the investigation period;
- Assessing the preparation of the figures in the upwards sales worksheet provided by LB at B-4 of its REQ;
- Reviewing import declarations in the Australian Border Force (ABF) import database relevant to exports where LB was identified as the supplier; and
- Analysing the source documents provided for a selection of domestic and Australian sales transactions.

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	Australian sales listings reported transactions with high value amounts for 'other charges' were found to relate to goods which had undergone several machining operations. In comparison to the base price of the extrusions itself, the 'other charges' were significantly higher.	Goods subject to minor working are covered by the goods description however having regard to quotation documents provided by the exporter, the verification team considered that the goods relevant to this exception had undergone processes that exceed the 'minor working' principle. ² The identified transactions have been removed from LB's Australian sales listing.

² The goods under consideration do not include intermediate or finished products that are processed or fabricated to such an extent that they no longer possess the nature and physical characteristics of an aluminium extrusion, but have become a different product.

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No.	Exception	Resolution
2	Domestic sales listing includes sales of goods to customers in third country markets and were procured with the intention of exportation.	Revised domestic sales listing to exclude sales considered to be third country.
3	For a volume of domestic sales LB did not map the full MCC structure and only mapped the finish MCC.	Sales relevant to this issue were low in volume however considered unreliable when compared to the manner in which LB reported all other sales using the full MCC structure. The transactions have been removed from LB's domestic sales listing.
4	LB's domestic sales listing for mill finish like goods contained transactions with zero invoice value.	Transactions with zero invoice value have been removed from LB's Australian sales listing.

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 LB, 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 export and domestic sales listings submitted in the REQ by reconciling these to source documents 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**.

4.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
1	Payment terms reported in LB's Australian sales listing did not reflect the terms stated on its commercial invoices.	Alternative payment terms were established based on the average period between the invoice date and the date on which LB received funds from its Australian customer. Receipt date of funds was ascertained through an examination of bank statements.
2	Inland transport expenses to the port of export contained expenses relating to other exportation functions and services, e.g. ocean freight and country of origin port handling charges.	Based on logistics vendor invoices provided for a sample of exportations, a weighted average unit cost per kilogram has been calculated to reflect the combined cost of inland transport and country of origin port handling charges.
3	Australian sales listing figures for ocean freight also included Australian importation costs and country of origin port handling charges.	Revised Australian sales listing to ensure the figures relevant to ocean freight exclude any other post or pre-exportation expenses.
4	Export sales listing contained FOB transactions with marine insurance.	Revised export sales listing to calculate the FOB price for the relevant transactions based on the reported invoice value less reported marine insurance expense.
5	Australian importation and delivery expenses were not separately identified in the Australian sales listing and were reported as part of the ocean freight expense category.	Based on logistics vendor invoices provided for a sample of exportations, a weighted average unit cost per kilogram has been calculated to reflect Australian importation and delivery expenses.
6	The net invoice value reported by LB in its domestic sales listing included amounts that were not reflected on a sample of commercial invoices selected for verification.	The verification team has re-calculated the net invoice value by disregarding the additional amounts.
7	Payment terms reported in LB's domestic sales listing reflected the terms stated on its commercial invoices however customer payments were not made in compliance with those terms.	Alternative payment terms were established based on the average period between the invoice date and the date on which LB received funds from its domestic customer.

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No.	Exception	Resolution
		Receipt date of funds was ascertained through an examination of bank statements.

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 LB, including any required amendments as outlined in the exception tables 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
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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 in accordance with ADN No. 2016/30.

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

- Assessing the preparation of the figures in the upwards sales worksheet provided by LB at G-8 of its REQ with regard to audited financial statements in conjunction with management accounts
- Comparing the data in LB’s accounts to the CTMS data reported at G-3 and G-5 of its REQ.
- Reviewed composition of accounts to assess relevance of costs included

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

- Examining the account listing reported at worksheet G-4.1 and the cost calculations at G-4.2 of LB’s REQ; and
- Comparing the costs in the listing to LB’s trial balance
- Comparing the revenue reported in G-4.2 to the domestic sales listing and total company revenue reported in the upwards sales worksheet at B-4 to its 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**.

5.1 Exceptions during verification of completeness and relevance of CTMS data

No.	Exception	Resolution
1	LB Aluminium allocated packing materials expenses in its cost of production listings at G-3 and G-4 of its REQ but also reported the same expenses as a direct selling expense in its Australian and domestic sales listings at B-2 and D-2 of its REQ.	LB Aluminium’s cost to make listings have been amended by the verification team to remove double counted packing materials expenses.

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 REQ by LB, 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, 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**.

Table 5 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Raw materials were allocated based on production quantity.
Manufacturing Overheads	Allocated based on production quantity.
Labour	Allocated based on production quantity.

Table 5 Cost allocation method

6.2 Exceptions during verification of CTMS allocation method

No.	Exception	Resolution
1	LB provided the same cost data for all Domestic, Australian and third country markets, aggregated by finish type. The worksheets presented a unit cost for mill finished goods and the additional incremental costs for anodised and powder finished goods.	The verification team revised the cost allocation to present the total unit costs of each finish type.

Table 6 Exceptions during verification of CTMS allocation method

6.3 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 in accordance with 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**.

6.4 Related party suppliers

LB purchased raw materials from a related party supplier during the investigation period.

In order to establish whether LB's purchase of raw materials from related party suppliers were at arms-length the verification team had regard to the following;

- The raw materials purchases listing provided by LB at G-7.4 of its REQ;
- Documentation (such as commercial invoices) relating to a sample of purchases reported in LB's raw materials purchases listing at G-7.4 of its REQ;
- The 2019 financial year audited income statements provided in relation to LB's related party supplier;
- Prevailing London Metal Exchange (LME) market prices, inclusive of relevant product premiums, for primary aluminium ingot and billet alloy; and
- Comparison of prices paid between related and unrelated suppliers

After examination of the above information, the verification team observed that;

- LB's raw material purchases listing provided at G-7.4 of its REQ accurately reflected its accounting records and the supporting documentation for a selection of transactions;
- The price paid by LB to its related party supplier was consistent with the prevailing LME price and premiums;
- The price paid by LB to its related party supplier was consistent with the prices paid to unrelated suppliers;
- LB's related party supplier's 2019 audited income statements reported generating a profit from operating activities relating to the production of billet and ingot and reported an overall net profit after tax

Having regard to the profit achieved by LB's related party supplier, the verification team considers it likely that the price paid by LB was above the supplier's combined cost of production and selling general and administration cost, and indicative of the circumstance that the price did not appear to be influenced by the relationship between LB and its related party suppliers.

Subject to any information that suggests otherwise, for the purpose of this report, LB's purchases of raw materials from related party suppliers have been considered as arms-length transactions.

6.5 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by LB is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

LB sold the goods to Australia according to different incoterms. The verification team took into account the factual circumstances of the export arrangements in determining the identity of the importer.

The verification team considers that some of LB's Australian customers were the beneficial owners of the goods at the time of importation and therefore are the importers of those goods on the basis that the Australian customer;

- was named on the commercial invoice issued by LB;
- was named as the consignee on the bill of lading;
- was named as the consignee on the AANZFTA Certificate of Origin issued in Malaysia,
- was named as the consignee of the goods on LB's certificate of marine insurance;
- arranges and pays for the ocean freight and marine insurance (for FOB sales only);
- is declared as the importer on the importation declarations made to ABF; and
- arranges delivery from the port of arrival in Australia to the place of delivery.

The verification team considers that the remaining Australian customers were not the beneficial owners of the goods at the time of importation, and therefore were not the importers of the goods. In relation to these sales, the importer is considered by the verification team to be LB. This finding was made on the basis that the relevant customers **did not**;

- arrange and pay for the inland transport to the port of export;
- arrange and pay for the port handling charges at the port of export;
- arrange and pay for the ocean freight and marine insurance;
- arrange delivery from the port of arrival in Australia to the place of delivery; and
- pay for the goods either in part or in full prior to their importation into Australia.

7.2 The exporter

The verification team considers LB to be the exporter of the goods³, as LB:

- has been identified as the manufacturer of the goods;
- is named on the commercial invoice as the supplier of the goods purchased by Australian importers;

³ 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.

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- sold the goods directly to its Australian customer;
- is named as consignor on the bill of lading;
- is named as the consignor on the AANZFTA Certificate of Origin issued in Malaysia,
- arranges and pays for the inland transport to the port of export;
- arranges and pays for the port handling charges at the port of export;
- covers the cost of ocean freight and marine insurance from the port of export to the Australian port of arrival (for CIF sales);
- arranges and pays for the importation costs of the goods from the Australian port of arrival to the place of delivery in Australia (for DDU sales).

The verification team is satisfied that for all of its Australian export sales during the period, LB was the exporter of the goods.

7.3 Arms length

7.3.1 Unrelated customers

In respect of LB's Australian sales of the 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 appeared to be 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.⁴

The verification team therefore considers that all export sales made by exporter to its unrelated Australian customers during the period were arms length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by LB, the verification team recommends that the export price be determined under section 269TAB(1)(a) and section 269TAB(1)(c) as the case requires.

For sales to Australian customers who were considered to be the importer, on the basis that these customers were found to be the beneficial owner of the goods at the time of importation, the verification team considers that the export price be determined under section 269TAB(1)(a) as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Specifically, the verification team recommends that the appropriate method of calculating the FOB export price as;

⁴ Section 269TAA refers.

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- the price stated on commercial invoices, less relevant costs to the FOB level, being the sum of marine insurance and ocean freight; or
- the price paid by the Australian importer, plus the cost of inland transport to the port of export and relevant country of origin port handling charges, as the case requires.

In respect of Australian sales of the goods by LB, where the verification team found that the importer was not the beneficial owner at the time of importation, the export prices cannot be determined under sections 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.

Specifically, the verification team recommends that the appropriate method of calculating the FOB export price as;

- the price stated on commercial invoices, less relevant costs to the FOB level, being the sum of Australian importation costs, marine insurance and ocean freight.

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

8 DOMESTIC SALES

Section 269TAC(1) provides the general rule for calculating normal value. For sales to be relevant for the purpose of section 269TAC(1), they must be sales of like goods sold in the exporter's domestic market for home consumption that are at arms length and in the ordinary course of trade (OCOT).

8.1 Arms length

8.1.1 Related party customers

At D-1.2 to its REQ, LB reported that some of its customers for like goods are related.

As a result the verification team undertook an examination of LB's domestic prices to evaluate whether those prices had the appearance of being influenced due to the relationship between the parties to the transaction. LB's like goods prices were assessed having regard to an examination of the following information;

- the prices paid by unrelated parties;
- the manner in which LB's domestic customers paid for the goods; and
- the trading practices between LB its related party customers.

The verification team identified the following features in LB's related party transactions that may suggest the possibility that the price appeared to be influenced as a result of LB's relationship with its customers:

- related customers were ultimately wholly owned by LB; and
- comparison with prices paid by unrelated customers identified a difference in the prices paid by related customers where the price was lower.

Notwithstanding the above comments regarding related party transaction prices, the quantity of related party sales reported by LB was very low when compared to its total sales volume.

Due to the low volume of related party sales the verification team considers that the available information about these transactions does not permit a conclusion that related party transaction prices were influenced by the relationship between LB and its related party customer. Further, inclusion of profitable related party sales has not had a material impact on LB's normal value on account of the small volume of sales which occurred.

In respect of LB's domestic sales of like goods to its related customers during the period, the verification team consider that there is no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price;
- the price was influenced by a commercial or other relationship between the buyer and the seller; or

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- 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.⁵

8.1.2 Unrelated customers

In respect of LB'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 appeared to be 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 LB to its unrelated domestic customers during the period were arms length transactions.

8.2 Ordinary course of trade

Section 269TAA states that domestic sales of like goods are not in the OCOT if arms length transactions are:

- unprofitable in substantial quantities over an extended period; and
- unlikely to be recoverable within a reasonable period.⁶

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 per cent) 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:

OCOT particulars	Details
Price	Gross 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.

⁵ See section 269TAA(1)(c).

⁶ In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

Table 7 OCOT details

8.3 Volume of relevant sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export.

An exporter’s domestic sales of like goods are taken to be in a low volume under section 269TAC(14) where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than five per cent of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

The verification team assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of domestic sales was five per cent or greater and therefore was not a low volume.

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the Commission considers the volume of sales of each exported MCC on the domestic market. Where the volume of domestic sales of an exported model is less than five per cent of the volume exported, the Commission will consider whether a proper comparison can be made at the MCC level. In these situations, the Commission may consider whether a surrogate domestic model should be used to calculate normal value for the exported model.

This analysis is detailed in the table below.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
M-6A-T1	Y	Domestic sales of M-6A-T1
M-6A-T50	Y	Domestic sales of M-6A-T50
M-6C-T1	Y	Domestic sales of M-6C-T1
M-6D-T1	Y	Domestic sales of M-6D-T1
M-O-T1	Y	Domestic sales of M-O-T1

Table 8 Domestic volumes

The verification team’s volume analysis 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

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit terms	Based on an examination of LB's sales documentation it was ascertained that customers were afforded varying terms to settle payment for goods purchased. The period in which LB's domestic customers were allowed to pay was materially different when compared to period relevant to LB's Australian sales.	Due to the varying nature of payment days observed by the verification team, an average payment days was calculated based on the downwards verification sample. Interest rate applied for this adjustment was based on the 2019 rate incurred by LB on Revolving credits, as reported in LB's 2020 Annual report.	N	Y
Domestic inland transport	Domestic selling prices included delivery, which was found to be at a different level of cost compared to export delivery expenses to the port of export.	Weighted average unit cost for various branches was determined over the investigation period with regard to LB's accounts and reported sales volume.	Y	Y
Domestic packaging	Domestic packaging costs were included in the price and were found to be less than export packaging costs.	Weighted average unit cost for various branches was determined over the investigation period with regard to LB's accounts and reported sales volume.	Y	Y
Export packaging	Packaging costs for Australian exported goods were included in the price and were found to be higher than cost of packing for domestic sales. This export packaging cost is inclusive of stillage costs.	A weighted average packaging rate was determined for all sales to Australia (and New Zealand) over the investigation period.	Y	Y
Export inland transport	Australian export prices included delivery to the port of export, which was found to be at a different level of cost compared to cost of delivery incurred by LB on its domestic sales.	A weighted average over the investigation period was calculated based on the sales data provided.	Y	Y

PUBLIC RECORD

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Export port charges	The price of LB Australian exports includes costs incurred at the port of export.	A weighted average rate was determined based on sample reviewed, to be applied over the investigation period.	N	Y
Export credit terms	Based on an examination of LB's sales documentation it was ascertained that customers were afforded varying terms to settle payment for goods purchased. The period in which LB's domestic customers were allowed to pay was materially different when compared to period relevant to LB's Australian sales.	Due to the varying nature of payment days observed by the verification team, an average payment days was calculated based on the downwards verification sample. Interest rate applied for this adjustment was based on the 2019 rate incurred by LB on Revolving credits, as reported in the 2020 Annual report.	N	Y
Timing adjustment.	For certain MCCs exported to Australia there was an absence of domestic sales in the corresponding quarter.	The timing adjustment was based on the normal value variance of the closest resembling MCC between the two quarters either preceding or following the quarter in which a normal value was required.	N	Y

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 port charges	Add an amount for port charges
Export credit terms	Add an amount for export credit terms
Timing	For certain MCCs exported to Australia there was an absence of domestic sales in the corresponding quarter.

Table 10 Summary of adjustments

PUBLIC RECORD

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 3**.

10 NORMAL VALUE

The verification team found that there were sufficient volumes of sales of like goods sold for home consumption in the country of export that were arms length transactions and at prices that were within the OCOT. The verification team is therefore not satisfied that there is an absence, or low volume, of sales relevant for the purpose of determining a price under section 269TAC(1).

The verification team has determined a preliminary 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 that differences between the normal value of goods exported to Australia and the export price of the exported goods would not affect comparison of domestic prices with export prices, as outlined in chapter 9 above.

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

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 investigation period under section 269TACB(2)(a).

The dumping margin for the goods exported to Australia by LB for the period is **4.9 per cent**.

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

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal Value
Confidential Appendix 5	Dumping Margin
Confidential Attachment 1	Verification work program