



## Exporter Verification Report

### Verification & Case Details

<b>Initiation Date</b>	24/02/2020	<b>ADN:</b>	ADN 2020/014
<b>Case Number</b>	544		
<b>The goods under consideration</b>	Aluminium Extrusions		
<b>Case type</b>	Review of Measures		
<b>Exporter</b>	East Asia Aluminium Company Limited		
<b>Location</b>	Remote		
<b>Review Period</b>	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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## 1 COMPANY BACKGROUND

### 1.1 Corporate structure and ownership

East Asia Aluminium Company Limited (EAA)<sup>1</sup> was registered on 9 November 2006 and is located in Hai Duong Province, Vietnam.

EAA is a private company. Its shareholding is split equally between four individuals.

EAA is a producer/manufacturer of the goods and like goods. Its products are sold into the domestic market, export market to Australia and export markets to third countries.

### 1.2 Related parties

No related parties are involved the production and sale of like goods on the domestic market. However, in relation to its export sales, including those to Australia, EAA utilises a related party company to perform various functions in relation to the sales process. The related party is not incorporated in Vietnam.

The verification team found that EAA did not have any related party customers or suppliers during the review period.

### 1.3 Accounting records

EAA's 2019 Financial Statement was audited by ATC Auditing and Valuation Firm Company Limited and included a statement that the financial accounts comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Based on the above, the verification team considers that EAA's accounting records are kept in accordance with the generally accepted accounting principles of Vietnam. EAA's accounting records cover the total costs and revenue in relation to EAA's domestic sales.

However, it is noted that a proportion of costs (and revenue) in relation to export sales are attributable to EAA's related party and are not recorded in EAA's audited accounting records. EAA's related party does not have audited financial statements, or other management reports, relating to the review period. The verification team were unable to determine whether these costs were held in accordance with generally accepted accounting principles in the country of export.

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<sup>1</sup> EAA's full legal name in Vietnamese is "Công ty TNHH Nhôm Đông Á". It trades under this name on the domestic market in Vietnam.

## 2 THE GOODS AND LIKE GOODS

### 2.1 Production process

EAA is an integrated manufacturer possessing smelting facilities, casting equipment, extrusion presses, and finishing lines (powder-coating and anodising). EAA's production processes were depicted as a confidential attachment to its response to the exporter questionnaire (REQ). EAA have also been visited previously in relation to Investigation No. 362 (INV 362). The verification team consider that EAA's production processes closely resemble those of the Australian industry and other exporters of the goods.

### 2.2 Model Control Codes

#### 2.2.1 Data provided by EAA

In its REQ, EAA provided sales and cost data in accordance with the mandatory categories and sub-categories proposed in the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/14.

EAA provided its sales data by finish, alloy code and temper code. It did not provide details regarding anodising microns, noting that this was an optional category in ADN No. 2020/14 and EAA's accounting system does not capture such detail.

EAA provided cost data by finish only. The categories relating to alloy code, temper code and anodising microns were optional in ADN No. 2020/14 and are not recognised in EAA's cost accounting system.

#### 2.2.2 Amendments to MCCs

EAA did not propose any changes to the MCC structure. However, the verification team analysed the sales data and supporting evidence provided with EAA's REQ and propose two changes in relation to MCCs for EAA:

No.	Exception	Resolution
1	In relation to the category of alloy code, price lists provided by EAA demonstrated that only two sub-categories are relevant.	The alloy code sub-categories for EAA are proposed to be: <ul style="list-style-type: none"> <li>• sub-category A, which covers alloy codes 6060 and 6063; and</li> <li>• sub-category B, which covers all other alloy codes sold by EAA.</li> </ul>
2	There was no evidence showing that temper code influenced prices.	It is proposed that the MCC category for temper code be removed.

**Table 1 Amendments to the MCCs**

The verification team consider that the above amendments to the MCC structure for EAA capture the material price drivers and limit the potential number of MCCs, whilst achieving a fair comparison between export prices and normal values.

### 2.3 Verification of MCCs

Table 2 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Finish	<p>Based on price lists, EAA recognise finish as a material price driver in setting its prices. The finish type is captured in EAA's accounting system and is visible on commercial documents such as sales contracts and invoices.</p> <p>The sub-categories relevant to EAA are anodised (A), mill (M) and powder-coated (PC) goods.</p>
Alloy code	<p>Based on price lists, EAA recognise alloy code as a material price driver in setting its prices. The alloy code is captured in EAA's accounting system and is visible on commercial documents such as sales contracts.</p> <p>The sub-categories relevant to EAA are outlined in Table 1:</p> <ul style="list-style-type: none"> <li>• Sub-category A – 6060 and 6063</li> <li>• Sub-category B – all other alloy codes sold by EAA which attract a premium over 6060 and 6063.</li> </ul>

**Table 2 MCC sub-category determination**

### 2.4 The goods exported to Australia

The verification team is satisfied that EAA produced and exported the goods to Australia. EAA exported the goods to Australia with the following MCCs during the review period:

- A-6A
- A-6B
- M-6A
- M-6B
- PC-6A
- PC-6B

### 2.5 Like goods sold on the domestic market

The verification team is satisfied that EAA 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, 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.

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

- A-6A
- A-6B
- M-6A
- PC-6A

## **2.6 Like goods – assessment**

The verification team considers that the goods produced by EAA 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 *Customs Act 1901* (the Act).<sup>2</sup>

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<sup>2</sup> Legislative references in this report relate to the Act, unless specifically stated otherwise.

### 3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

#### 3.1 Verification approach

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

However, as noted in section 1.3, this was only possible in relation to the revenue received by EAA.

#### Revenue received by EAA

The verification team verified the relevance and completeness of the revenue received by EAA in the following manner:

- reconciling the domestic sales listing total revenue and EAA's proportion of the export sales listing revenue to EAA's general ledger accounts;
- reconciling EAA's general ledger accounts to EAA's trial balance and EAA's management reports; and
- reconciling EAA's trial balance and EAA's management reports to EAA's 2019 Financial Statements.

The verification team did not identify any issues during this process.

#### Revenue received by EAA's related party

The verification team were limited to testing the relevance and completeness of the export related revenue received by EAA's related party in the following manner:

- reconciling the export sales listing revenue of EAA's related party to management reports held by EAA;
- reconciling a sample of the export sales listing transactions to source documents; and
- reconciling the export sales listing to data from the Australian Border Force database.

The verification team identified that credit notes were issued in relation to certain export sales during this process. The export sales listing was updated to reflect the credit notes. This had the effect of reducing the export price for certain transactions.

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

The verification team is satisfied that the sales data provided by EAA is complete and relevant.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.



## **4 VERIFICATION OF SALES ACCURACY**

### **4.1 Verification approach**

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 (from both EAA and its related party) in accordance with ADN No. 2016/30.

The verification team identified only one minor issue during this process:

<b>No.</b>	<b>Exception</b>	<b>Resolution</b>
1	In completing REQ Exhibit B-2 Australian Sales, EAA had mistakenly reported the customs declaration date as the invoice date.	EAA provided a revised REQ Exhibit B-2 Australian Sales which corrected the invoice date.

**Table 3 Exceptions during verification of completeness and relevance of sales data**

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

### **4.2 Sales accuracy finding**

The verification team is satisfied that the sales data provided by EAA 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 COMPLETENESS AND RELEVANCE

### 5.1 Verification approach

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts 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 attempted to verify 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. However, as noted in section 1.3, this was only possible in relation to the costs incurred by EAA.

#### Cost of production incurred by EAA

The verification team verified the relevance and completeness of the costs of production incurred by EAA as follows:

- reconciling the domestic total cost of production and a proportion of the export cost of production to EAA's general ledger accounts and EAA's management reports (taking into account changes in work-in progress and inventory levels);
- reconciling EAA's general ledger reports and EAA's management accounts to EAA's trial balance; and
- reconciling EAA's management reports and EAA's trial balance to EAA's 2019 Financial Statements.

The verification team did not identify any issues during this process.

#### Cost of production incurred by EAA's related party

The verification team were limited to testing the relevance and completeness of the export related cost of production incurred by EAA's related party in the following manner:

- reconciling the export cost of production incurred by EAA's related party to management reports held by EAA;
- reconciling the export cost of production incurred by EAA's related party to other available information including source documents, and third party published raw material prices.

The verification team did not identify any issues during this process.

### SG&A costs incurred by EAA

The verification team verified the relevance and completeness of EAA's SG&A data<sup>3</sup> as follows:

- reconciling EAA's SG&A data to EAA's general ledger accounts and EAA's management reports;
- reconciling EAA's general ledger accounts and EAA's management reports to EAA's trial balance; and
- reconciling EAA's management reports and EAA's trial balance to EAA's 2019 Financial Statements.

The verification team did not identify any issues during this process.

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

The verification team is satisfied that the CTMS data provided in the REQ by EAA is complete and relevant.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

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<sup>3</sup> The verification team are satisfied that there is no additional SG&A incurred by EAA's related party.

## 6 VERIFICATION OF COST TO MAKE AND SELL 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 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**.

Table 4 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Aluminium raw material costs are allocated to all products regardless of finish based on production quantity. Other raw materials that specifically relate to finished goods are allocated to the relevant MCC category (e.g. powder costs are allocated to powder-coated goods).
Scrap Allocation	Allocated based on production quantity.
Manufacturing Overheads (including depreciation)	A higher proportion is allocated to each MCC category based on the finish. The highest allocation is to anodised goods and powder coated goods. The lowest allocation is to mill finish goods.
Labour	Labour costs are captured for each department (e.g. EAA's extrusion department, coating department and anodising department) and allocated to the relevant MCC category.
Variance	NA

Table 4 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 (provided by both EAA and its related party) in accordance with ADN No. 2016/30.

The verification team identified three issues with the SG&A calculations submitted by EAA:

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No.	Exception	Resolution
1	SG&A was allocated to MCCs categories for finish, alloy and temper, whereas CTM is based on the MCC category of finish only	The verification team reallocated SG&A to the MCC category of finish only
2	Direct selling expenses were calculated in USD	The verification team recalculated the direct selling expenses in VND
3	Advertising expenses were included in domestic inland transport direct selling expense calculation	Advertising expenses were removed from the domestic inland transport direct selling expense calculation and added back to the domestic SG&A allocation

**Table 5 SG&A exceptions**

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

### **6.3 Accuracy finding**

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

## 7 EXPORT PRICE

### 7.1 The importers

The verification team considers that EAA's Australian customers are the beneficial owner of the goods at the time of importation and are therefore the importers as they:

- are named on the commercial invoice as the customer;
- are named as the consignee on the bill of lading,
- are declared as the importer on the importation declaration to ABF;
- pay for all the importation charges; and
- arrange delivery from the port.

In relation to the goods exported by EAA to Australia, the verification team considers that the Australian 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.

### 7.2 The exporter

The verification team considers EAA to be the exporter of the goods<sup>4</sup>, as it is:

- the manufacturer of the goods;
- named on the commercial invoice as the supplier;
- named as consignor on the bill of lading;
- 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; and
- is listed as the supplier on the importation declaration to ABF.

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

### 7.3 Arms length

In respect of EAA's sales of the goods to unrelated Australian customers (through its related party) 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

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<sup>4</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.

- 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>5</sup>

The verification team therefore considers that all export sales made by EAA to its unrelated Australian customers (through a related party) during the review period were arms length transactions.

#### **7.4 Export price – assessment**

In respect of Australian sales of the goods by EAA, the verification team recommends that the export price be determined under section 269TAB(1)(c) having regard to all the circumstances of exportation. This is on the basis that the goods were purchased by the Australian customers (the importers) from EAA's related party and not from EAA (the exporter). The verification team recommend that the export price be determined as the price paid by the importer to EAA's related party less transport and other costs arising after exportation.

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

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<sup>5</sup> Section 269TAA refers.

## 8 DOMESTIC SALES

### 8.1 Background

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).

### 8.2 Arms length

In respect of EAA's sales of like goods to its domestic customers during the review period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price 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 EAA to its domestic customers during the review period were arm's length transactions.

### 8.3 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.<sup>6</sup>

The verification team tested profitability by comparing the price at ex-works (EXW) against the relevant EXW 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 review period.

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

The following table sets out further detail:

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



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<b>OCOT particulars</b>	<b>Details</b>
Price (EXW)	Net invoice price, excluding direct selling expenses
Cost (EXW)	Quarterly CTMS, excluding direct selling expenses
Weighted average cost (EXW)	Weighted average CTMS, excluding direct selling expenses, over the review period.

**Table 6 OCOT details**

## 8.4 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.

In relation to an investigation, 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). In a review, the Commission will generally follow the same approach.

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, if there are other unusual circumstances, 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.

<b>Export MCC</b>	<b>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</b>	<b>Treatment of normal value</b>
A-6A	Y	Selling prices of A-6A.
A-6B	Y	It is noted that there were sales of A-6B for quarter 4 only. Selling prices for A-6B were used for quarter 4. The verification team considered whether to base the normal values

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		of A-6B for quarters 1 to 3, based on quarter 4 sales of A-6B with a timing adjustment. However, the verification team consider that, for A-6B quarters 1 to 3, it is preferable to rely on selling prices of A-6A (a surrogate model in sufficient and substantial volumes) with a specification adjustment. This is on the basis that sales of A-6A are in much larger volumes of A-6B and are made throughout the review period. In regards to A-6B, the sales were made in one quarter only and to one customer (specifically in the month of Dec).
M-A	Y	Selling prices of M-A.
M-B	N	Selling prices of M-6A (a surrogate model in sufficient volumes) with a specification adjustment.
PC-A	Y	Selling prices of PC-A.
PC-B	N	Selling prices of PC-6A (a surrogate model in sufficient volumes) with a specification adjustment.

**Table 7 Domestic volumes**

The verification team's 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	Domestic customers made payments in regular instalments as demonstrated by proof of payment documents.	EAA calculated the average accounts receivable turnover ratio for domestic customers (a method outlined in the Commission's <i>Dumping and Subsidy Manual</i> ) and provided the accounts receivable opening and closing balances from the accounting system. The verification team reviewed the calculations and evidence and consider that an adjustment is warranted. An interest rate was applied in the calculation based on evidence EAA provided for a fixed term contract.	Y	Y
Domestic inland transport	Certain domestic sales were delivered to customers and incurred a delivery cost.	EAA calculated the weighted average domestic delivery cost and applied this to delivered sales. As outlined in chapter 6, the verification team made minor changes to EAA's calculation to exclude certain advertising costs. The delivery cost is based on the total of EAA's domestic selling expenses (minus advertising), truck depreciation expenses and its driver department's salaries. EAA provided general ledger accounts to demonstrate the amounts.	Y	Y – for delivered sales only.
Domestic die costs	In the REQ, EAA requested an adjustment for the cost of new dies.	EAA calculated the adjustment based on amounts taken from the GL	Y	N

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	<p>EAA explained that there are domestic transactions that require EAA to create a new mould in order to match the request from customers while export transactions did not require any new mould.</p>	<p>account for factory supplies and tools. The total new die charge that was not prepaid by customers was allocated by EAA across all domestic sales.</p> <p>The verification team requested further details about the allocation method (i.e. which goods it should be apportioned too rather than to all domestic sales) and how the new die cost affected price. EAA did not provide any further information about which dies were applicable and how the new die cost affected price. The verification team aren't satisfied that EAA demonstrated a reasonable basis for an adjustment.</p>		
<p>Differences in export packing and domestic packing</p>	<p>EAA explained that export products and domestic products share the same labour and materials and EAA does not keep separate records of packing cost for export sales and domestic sales.</p> <p>Capral (an Australian manufacturer) outlined in a submission<sup>7</sup> that a different standard of packing is necessary for export sales compared to domestic sales.</p>	<p>In the REQ, EAA calculated the total packing cost and allocated this equally to the total production quantity (regardless of destination market) during review period.</p> <p>The verification team requested further details about EAA's packing methods. EAA provided photos of the packing applied to export and domestic sales. Consistent with the findings of INV 362, the verification team have accepted that there is little difference in the packing costs for domestic and export sales (with the exception of trolley costs explained below).</p>	N	N
<p>Export trolley costs</p>	<p>Capral's submission notes that in containerising exported goods, it's common for</p>	<p>An adjustment was made for EAA in INV 362 for export trolleys.</p> <p>The verification team queried EAA's trolley use. EAA</p>	N	Y

<sup>7</sup> Case no. 554 - EPR item no. 008.

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	exporters to use steel trolleys.	confirmed that it used trolleys in export sales. The verification team requested further information about the trolley costs. EAA proposed that the trolley costs be calculated by reference to the materials required to make trolleys (wheels, sawn wood, steel U80 and welded steel pipe). These items were taken from EAA's inventory ledger. The verification team have calculated the weighted average cost of trolleys and apportioned it over all export sales (Australia and third countries). The export trolley expenses have been deducted from the overall packing costs.		
Export inland transport, port handling, loading and ancillary expenses	Export sales are delivered to the port and incur delivery fees, port charges and other ancillary costs.	EAA calculated the weighted average costs and allocated to each export sale. EAA provided general ledger accounts to demonstrate the amounts.	Y	Y
Export credit terms	EAA provided Australian customers with varying credit terms.	The verification team calculated export credit amounts based on the credit terms and the same interest rate used in the domestic credit term calculation.	Y	Y
Specification adjustment (alloy extras)	For certain MCCs, a surrogate model was used to determine the normal value of exported goods, which required an adjustment for alloy extras.	The alloy extra was taken from a base price list provided by EAA.	N	Y (for certain MCCs only – refer to Table 11)
Export bank fees	Export sales incur an export bank fee as demonstrated by source documents.	The bank fee was deducted from the export invoice price, therefore no adjustment to normal value is necessary.	N	N

**Table 8 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
Specification adjustment	Add an amount for specification (alloy extra) for certain models
Export trolley costs	Add an amount for export trolley costs
Export inland transport, port handling, loading and ancillary expenses	Add an amount for export inland transport, port handling, loading and ancillary expenses
Export credit terms	Add an amount for export credit terms

**Table 9 Summary of adjustments**

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

## 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 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 8.1 above.

The verification team's 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 review period under section 269TACB(2)(a).

The dumping margin for the goods exported to Australia by EAA for the review period is 1.9 per cent.

The 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